

**Board**



**Date:** 4 November 2015

**Item:** Report of the meetings of the Finance and Policy Committee held on 28 September 2015 and 15 October 2015

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**This paper will be considered in public**

## **1 Summary**

- 1.1 To report to the Board on the meetings of the Finance and Policy Committee held on 28 September 2015 and 15 October 2015.

## **2 Recommendation**

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

## **3 Background**

- 3.1 The main matters considered by the Committee are listed below.

### **28 September 2015**

- (a) Alstom Northern Line Train Service Contract Secondary Usage Period;

### **15 October 2015**

- (b) Project Monitoring - Project Approvals;  
(c) Prudential Indicators - Outturn for the Year Ended 31 March 2015;  
(d) Group Treasury Activities; and  
(e) Review of TfL's Approved Counterparties.

## **4 Issues Discussed**

### **Alstom Northern Line Train Service Contract Secondary Usage Period**

- 4.1 At its meeting on 24 September 2015, the Board agreed that further information was required for Members to make a decision on whether to renew the Alstom Northern Line Train Service Contract NLTSC into the Secondary Usage Period. As a notice to either renew or not must be served by 30 September 2015, the Board delegated all necessary authority to the Finance and Policy Committee to make any decisions on this matter.

- 4.2 The Committee agreed that the NLTSC contract should be renewed into the secondary period and authorised officers to complete this under the necessary delegations. Members noted that officers would continue negotiations to secure the best contractual terms with Alstom on all aspects of the current contractual and commercial relationship. Going forward, Members requested a paper to a future meeting setting out the vision for the management of the NLTSC contract over the next 15 years. This would include the objectives TfL wished to achieve and the way in which the contract would be managed to deliver this.
- 4.3 The Committee also discussed TfL's major procurement and tendering process and the need for engagement with Members at key decision points, in particular prior to the issuance of the Invitation to Tender (ITT). It was agreed that a further discussion on train procurement strategy would be held before the issue of the New Tube for London ITT.

#### **Project Monitoring – Project Approvals**

- 4.4 The Committee noted the forward approval programme for projects with a value in excess of £50m and details of the Project Authority granted by the Commissioner and the Managing Director Finance in accordance with delegated authority under TfL's Standing Orders.

#### **Prudential Indicators - Outturn for the Year Ended 31 March 2015**

- 4.5 The Committee noted the paper and TfL's performance against the prudential indicators for TfL for the 2014/15 Financial Year. The Committee noted that TfL was within the total Authorised Limits for External Debt for the year to 31 March 2015, both independently as the 'Corporation' and as part of the wider 'Group' with its subsidiaries.

#### **Group Treasury Activities**

- 4.6 The Committee noted the update on Group Treasury activities from 1 April 2015 to 30 September 2015, as required by the Treasury Management Policy Statement and Treasury Management Practices 2015/16. There had been compliance with the Treasury Management Strategy 2015/16 (comprising the Investment Strategy 2015/16, Borrowing Strategy 2015/16 and Risk Management Strategy 2015/16) in the year to 30 September 2015.

#### **Review of TfL's Approved Counterparties**

- 4.7 Under the authority delegated by the Board within the Treasury Management Strategy 2015/16, the Committee approved additions and amendments to the Approved Investment List 2015/16 and amendments to the Approved Derivative Counterparties List 2015/16.
- 4.8 In considering the Approved Investment List 2015/16 and Approved Derivative Counterparties List 2015/16 in Part 2 of the meeting, Members raised the importance of anticipating potential market moves in relation to events. It was agreed that the lists would be examined, and the Approved Investment List 2015/16 amended as necessary, in accordance with the views expressed at the

meeting to ensure that the risk management approach to TfL's investments remained robust to changing market conditions, for example, the impact of the vehicle emissions testing issue ('Dieselgate') on parts of the automotive manufacturing sector.

**List of appendices to this report:**

None

**List of Background Papers:**

Papers submitted to the Finance and Policy Committee on 28 September 2015 and 15 October 2015

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