Finance and Policy Committee

Date: **14 October 2014**

Item 6: **Group Treasury Activities**

This paper will be considered in public

1 Summary

1.1 The purpose of this paper is to provide an update on Group Treasury's activities from 1 April 2014 to date, as required by the Treasury Management Policy Statement and Treasury Management Practices 2014/15, approved by the Board in March 2014.

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. 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 related paper on Part 2 of the agenda.**

3 Background

3.1 On 26 March 2014, the Board approved the Treasury Management Strategy (TMS) 2014/15 (which includes an Investment Strategy 2014/15, a Borrowing Strategy 2014/15 and a Risk Management Strategy 2014/15) and established the following strategic objectives for Group Treasury:

(a) to undertake treasury management operations with primary regard for the security and liquidity of capital invested;

(b) to maximise the yield from investments consistent with the security and liquidity objectives identified above;

(c) to ensure that sufficient cash is available to enable TfL to discharge its financial obligations when they become due, in accordance with approved spending plans;

(d) to undertake treasury management activities having regard to Prudential Indicators;

(e) to secure TfL's funding requirements by accessing the most cost efficient source of finance, while ensuring TfL has flexibility and sufficient alternatives not to be dependent on any particular source; and

(f) to exercise TfL's statutory power relating to risk management to achieve greater value for money through reducing costs or protecting revenues, reducing volatility / increasing certainty in the Business Plan and to holistically manage financial risks across the whole of TfL.

3.2 This paper provides an update on TfL's investment, borrowing and risk management activity from 1 April 2014 to date. By doing so, the paper fulfils the requirement under the TfL Treasury Management Policy Statement and Treasury Management Practices 2014/15 to provide the Committee with a monitoring report on treasury management activities and risks, and the performance of the treasury management function.

4 Compliance with the TMS 2014/15

4.1 The TMS 2014/15 sets out the parameters under which the Group Treasury function is permitted to operate.

4.2 There have been no breaches of the TMS 2014/15 (comprising the Investment Strategy 2014/15, Borrowing Strategy 2014/15 and Risk Management Strategy 2014/15) in the year to date.

5 Investments Update

5.1 As at 30 September 2014, TfL had £5.1bn of cash under management (including £2.2bn of cash ring-fenced to fund the construction of the Crossrail project). TfL's cash balance (up to a prudent minimum) is committed to delivering the improvements outlined in TfL's latest Business Plan, as updated in the TfL Budget 2014/15, including:

(a) approximately £1.5bn on the Sub-Surface Railway upgrade, delivering new rolling stock, increased train frequency, greater capacity and automated train control;

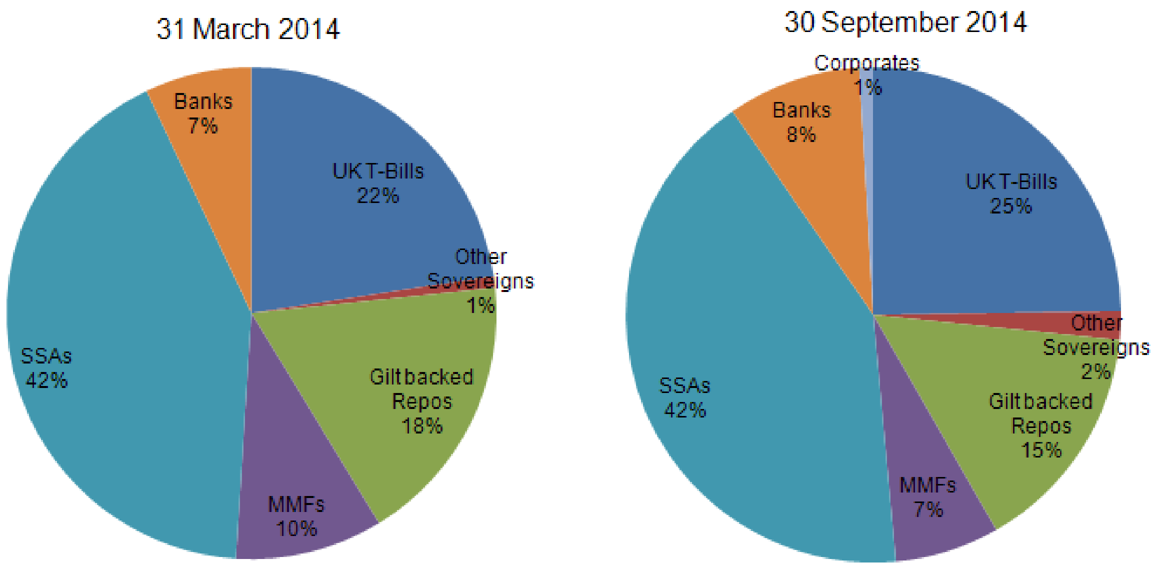
(b) over £1bn on new Crossrail trains, with the contract now awarded to Bombardier;

(c) over £900m for key cycling programmes; and

(d) £150m for a further 400 New Buses for London by the end of 2015/16.

5.2 The allocation of TfL's cash investments is summarised in Chart 1.

Chart 1

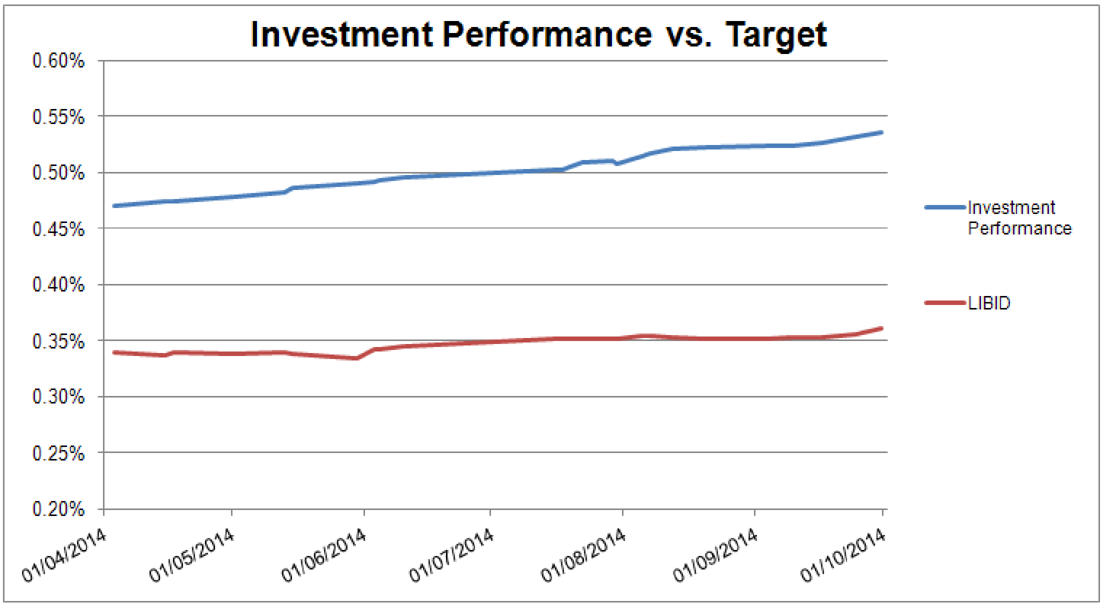


5.3 The current investment strategy seeks to maintain approximately 20 per cent of TfL's investment portfolio in direct UK Government investments, such as UK Treasury Bills (subject to availability). A similar proportion of the portfolio is currently invested in UK Government backed investments, such as gilt backed repos, which are considered to also provide a very high level of security but arguably not quite as high as that of direct investment in the UK Government. Group Treasury will increase over time the proportion of direct UK Government investments to approximately 30 per cent of TfL's investment portfolio in order to maintain a prudent balance between prioritising security and liquidity over yield while taking advantage of additional diversification opportunities as and when they become available. This level of government security also reflects leading practice amongst public sector investors, such as the Canadian Pension Plan Investment Board (CPPIB)'s approach.

5.4 TfL has continued to invest actively in repurchase agreements (repos). Repos have been placed for tenors of various maturities, from overnight out to 12 months. Overnight repos continue to provide a source of daily liquidity and act as an alternative to Money Market Funds (MMFs). The yields on repos have been broadly in line with yields offered on both Sub-Sovereign Agencies and MMFs, whilst being fully collateralised by UK Government securities.

5.5 The return on TfL's cash investments has increased during the first half of the year. The seven-day London Interbank Bid Rate (LIBID) has increased marginally since 1 April 2014, from 0.34 per cent to 0.36 per cent, whilst TfL's investment returns have increased from 0.47 per cent to 0.54 per cent over the same period. Chart 2 below shows the return on cash and LIBID over the year to 30 September 2014.

Chart 2



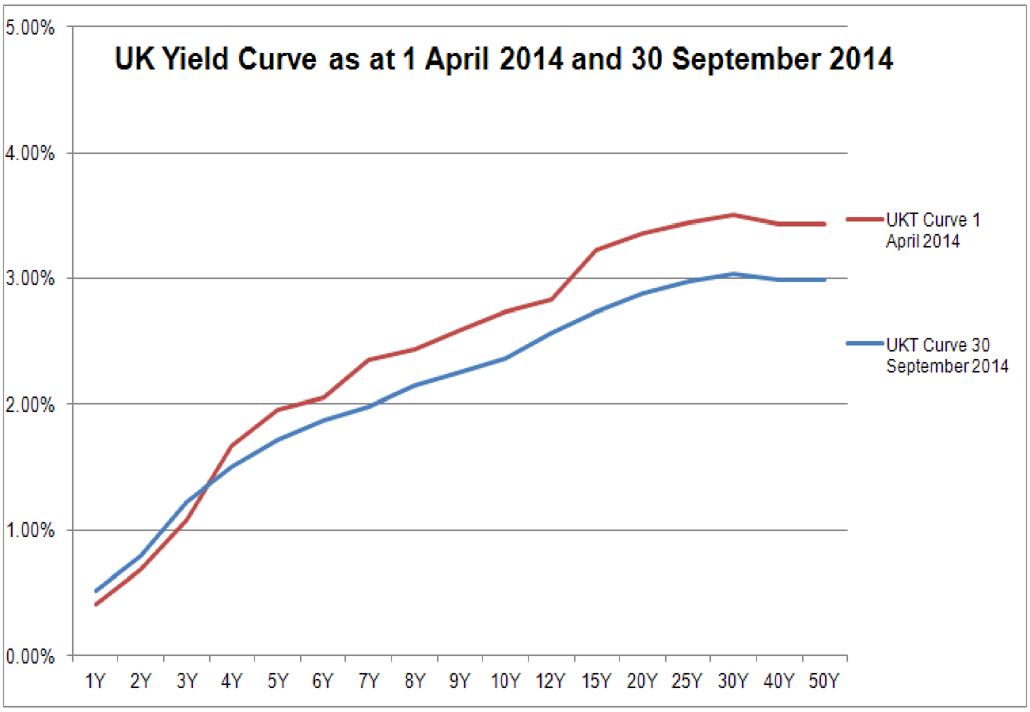
5.6 TfL's year-to-date average yield is 0.502 per cent, 16 basis points above benchmark, with an average of 105 days-to-maturity.

5.7 The UK economy has shown signs of recovery over the year. Central bank policy appears to be the main market driver with significant developments and announcements within the Federal Reserve (Fed) and the Bank of England.

5.8 The market pricing for the first base rate increase has changed over the first half of the year. Initial expectations were pricing in an early 2015 rise which was then brought forward to late 2014 on the back of comments by Bank of England governor Mark Carney in June, stating that interest rates could rise sooner than the market currently forecasted. It has since moved back to May 2015 as a result of improvements in the economy that have not yet been reflected in wage growth. Furthermore, whilst the result of the Scottish referendum has kept the UK together, there is still some uncertainty surrounding the impact of a devolved Scotland. Group Treasury has adopted an investment strategy to consider this uncertainty, by looking to keep fixed rate investments shorter and using floating rate investments, where available, for longer term deals.

5.9 The UK Government yield curve has shown increases across the short end of the curve up to three years, but has decreased beyond this period since 1 April 2014. This is shown in Chart 3.

Chart 3



5.10 While the increase in short term rates has helped TfL's return on cash invested grow over the first half of the year, there are a number of other positive impacts to the weighted average yield on investments.

5.11 First, TfL has been obtaining a more favourable return versus risk as a result of increased diversification in its potential investment counterparties. This is the result of the additional thirty four investment counterparties, including corporate names, which were approved by the Committee on 12 March 2014 as part of the Investment Strategy 2013/14.

5.12 In particular, TfL is now permitted to invest in corporate names for the first time, where an increase in yield can be available for similar levels of risk, including £48m of French Commercial Paper (CP) investments with Electricite de France (EDF) paying a sterling equivalent yield of 0.60 per cent for three months and 0.75 per cent for six months, and a one month bond investment in Volkswagen yielding 0.64 per cent. Further diversification into the corporate debt market will follow as and when attractive opportunities arise.

5.13 Secondly, TfL is also benefitting from the Committee's approval to invest in approved counterparties in EUR and USD, as well as GBP. Such non-GBP investments are swapped back into GBP as a matter of course. After carrying out substantive testing, TfL has begun investing in both USD and EUR assets over the first half of the year. TfL been able to further diversify the portfolio by investing in approved counterparties not available in GBP, and in some instances, to take advantage of an improved yield to the GBP equivalent investment. TfL currently has £184m in non-GBP investments outstanding and is seeking to benefit from further diversification by increasing this amount as further investment opportunities arise.

5.14 The EDF CP investments detailed above are an example of a counterparty that is not available in GBP, demonstrating that TfL has benefitted from improved diversification by being able to invest in EUR and USD assets. A EUR investment in FMS Wertmanagement (Aaa / AAA / AAA) CP allowed TfL to benefit from an improved yield of 11 basis points compared to the GBP equivalent investment. This equates to an additional £21,923.79 of interest income over the six month tenor, while not taking on any additional investment risk compared to the GBP equivalent investment.

Internal Limits

5.15 As part of its standard investment procedures, TfL has implemented internal forward looking and dynamic investment limits within the Board approved counterparty investment limits. These limits allow TfL to further increase the security of cash under management.

5.16 Over the first half of this year, TfL has continued to improve the quality and strength of both the internal limits and the limit reports. The internal limits are dynamic and will change in line with various financial metrics, such as a counterparty's Credit Default Swap spread. These internal limits are uploaded to the Treasury Management System multiple times a day. Limit reports are also published several times a day and adhered to before any investment is made. The internal limits have helped to ensure that TfL has remained within the Board approved limits, even when counterparties have suffered from a change in credit rating.

Arrangements for Investment of London Transport Insurance (Guernsey) Cash

5.17 In August 2014 Group Treasury arranged an intercompany loan between TfL and London Transport Insurance (Guernsey) Limited (LTIG). LTIG is a wholly owned subsidiary of TfL providing insurance services to the TfL group and some of its contractors.

5.18 Given the growth of its business, LTIG has a sizeable cash balance that has built up over recent years to support funding its operations. The short-term loan of £40m from LTIG to TfL will allow TfL to invest these cash balances as part of its overall investment portfolio, rather than incur the additional cost of managing the investment of those funds separately out of the Guernsey entity.

6 Borrowing Update

Transactions Update

6.1 TfL's incremental Prudential Borrowing limit for 2014/15 is £650m. This amount reflects the additional borrowing for 2014/15 agreed with Government as part of the 2010 Funding Settlement.

6.2 The borrowing limits agreed with Government are incremental, and in the event that TfL did not borrow up to the limit it is unable to carry over the unused borrowing capacity into future years. The delivery of the projects included in the Business Plan is reliant on such incremental borrowing. If TfL did not raise the incremental borrowing, it would not have sufficient funding to deliver all the projects included in the Business Plan in future years.

6.3 As shown in Table 1, TfL has undertaken £600m of incremental long-term borrowing since 1 April 2014. This includes £500m of bonds and £100m from the European Investment Bank (EIB) under the £1bn Crossrail Loan Facility. In addition, £37m has been raised in the short-term CP market, increasing the CP balance to £725m to fully match existing interest rate swaps. The remaining balance of incremental borrowing to fund prior to 31 March 2015 is £13m, which is likely to be raised through CP. The above transactions are in line with TfL's Borrowing Strategy for 2014/15.

Table 1

Borrowing Strategy 2014/15	**£m**
2014/15 Prudential Borrowing agreed with DfT	650
Financed by:	
EIB £1bn Crossrail Loan drawdown (completed)	100
1st Bond – 50 Year (completed)	370
2nd Bond – 50 Year (completed) (tap of 1st Bond)	130
Increase to year on year Commercial Paper balance	37
PWLB	nil
Incremental balance to fund before 31 March 2015	13
Total 2014/15 borrowing	**650**

European Investment Bank

6.4 In April 2014, TfL completed the scheduled drawdown of £100m under the existing £1bn Crossrail loan facility with the EIB at a pre-agreed fixed rate set in October 2009. This was the final drawdown of the overall £1bn facility.

6.5 In May 2014, TfL agreed both the rates and disbursement dates in relation to a £500m 20-year EIB corporate facility for the Crossrail Rolling Stock and Depot project. The EIB facility agreement had been signed in December 2013. Further details of the agreed rates and disbursement dates are contained in the Paper on Part 2 of the agenda.

Capital Markets

6.6 Since the beginning of the financial year, TfL has also successfully issued and tapped a 50-year bond.

6.7 The first transaction was launched in March 2014 as a result of a large reverse inquiry (and lead orders) from UK real money investors. The transaction, which had a delayed settlement in April 2014, resulted in a £370m 50 year issuance at a fixed rate coupon of 4 per cent (with a semi-annual yield of 4.011 per cent) issued at an all-in-price including bank fees of 98.659 per cent.

6.8 The above bond was tapped in May 2014 for an additional £130m, again with a fixed rate coupon of 4 per cent (with a semi-annual yield of 3.915 per cent), issued at an all-in-price including bank fees of 101.1804. The tap has now funged with the original bond issue making the total issuance of £500m.

6.9 Both the original 50 year bond issue and the subsequent tap were issued at a spread of 55 basis points over Gilts, which represents the tightest spread of any of TfL's issues. The bonds compare very favourably with the alternative of borrowing from the Public Works Loan Board (PWLB), with:

(a) the April issuance saving 25 basis points against the PWLB rate (or £46.3m in interest over the 50 year term); and

(b) the May tap saving 26 basis points (or £16.9m over the 50 year term).

6.10 Both bonds have allowed TfL to take advantage of historically low interest rates and to lock-in a low cost of funding. The issues also represented excellent opportunities for TfL to increase the weighted average life of its debt as well as extending the curve on which its bonds trade in the secondary markets. Investors have advised TfL that they prefer to invest with issuers who have a well established curve of varying tenor debt and this should help TfL to achieve the best possible pricing in future.

Debt Outstanding

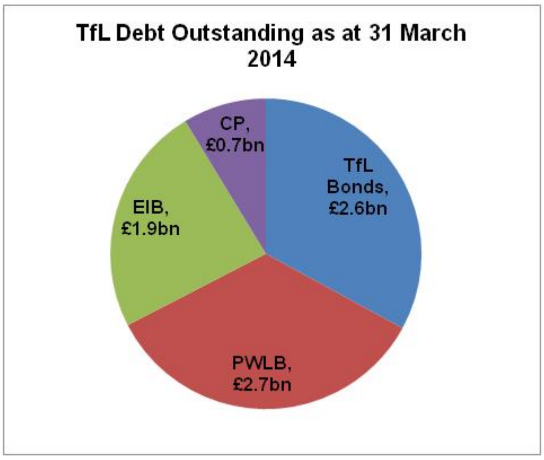
6.11 The Operational Boundary for Borrowing (broadly speaking, TfL's expected debt levels given the aggregate incremental borrowing agreed with the Department for Transport in any one year) and Authorised Limit for Borrowing were approved by the Board and established by the Mayor in March 2014.

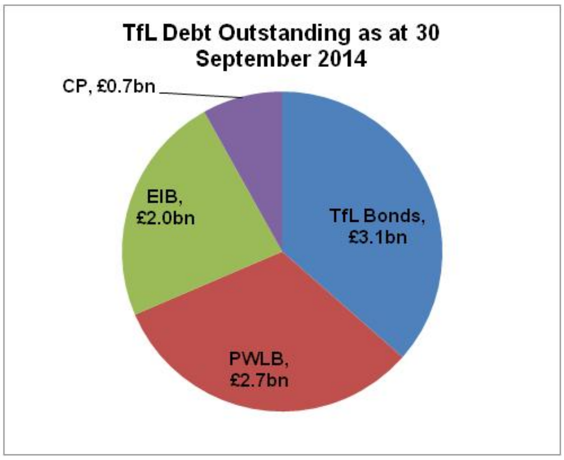
6.12 TfL has remained below the Authorised Limit for Borrowing approved by the Board and established by the Mayor in March 2014 at all times during the year to date.

6.13 The Mayor also established an Operational Boundary and Authorised Limit for Other Long-Term Liabilities. These primarily relate to finance lease creditors and long-term provisions related to compensation for property acquired for Crossrail. Due to property claims being settled more slowly than originally anticipated TfL is forecasting that the balance of property provisions will be approximately £115m higher than expected and is likely to recommend that the Mayor increase the Operational Boundary and Authorised Limit for Other Long-term Liabilities to reflect this. This proposed change will be the subject of a separate paper to the Committee later in the financial year.

6.14 The combined effect of the borrowing transactions completed in the year to date are reflected in the Chart 4, which shows TfL's direct debt outstanding as at 31 March 2014 and 30 September 2014.

Chart 4





6.15 As at 31 March 2014, TfL had £7,898m of debt, of which approximately £688m was short-term borrowing under TfL's CP Programme. The weighted average interest rate on TfL's debt was 3.81 per cent (with a weighted average life of 19.5 years). As at 30 September 2014, TfL had £8,535m of debt outstanding, of which £725m was short-term CP. The weighted average interest rate on TfL's debt was 3.83 per cent (with a weighted average life of 22 years).

6.16 On 24 July 2014, TfL issued the updated documentation for its £5bn Medium Term Note Programme. The update of the Base Prospectus was required to enable TfL to retain its access to the capital markets. The Base Prospectus is publicly available on TfL's website.

6.17 In April 2014, TfL followed the process required to maintain access to the PWLB at the discounted 'Certainty Rate' of Gilts plus 0.80 per cent for the year beginning 1 November 2014.

Secondary Performance

6.18 Table 2 shows TfL's recent bond transactions and their current spreads.

Table 2

Bond	Size (m)	Tenor	Coupon (per cent)	Issue date	Issue Spread	Current Spread
1	500	30	3.875	13/07/2012	98	55
2	500	10	2.250	31/07/2012	88	56
3	300	5	1.250	14/11/2012	70	52
4	400	32	3.625	03/05/2013	60	53
5	300	20	4.000	12/09/2013	58	56
6	500	50	4.000	07/04/2014	55	53

Source: Goldman Sachs, 29 September 2014

6.19 The secondary performance of TfL's recent transactions has been extremely encouraging. All five bonds have traded inwards and each one directly contributed to the success of the following deal. To date TfL has decreased issuance spreads from 98 basis points (£500m 30 year July 2012) to 55 basis points (£500m 50 year April 2014). TfL considers that the current spreads (ranging between 52bps and 57bps) reflect a market fair value for TfL bonds and suggest that, subject to market conditions, future bond issuances might attract similar spreads.

TfL Credit Rating

6.20 At least once a year TfL holds a general update meeting with each one of the three Rating Agencies that rate TfL’s short and long term debt. Following these meetings, each Rating Agency re-assesses the entity’s credit rating and outlook. Table 3 sets out TfL’s current credit ratings:

Table 3

	S&P	Moody's	Fitch
Long-term rating	AA+	Aa2	AA
Outlook	Stable	Stable	Stable
Short-term rating	A-1+	P-1	F1+

6.21 Moody’s and Standard and Poor’s both affirmed their ratings in May 2014. Standard and Poor’s will publish an updated report on TfL in late October 2014. Fitch affirmed TfL’s rating in March 2014 in a brief press release and are expected to issue a full report in autumn.

Investor Relations

6.22 Over the past months, TfL has continued to pursue a strategy of establishing closer relationships with its existing and potential investors (including Central Banks and non-traditional sterling investors), as well as with the broader banking community, in order to diversify its investor base and thereby achieve the tightest pricing possible. A number of reverse enquiries were generated as a result of this strategy. In addition, Group Treasury is reviewing the investor relations web-pages to ensure investors have access to key information on TfL.

7 Regulatory Update

Money Market Funds

7.1 On 23 July 2014, the Securities and Exchange Commission (SEC) announced amendments to Rule 2a-7, which seeks to tighten risk limits and increase disclosure requirements of MMFs. While this only applies in the US, and therefore has no impact on TfL investments, there are similar rules under consideration in Europe that are expected to come into force within the next few years.

7.2 The key amendments to rule 2a-7 are:

(a) mandatory conversion from Constant Net Asset Value to Floating Net Asset Valuation, where all assets with a maturity of greater than 60 days must be marked to market daily. Government and Retail MMFs are, however, exempt; and

(b) permission for the Board of Directors of a MMFs, at its discretion, to impose a liquidity fee of up to 2 per cent on investor redemptions and/or temporarily suspend redemptions (redemption gate) if the MMFs weekly liquid assets falls below 30 per cent of its total assets. Weekly liquid assets may include cash or government securities with maturities of 60 days or less that can be converted into cash within one week.

7.3 The above amendments are required to be implemented by October 2016.

7.4 The main impacts of the amendments above include:

(a) the variability of investment values and possible loss of capital will concern investors as $1 invested today may not be worth $1 tomorrow;

(b) MMFs will need to apply earlier cut-off times for investments or redemptions in order to allow time to revalue the assets each day. Therefore, MMFs may no longer be considered same-day liquidity by investors; and

(c) the possible inability to access invested cash or facing penalties if the MMFs experience market stress will be unattractive to investors.

Financial Transactions Tax

7.5 Regulatory developments remain ongoing regarding the possible introduction of a Financial Transactions Tax (FTT). During May 2014, ten Eurozone countries committed to introducing a limited FTT by 2016. However the FTT block, including France, Germany, Italy and Spain, have not agreed to the specific details on how the tax would be applied. An introduction of an FTT would have an impact on some of TfL’s investments as although the UK is not one of the 11 European countries making up the FTT Zone, the market will still be affected.

7.6 The UK attempted to block the tax during April 2014, however, this campaign was rejected on the basis it was aimed at elements of a future tax which had not yet been agreed. This outcome was expected, but it does now give the UK the right to take action against the tax if it is adopted in the future.

7.7 The FTT would apply to secondary market trades that are negotiable on the capital markets, money market instruments and derivative contracts. The current charges being proposed include 10 basis points on all cash instruments and one basis point on the notional of derivative contracts. The likely impact of this is a significant reduction in volume, and therefore liquidity, in the secondary market, which in turn would have an impact on primary issues.

7.8 Potential impacts for TfL include, but are not limited to: increased cost of funding for TfL related to CP issuance, a decreased return on investments in CP, and reduced liquidity offered by MMFs. The costs associated with the FTT, on affected transactions, is most likely to be passed onto the client.

European Bank Recovery and Resolution Directive (BRRD)

7.9 The BRRD is applicable to all euro area banks (as well as non-euro area banks whose country has opted-in) and has been designed to ensure that losses from bank failures fall on senior unsecured bondholders instead of taxpayers. It seeks to provide clarity on the conditions necessary to trigger a bank resolution, the authorities responsible for the process and the tools available to these authorities.

7.10 Given the directive itself is required to be drafted into local country legislation, with only Germany having implemented this to date and France following closely behind, it may be some time before this is fully implemented. Given the UK is a non-euro area country, it is unclear whether the directive will be adopted.

7.11 This is not expected to impact TfL given that it intends to limit investments in high credit quality bank counterparties to either Gilt-collateralised repurchase agreements (repo) or short-term CP, as opposed to senior unsecured debt.

European Market Infrastructure Regulation (EMIR)

7.12 In August 2012, the EMIR came into force as binding law within the European Union. Compliance with the requirements is being phased in over time. A key purpose of EMIR is to reduce systemic risk in the financial markets.

7.13 TfL submitted its first EMIR file in May 2014, which was within the regulated deadline, and all records were accepted into the Depositary Trust and Clearing Corporation (DTCC) system. Further to this, a report was generated to import any new derivative transactions into DTCC on a daily basis.

7.14 TfL must comply with requirements to report to trade repositories and certain requirements for risk-management procedures in relation to non-cleared over-the-counter derivatives (which are not conducted on an exchange).

8 Other Activities

Cash Forecasting

8.1 Over the last few years Group Treasury has been supervising a step change in the Group’s cash forecasting. The objectives of this strategy are to ensure cash flows are better understood in order to reduce liquidity risk, increase return on investments and reduce future borrowing costs.

8.2 Cash forecasting has been embedded over time across the entire Group and the Group now has procedures for short, medium and long term cash forecasting, the reliability and accuracy of which are monitored and challenged regularly by Group Treasury. Over the past 6-12 months Group Treasury has worked closely with the operating businesses to improve cash forecasting, with a particular focus on the long term forecast, which will require further work to improve their reliability and accuracy.

8.3 Currently weekly reports are prepared and distributed to Directors containing information on the current cash forecast, cash forecasting accuracy and historical cash movements. Group Treasury has accumulated a significant amount of historical income and expenditure cashflow data for each of the operating businesses. Analysis of this data has led to a better understanding of the Group's cashflows which, in turn has led to improved cash forecasting and decision making.

8.4 The improvements in cash forecasting and reporting have already enabled better management of short and medium term investments. Group Treasury will continue to work with all stakeholders to improve the accuracy and quality of information even further, in order to achieve the strategic objectives outlined above.

Supply Chain Finance (SCF)

8.5 Group Treasury has been considering whether to implement a SCF programme, which would give TfL's suppliers the option to seek early settlement of their invoices at an attractive rate of financing that is reflective of TfL's credit risk, rather than the suppliers. SCF programmes are becoming more common in the market with large companies such as Rolls Royce, Vodafone and the UK Government having programmes to support their supply chains.

Counterparty Credit Analysis

8.6 Working with the Supply Chain Management team, Group Treasury is developing a spreadsheet tool for monitoring the credit ratings, equity prices, Credit Default Swap rates, key news items and market sentiment for TfL's top 100 suppliers, as well as its investment and performance bond counterparties. This tool will be used to flag significant financial issues or concerns to senior management and the operating businesses.

Performance Bonding Arrangements

8.7 In recent months Group Treasury has been developing guidance for TfL on performance bonding arrangements, parent company guarantees and other forms of financial risk mitigation in contracts.

8.8 Once the guidance is finalised, a programme of training will be developed for commercial and contract managers, in order to ensure that the guidance is followed and that a more consistent approach towards performance bonding arrangements is adopted across TfL.

Banking

8.9 Group Treasury has completed all the necessary steps required by its custodian bank (HSBC Securities) to allow non-GBP investments in approved foreign markets, to be processed through the correct clearing systems. Group Treasury also worked with Group Financial Accounting, to ensure the tax position is correctly dealt with.

8.10 Working with Customer Experience, Group Treasury has continued to provide and administer contactless Barclaycards which are being actively used for testing during the current London Underground Future Ticketing Programme pilot.

8.11 Group Treasury has promoted the use of direct debit within the organisation which allows for improved cash forecasting and streamlining of internal procedures. The direct debit method of payment has now been implemented by TfL for rent collection and Group Treasury is in discussions for direct debit to be implemented in relation to cycle hire as part of the upcoming expansion to hotel and business accounts.

8.12 Group Treasury has worked with HSBC to replace over 200 bank accounts, used for section 278 developer receipts, with an HSBC product which comprises of a single physical bank account with user defined bank accounts below it. This has involved transferring balances from the old bank accounts to the new structure, setting up the structure in such a way that it can be searched by project code as well as bank account number and training users at both the Financial Services Centre (FSC) and within Surface Transport. This implementation went live during April 2014 and benefits have already been seen by the FSC and the Borough Planning team as well as a reduction in costs and increased interest receipts.

8.13 Group Treasury is working with Surface Transport to ensure that a more efficient bank account structure is implemented with Capita on the introduction of the congestion charging contract allowing for simpler reconciliations and more efficient processes.

8.14 Group Treasury is working with HSBC and the FSC to automate procedures relating to the internal funding of the business (‘cash loans’) to reduce costs and manual input thereby making the period end processes in relation to this more streamlined and less labour intensive.

8.15 Group Treasury is in the process of a full review of its relationship banking arrangements in preparation for a tender process within the next twelve months.

Other Activities

8.16 TfL was one of the first organisations to be accredited onto the Barclaycard Risk Reduction Programme, which gives protection against card schemes imposing fines on TfL for failure to provide adequate security on all debit and credit card payments processed by TfL. This accreditation is reviewed annually and Group Treasury has successfully made a second presentation to Barclaycard to be accredited for a further year. Group Treasury has continued to report to Barclaycard on a quarterly basis and ensured that all areas within the organisation that already use, or intend to use, card payments are aware and comply with the regulations.

List of appendices to this report:

A paper on Part 2 of the agenda contains exempt supplemental information.

List of Background Papers:

TfL MTN Base Prospectus 2014

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