

Transport for London

Minutes of the Finance and Policy Committee

Conference Rooms 1 and 2, Ground Floor, Palestra,
197 Blackfriars Road, London, SE1 8NJ
10.00am, Wednesday 11 March 2015

Members

| | |
|---------------------|---------------|
| Peter Anderson | Chairman |
| Daniel Moylan | Vice Chairman |
| Sir John Armitt CBE | Member |
| Brian Cooke | Member |
| Angela Knight | Member |
| Michael Liebreich | Member |
| Eva Lindholm | Member |

Staff

| | |
|---------------------------|---|
| Steve Allen | Managing Director, Finance |
| Sarah Bradley | Head of Group Financial Accounting, Finance (for 24/03/15) |
| Michael Bridgeland | Head of TfL Programme Management Office Assurance (for 26-38/03/15) |
| Andrea Clarke | Director of Legal |
| Leon Daniels | Managing Director, Surface Transport (for 19-35/03/15) |
| Patrick Doig | Director of Finance, Surface Transport (for 19-31/03/15) |
| Garrett Emmerson | Chief Operating Officer, Surface Transport |
| Jenny Hamilton | Principal Planner Transport Planning, London Underground (for 35/03/15) |
| David Hughes | Director, Major Programme Sponsorship, London Underground |
| Andy Jinks | Head of Asset Strategy & Investment, London Underground (for 32-34 and 36/03/15) |
| Simon Kilonback | Director, Group Treasury |
| Terry Morgan | Chairman, Crossrail Limited |
| Neil Perrins | Head of Group Business Planning & Performance, Finance (for 26-27/03/15) |
| Ben Plowden | Director of Surface Strategy and Planning, Surface Transport (for 30/03/15) |
| Andrew Pollins | Interim Chief Finance Officer |
| Gareth Powell | Director, Strategy & Service Development, London Underground |
| Aydin Sheibani | Head of Benchmarking & Value, London Underground (for 27/03/15) |
| Rachel Stretton | Interim Director of Finance, Rail and Underground |
| Steve Townsend | Chief Information Officer, Finance (for 37-38/03/15) |
| David Waboso | Director, Capital Programmes, London Underground |
| Clive Walker | Director of Internal Audit |
| Shamus Kenny | Head of Secretariat |
| Also in Attendance | (for 26-38/03/15) |
| David James | Chairman, Independent Investment Programme Advisory Group |
| Derek Fryer | Member, Independent Investment Programme Advisory Group |
| Paul Jenkins | Member, Independent Investment Programme Advisory Group |

19/03/15 Apologies for Absence and Chair's Announcements

Apologies for absence were received from Isabel Dedring and Baroness Grey-Thompson DBE. Howard Carter, General Counsel also gave his apologies.

20/03/15 Declarations of Interests

Peter Anderson declared an interest as a director of the Canary Wharf Group plc in relation to Crossrail and the Jubilee line upgrade. Daniel Moylan declared an interest as a Councillor for the Royal Borough of Kensington and Chelsea, as a non executive director of Crossrail Limited (appointed by TfL) and as Chairman of Urban Design London. Sir John Armitth declared an interest as Chairman of the National Express Group plc, Deputy Chairman of the Berkeley Group plc and a Member of the Airports Commission. Michael Liebreich declared an interest as Chairman of the Advisory Board of Bloomberg New Energy Finance.

21/03/15 Minutes of the Meeting held on 22 January 2015

The minutes of the meeting held on 22 January 2015 were approved as a correct record and signed by the Chairman.

22/03/15 Matters Arising and Actions List

After the press and the public were excluded from the meeting under Paragraph 3 of Schedule 12A to the Local Government Act 1972, the Committee received an update on the Northern line extension to Battersea project.

The Committee noted the Actions List.

23/03/15 Operational and Financial Performance and Investment Programme Reports – Third Quarter, 2014/15

Steve Allen introduced the paper, which informed the Committee of TfL's Operational and Financial Performance and presented the Investment Programme Report for the third quarter of 2014/15 (14 September – 6 December 2014).

Members discussed the value of the different cycling metrics (number of cycle journeys and the average distance cycled, the latter being based on survey data for central London only). Surface Transport was investigating technological solutions to get additional data, such as smart phone applications.

The Committee noted the Operational and Financial Performance and Investment Programme Reports for the third quarter of 2014/15, prior to their submission to the Board.

24/03/15 Prudential Indicators 2014/15 to 2017/18

Andrew Pollins and Sarah Bradley introduced the paper, which set out the proposed TfL borrowing limits and other Prudential Indicators under the CIPFA Prudential Code (the Prudential Code), which were consistent with the proposed Treasury Management Strategy (TMS) for 2015/16. The limits and indicators were based on figures in the 2015/16 TfL Budget, which was elsewhere on the agenda. The Prudential Indicators, TMS and Budget, would be submitted for approval by the Board on 26 March 2015.

Under the Prudential Code, TfL was required to adopt Prudential Indicators which would support decision making on planned capital expenditure, borrowing and treasury management activities.

The Committee recommended that the Board approves:

- 1 revised limits for long term liabilities and total external debt for 2014/15, reflecting changes to the expected settlement profile of the Crossrail property provision;**
- 2 a revised voluntary Prudential Indicator for 2014/15, as set out in Appendix 1 of the paper, for the Group capital financing requirement. This revision reflected changes to the capital grant allocation to subsidiaries;**
- 3 the TfL Prudential Indicators as set out in Appendix 2 of the paper for 2015/16 and the following two years; and**
- 4 the Treasury Indicators as set out in Appendix 3 of the paper for 2015/16 and the following two years.**

25/03/15 TfL Budget 2015/16

Steve Allen introduced the paper, which informed the Committee of TfL's 2015/16 Budget and asked it to recommend the Budget to the Board for approval.

The 2015/16 Budget drew on the Business Plan published in December 2014. It was structured around TfL's strategy of the four pillars: Customer, People, Delivery and Value so that it reflected the format of the Business Plan and the Operational and Financial Performance reports.

The Budget highlighted the programmes that would see the most significant developments or progress in 2015/16. The financials and key performance indicators included in the Budget were based on the current Quarter 3 forecast position.

The Committee:

- 1 noted the draft TfL Budget for 2015/16;**
- 2 noted that the document may be revised and updated prior to submission to the Board for consideration; and**
- 3 recommended that the Board:**
 - (a) approves the draft TfL Budget for 2015/16; and**
 - (b) delegates to the Managing Director, Finance or the Chief Finance Officer, the authority to make any editorial or other minor changes prior to its publication.**

26/03/15 Savings and Efficiencies Programme Review

Steve Allen and Neil Perrins introduced the paper, which outlined the findings of a review by PricewaterhouseCoopers (PwC) of the Savings and Efficiencies (S&E) Programme, which was commissioned in December 2014.

The Committee discussed the findings and the difficulty in being able to monitor and communicate the impact of the S&E Programme for the reasons set out in the review.

The Committee requested that Members be provided with further information to show what had been achieved against the original Project Horizon targets and a plan to show how the £3bn of further savings would be achieved. Members also recommended an annualised approach to S&E savings, so that TfL could demonstrate on a year by year basis what had been achieved. **[Action: Steve Allen]**

The Committee noted the report.

27/03/15 Benchmarking and Financial Planning at TfL

Steve Allen introduced the paper, which followed up the overview of how benchmarking was informing financial projections, presented to the Committee on 14 October 2014. The paper responded to two requests by the Committee: an overview of the current efficiencies and saving initiatives (and the benchmarking activities that contributed to these) to be delivered over the current Business Plan; and consideration of whether there was scope to support a stretch target to increase the level of savings to be achieved through identifying additional benchmarking efficiencies.

The Committee discussed the role of benchmarking as a management tool, including its input into projects and programmes like the Savings and Efficiencies Programme (Minute 26/03/15 above). Members were particularly keen to understand how micro-benchmarking was related to the development of budgets throughout TfL.

The Committee noted the paper and in particular that:

- 1 TfL's benchmarking activities had contributed to approximately £1.7bn (or 11 per cent of the total efficiency savings) of £16bn (net of implementation costs) over the Business Plan period from 2009/10 to 2020/21. This amount had already been applied in full as budget reductions in the Business Plan;**
- 2 benchmarking had been a more relevant contributory factor to savings and efficiencies targets within Rail and Underground (R&U). 15 per cent of efficiencies had been informed by benchmarking compared to 13 per cent in Surface Transport (ST), due in part to ST performing more effectively than the peer group in its largest area of operating expenditure (Buses). With the significant investment programme underway in ST and Specialist Services, initiatives were already in place to understand the lessons from R&U in the use of benchmarking capital investment;**
- 3 preliminary analysis indicated that there was a mixed range of potential outcomes from the application of benchmarking outputs as a stretch target methodology. As well as indicating some potential areas of improvement, in some cases it indicated that targets may already be at the outer limit of what could be achieved in the expected timescales;**
- 4 it was TfL's view that benchmarking only provided one input to the financial planning process and it was not considered a reliable tool in isolation for the setting of targets. Benchmarking should however be used as part of a wider set of tools and methods, to help evaluate potential opportunities for greater efficiencies and for senior management to challenge the status quo; and**

- 5 with the prospect of future spending reviews, TfL was continuing to explore further uses of benchmarking as part of the Business Planning process.**

28/03/15 Project Monitoring – Project Approvals

Steve Allen introduced the paper, which set out the forward approval programme for projects with a value in excess of £50m, from March 2015 to July 2016 and detailed the Project Authority granted by the Commissioner and the Managing Director, Finance, in accordance with delegated authority under TfL's Standing Orders, since the last meeting.

The Committee noted the report.

29/03/15 Surface Transport: Asset Capital Programme

Leon Daniels and Garrett Emmerson introduced the paper, which sought approval for budgeted Project Authority of £92.8m for the Asset Capital Programme. A detailed breakdown of the Asset Capital Programme costs and funding was provided, including third party costs or funding.

The Asset Capital Programme would deliver safe, reliable and maintained assets that were designed to meet the needs of London today and in the future. The deliverables for financial year 2015/16 included 475,000m² of carriageway resurfaced, 55,000m² of footway relayed, 210 traffic signal sites modernised, 370 bus shelters replaced and 60 bridge and tunnel repair and upgrade projects.

The Committee approved budgeted Project Authority of £92.8m in financial year 2015/16 to deliver the Surface Transport Asset Capital Programme.

30/03/15 Cycling Vision Annual Update

Leon Daniels and Ben Plowden introduced the paper, which provided an annual progress report on delivery of the Cycling Vision Portfolio to the Committee and the Board to ensure ongoing overview of the entire portfolio.

The approach for developing and delivering the Cycling Vision Portfolio had received approval from the Board on 4 February 2014. The individual projects and programmes had been progressing on their own lifecycles, seeking the necessary approvals according to their estimated final costs. Many of the projects affected the roads of London boroughs and while there was no lack of willingness or enthusiasm, the availability of resource had impacted upon the speed with which designs could be drawn up and the appropriate decisions made. Leon Daniels paid tribute to all of the local authorities involved.

The Cycle Superhighways and Better Junctions programmes had separate arrangements in place, which were approved at the February 2014 meeting of the Board.

The portfolio had a budget (financial authority) of £913m under the TfL Business Plan and no further authority was being sought.

Members requested that milestone information be included in Appendix 1 to the paper before it was submitted to the Board and that officers confirm that the change in target for cycling trips from a percentage to an absolute figure had been discussed with the Mayor's Cycling Commissioner.

[Action: Ben Plowden]

The Committee noted the progress made to date on delivering the Cycling Vision Portfolio and the progress made in the last 12 months against each programme.

31/03/15 Elephant & Castle Funding Agreement

Steve Allen introduced the paper, which provided a summary of the proposed funding agreements for the Greater London Authority's and the London Borough of Southwark's £68m contribution towards the £154.1m cost of the Elephant & Castle Northern Roundabout and Northern Line Ticket Hall projects. The funding agreements were required to progress both Elephant & Castle schemes.

The Committee noted the paper and recommended that the Board:

- 1 approves entering into the funding agreement for the Elephant & Castle schemes between Transport For London (TfL) and the Greater London Authority (GLA) as described in the paper (the Funding Agreement);**
- 2 authorises the TfL Officers and the Subsidiaries (as described in paragraph 5 below) to finalise the terms of the Funding Agreement;**
- 3 authorises the agreement and execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation of the Funding Agreement and any of the matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, property or other licences, announcements, notices, contracts, certificates, letters or other documents); and**
- 4 authorises TfL Officers and Subsidiaries to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Funding Agreement and the matters referred to in it.**
- 5 The following Officers and Subsidiaries shall have delegated authority:**
 - (a) TfL Officers: the Commissioner, Managing Director Finance, Managing Director Rail and Underground, Managing Director Surface Transport 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.**

32/03/15 Integrated Stations Programme

Gareth Powell and David Waboso introduced the paper, which sought a recommendation that the Board approve an increase in budgeted Project Authority of £225.2m, increasing total Project Authority to £241.8m for the implementation of the Integrated Stations Programme.

The authority request was for Tranche 1 of the Programme, which would improve asset condition, the built environment and energy efficiency at 26 high priority stations by 31 March 2020.

The Committee welcomed the initiative and the use of the STAKE procurement model, which utilised a construction management approach that put London Underground closer to the workforce. This collaborative approach had delivered improvements in productivity and was expected to deliver a 12 per cent efficiency saving, which the Independent Investment Programme Advisory Group believed could be higher. Members recommended that the use of the STAKE model be treated as a case study with a view to rolling it out to further parts of the business.

The Committee:

- 1 noted the paper; and**
- 2 recommended that the Board approves budgeted Project Authority of £225.2m (outturn) for the Integrated Stations Programme, increasing the total Project Authority to £241.8m.**

33/03/15 Bakerloo Line Fleet Life Extension

Gareth Powell introduced the paper, which sought approval for additional budgeted Project Authority of £11.51m, increasing the current authority of £9.26m to £20.77m for the Bakerloo Line Life Extension project. The project would address the deteriorating condition of the Bakerloo line 1972 Tube Stock carbody. The project would complete the first seven trains of repairs and seek final funding for the full fleet by 30 June 2016.

The Committee approved an increase in Project Authority of £11.51m, increasing total Project Authority to £20.77m, to complete the first seven trains of the Bakerloo Line Life Extension (72TS weld repairs) project.

34/03/15 Central and Waterloo & City Lines Rolling Stock

Gareth Powell introduced the paper and the related supplemental information on Part 2 of the agenda, which sought a recommendation that the Board grant an increase in budgeted authority of £117.08m, raising the total authority to £123.16m, to deliver the next cycle of heavy maintenance on the 1992 Tube Stock fleet (all costs were forecast within Quarter 3 2014/15).

The request was to carry out the prescribed heavy maintenance to the 1992 Tube Stock fleet, comprising 'programme lift' and 'heavy overhaul'. The project was scheduled to be completed by 21 July 2017 and would ensure the continued safety of the fleet and improve reliability and availability.

The Committee noted the paper and the supplemental information on Part 2 of the agenda and recommended that the Board approves an increase in Project Authority of £117.08m, increasing total authority to £123.16m, to deliver heavy maintenance on the Central and Waterloo & City Lines 1992 Tube Stock fleet.

35/03/15 Bank Station Capacity Upgrade

Michael Liebreich declared a potential interest in the paper on Part 2 of the agenda if Members wished to discuss any matters relating to businesses and other stakeholders likely to be affected by the work. He had not received the Part 2 paper and left the meeting when it was discussed.

Gareth Powell introduced the paper and the related supplemental information on Part 2 of the agenda, which sought a recommendation that the Board approves an increase in Project Authority for the Bank Station Capacity Upgrade (BSCU) Stage 1 of £76.8m (thereby increasing the BSCU Stage 1 Project Authority from £177.5m to £254.3m), to be funded by bringing forward of the same amount (i.e. £76.8m) from the budget for Stage 2 BSCU works.

This proposed re-phasing of BSCU spend (and increase in Stage 1 project authority) was to cover an increase in costs of Stage 1 activities, bringing forward into Stage 1 some activities previously assumed for Stage 2 and a corresponding risk adjustment.

Members were assured that there was an extensive programme of continuing dialogue with landowners, businesses and other stakeholders likely to be affected by the work. TfL would follow up the individual case of an organisation that said it was not fully aware of the proposals and check that there were no others in a similar situation.

The current estimated final cost was considered sufficient to deliver the programme but this would be kept under review and the Committee given early warning of any cost pressures. The remaining project and procurement authority would be sought at the same time as Board approval was sought for the proposed Transport and Works Order application.

The Committee noted the paper and the supplemental information on Part 2 of the agenda and recommended that the Board approves an increase in Project Authority for Bank Station Capacity Upgrade (BSCU) Stage 1 of £76.8m, thereby increasing the BCSU Stage 1 Project Authority from £177.5m to £254.3m.

36/03/15 Track and Track Drainage Renewals Programme

Gareth Powell and Andy Jinks introduced the paper and the related supplemental information on Part 2 of the agenda, which sought a recommendation that the Board approves budgeted Project Authority of £414.282m to undertake Track and Track Drainage renewals in accordance with the current Business Plan.

Officers confirmed that as part of any major works, consideration was given to how engineering hours could be increased. Where possible, options such as closing sections of lines or the early closing of lines in the evening (for example during the Victoria line upgrade), had been implemented. However, such options were usually considered to be too disruptive to users to be viable.

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

- 1 approves budgeted Project Authority of £414.282m up to the end of March 2018 for the delivery of the track and track drainage renewals programme;**
- 2 approves the implementation of the two year extension option in the current Track Partnership contract with Balfour Beatty;**
- 3 approves an increase in Procurement Authority, including the two-year contract extension in paragraph 2 above, to support the Track and Track Drainage Renewals Programme, presented in the paper on Part 2 of the agenda;**

- 4 approves in principle the changes to the contract terms, including the revised incentivisation model, to align more closely to the current delivery model, as set out in the paper on Part 2 of the agenda; and**
- 5 delegates approval of the final changes to contract and contract extension to the Managing Director Rail and Underground or, in his absence, the Commercial Director Rail and Underground.**

37/03/15 Business Improvement Programme Framework

Steve Allen and Steve Townsend introduced the paper and the related supplemental information on Part 2 of the agenda, which sought a recommendation that the Board approves a two year extension of the Managed Service call-off of the Transport for London Business Improvement Programme Framework with HCL Axon and grants additional Procurement Authority to cover expenditure to date and the forecast expenditure through to 30 June 2017.

At its meeting on 9 March 2015, the Audit and Assurance Committee had considered and noted an Internal Audit Report on Procurement Authorities and Associated Controls and agreed an action plan to implement improved awareness and control over Procurement Authorities.

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

- 1 approves the proposed two year extension of the Managed Service call-off of the Transport for London Business Improvement Programme Framework with HCL Axon (the Extension);**
- 2 grants additional Procurement Authority to cover expenditure to date and the forecast expenditure through to 30 June 2017 as described in the paper on Part 2 of the agenda;**
- 3 authorises:**
 - (a) the TfL Officers (as described in paragraph 4 below) to finalise the terms of the Extension;**
 - (b) the agreement and execution (whether by deed or otherwise on behalf of TfL) of any documentation to be entered into in connection with the Extension and any matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and**
 - (c) TfL Officers to do all such other things as they consider necessary or desirable to facilitate the execution and implementation of the Extension and the matters referred to in it.**
- 4 The following TfL Officers shall have delegated authority: the Commissioner, Managing Director Finance, Chief Finance Officer.**

38/03/15 Provision of IT Management Services and IT Services

Steve Allen and Steve Townsend introduced the paper, which sought a recommendation that the Board approves extended Procurement Authority up to £204.9m in respect of TfL's agreement with Computer Sciences Corporation (CSC) for the provision of IT Management Services and IT Services (the Agreement). The extended Procurement Authority would cover expenditure committed under the Agreement up to 31 March 2015, and provided contingency for an extension to one of the services, the desk-side support service.

At its meeting on 9 March 2015, the Audit and Assurance Committee had considered and noted an Internal Audit Report on Procurement Authorities and Associated Controls and agreed an action plan to implement improved awareness and control over Procurement Authorities.

The Committee noted the paper and recommended that the Board:

- 1 approves the extension of Procurement Authority for Transport for London's agreement with Computer Sciences Corporation (CSC) for the provision of IT Management Services and IT Services (the Agreement) to a total of £204.9m;**
- 2 authorises the TfL Officers (as described in paragraph 5 below) to finalise the terms of an extension to the Agreement as described in the paper;**
- 3 authorises the agreement and execution of any documentation to be entered into in connection with the completion and implementation of the extension of the Agreement and any matters referred to in it; and**
- 4 authorises the TfL Officers to do all such things as they consider necessary or desirable to implement the extension of the Agreement and the matters referred to in it.**
- 5 The following Officers shall have delegated authority: the Commissioner, Managing Director Finance, and Chief Finance Officer.**

39/03/15 Treasury Management and Derivative Investments Policies 2015/16

Steve Allen and Simon Kilonback introduced the paper, which sought a recommendation that the Board approves the proposed TfL Treasury Management Policy and Treasury Management Practices (together, the TM Policy), and the proposed TfL Group Policy relating to the use of Derivative Investments for 2015/16.

The Committee noted the paper and recommended that the Board:

- 1 approves the proposed TfL Treasury Management Policy and Treasury Management Practices in Appendix 1 of the paper; and**
- 2 approves the proposed TfL Group Policy Relating to the use of Derivative Investments in Appendix 2 of the paper.**

40/03/15 Group Treasury Activities

Steve Allen and Simon Kilonback introduced the paper and the related supplemental information on Part 2 of the agenda, which provided 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.

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

41/03/15 Treasury Management Strategy 2015/16

Steve Allen and Simon Kilonback introduced the paper and the related supplemental information on Part 2 of the agenda, which sought a recommendation that the Board approves the proposed TfL Treasury Management Strategy (TMS) for 2015/16. The TMS 2015/16 comprised the Investment Strategy 2015/16, the Borrowing Strategy 2015/16, the Risk Management Strategy 2015/16, the Counterparty Credit Limits 2015/16 and TfL Policy on Minimum Revenue Provision.

The Committee was very supportive of TfL's Treasury Management Strategy for 2015/16, including the use of a broad variety of debt capital sources and the management of risks through the use of derivatives. Members recognised that TfL had taken advantage of low interest rates for long term borrowing in recent years but that economic factors, such as changes to pension rules, were likely to see the maturity of debt shorten. Members were also disappointed that HM Treasury had not given approval to allow TfL to borrow in other currencies, despite the very strong case for this.

TfL would continue to ask HM Treasury to remove the current 'use it or lose it' borrowing limits, as they added a real cost to borrowing. TfL would also continue to document the lost opportunity costs from being unable to borrow in other currencies to reinforce its case with HM Treasury.

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

- 1 recommended that the Board approves the Treasury Management Strategy for 2015/16, including the Investment Strategy 2015/16, the Borrowing Strategy 2015/16, the Risk Management Strategy 2015/16, the Counterparty Credit Limits 2015/16 and the TfL Policy on Minimum Revenue Provision included as Appendix 1 to the paper;**
- 2 recommended that the Board delegates authority to the Committee to approve any changes to the TMS 2015/16 during the course of the year;**
- 3 approved the proposed Approved Investments List 2015/16 and Approved Derivative Counterparty List 2015/16 as set out in Appendices 3 and 4 respectively to the paper;**
- 4 extended to the Director of Group Treasury authority to finalise the terms and conditions of the Commercial Paper Backstop Facility and to approve, sign and execute (if necessary, by authorising the fixing with TfL seal) any documentation to be entered into by TfL in relation to that facility and to do all**

such other things as may be considered necessary or desirable to implement that facility;

- 5 noted that the Chief Finance Officer and Managing Director, Finance had approved the proposals to the Committee for derivative investments set out in paragraph 6, as required under the Policy Relating to the Use of Derivative Investments 2014/15; and

subject to the TfL Board approving the TMS 2015/16 and the Policy Relating to the Use of Derivative Investments 2015/16:

- 6 approved, pursuant to Section 49 of the Transport for London Act 2008 (the Act) and the TfL Group Policy Relating to the Use of Derivative Investments (the Derivatives Policy) for 2014/15 (or 2015/16 as maybe 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 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; and
 - (b) mitigating exchange rate risk exposures arising from any TfL investments in foreign currencies as permitted by the proposed Treasury Management Strategy (TMS) 2014/15 (or 2015/16 as may be applicable at such time); and
 - (c) mitigating commodity rate and/or price risk related to specific commodity (including oil 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; and
 - (d) mitigating interest rate risk related to any imminent TfL borrowing, once the borrowing has become certain and authorised according to relevant TMS 2014/15 (or 2015/16 as maybe applicable at such time) provisions; and
 - (e) mitigating interest rate risk related to planned future TfL borrowing forecast in TfL's Business Plan approved by the Board in December 2014 and in accordance with the TMS and the Derivatives Policy 2014/15 (or 2015/16 as maybe applicable at such time); and
- 7 The following Officers and Subsidiaries shall have delegated authority:
- (a) TfL Officers: the Commissioner, Managing Director Finance, Chief Finance Officer, General Counsel and Director of Group Treasury; 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.

42/03/15 Any Other Business the Chair Considers Urgent

There were no other items of business raised.

43/03/15 Exclusion of 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), in order to consider the exempt information in relation to the items on: Central and Waterloo & City Lines Rolling Stock; Bank Station Capacity Upgrade; Business Improvement Programme Framework; Group Treasury Activities and the Treasury Management Strategy 2015/16.

The meeting closed at 11.55am.

The next meeting would be held on Wednesday 17 June 2015 at 10.00am.

Chair: _____

Date: _____