

# Supplementary Agenda

**Meeting: Finance Committee**

**Date: Wednesday 22 June 2022**

**Time: 10:00am**

**Place: Teams Virtual Meeting**

**Members**

Anne McMeel (Chair)  
Ben Story (Vice-Chair)  
Seb Dance

Prof Greg Clark CBE  
Anurag Gupta  
Dr Nina Skorupska CBE

**Special Government Representative**

Becky Wood

Copies of the papers and any attachments are available on [tfl.gov.uk How We Are Governed](https://www.tfl.gov.uk/How-We-Are-Governed).

**As provided for under section 100B(4)(b) of the Local Government Act 1972, the Chair is of the opinion that this item should be considered as a matter of urgency. The reason for urgency is to allow for the latest information available to be provided.**

**Further Information**

If you have questions, would like further information about the meeting or require special facilities please contact: Jackie Gavigan, Secretariat Manager; Email: [y JackieGavigan@tfl.gov.uk](mailto:JackieGavigan@tfl.gov.uk)

For media enquiries please contact the TfL Press Office; telephone: 0343 222 4141; email: [PressOffice@tfl.gov.uk](mailto:PressOffice@tfl.gov.uk)

Howard Carter, General Counsel  
Friday 17 June 2022

**Supplementary Agenda  
Finance Committee  
Wednesday 22 June 2022**

**6 Finance Report** (Pages 1 - 30)

Chief Finance Officer

**The Committee is asked to note the report.**

**8 Funding Update on TTL Properties Limited** (Pages 31 - 36)

The Part 1 appendix has been republished as one combined appendix including both the Treasury Management Strategy and the Treasury Management Policies for TTLP. Both parts are unchanged since the versions that were previously published for the Finance Committee on 9 March 2022.

## Finance Committee

**Date: 22 June 2022**

**Item: Finance Report – Period 2, 2022/23**

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**This paper will be considered in public**

**As provided for under section 100b(4)(b) of the Local Government Act 1972, the Chair is of the opinion that this item should be considered as a matter of urgency. The reason for urgency is to allow for the latest information available to be provided.**

### **1 Summary**

- 1.1 The Finance Report presentation sets out TfL's financial results to the end of period 2, 2022/23 - the year-to-date ending 28 May 2022.

### **2 Recommendation**

- 2.1 **The Committee is asked to note the Finance Report.**

### **3 Financial Reporting to the Committee**

#### **Finance Report – Period 2, 2022/23**

- 3.1 The Finance Report presentation provides a summary of year-to-date financial performance against the Budget (approved by the Board on 23 March 2022) and last year.

#### **List of appendices to this report:**

Appendix 1: Finance Report Presentation

#### **List of Background Papers:**

None

Contact Officer: Patrick Doig, Chief Finance Officer  
Email: [patrick.doig@tfl.gov.uk](mailto:patrick.doig@tfl.gov.uk)

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# Finance Report

## Period 2, 2022/23

Management results from 1 April 2022 – 28 May 2022

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TfL Finance Committee

22 June 2022





## 2022/23 overview

Our 2022/23 Budget is based on an approach of ‘managed decline’ – deteriorating asset conditions, no new enhancement schemes, and very significant service reductions, which specifically entails an 18 per cent reduction of the bus network, and a nine per cent reduction on the Underground.

On this basis, the Budget sets out our path to achieve financial sustainability by April 2023. This financial year will be the last year we require Government revenue support as the result of the pandemic. The required Government revenue support of £1.2bn for 2022/23 is on a clear declining trajectory from previous years.

In the year to date, we are on track to deliver that Budget and therefore are on track to achieve financial sustainability. This demonstrates our management grip and robust budget. Our progress includes:

- Journeys continue to recover and passenger income is in line with Budget. TfL journeys at 77% of pre-pandemic levels, versus 68% at the end of last year. Elizabeth line saw 2 million additional journeys in the latest period.
- Operating costs are in line with Budget. Cost pressure to date from inflation and increasing Road User Charging bad debt – due to payment rates on penalty charge notices during the initial discounted period – is offset by savings across other areas. Cost control remains, with like for like costs adjusted for inflation down on last year.
- Capital investment is broadly in line with Budget, with the year to date expenditure being marginally ahead of Budget but with clear controls in place to manage to the Budget figure over the full year.

## Forward look

Although we are on track in the year to date, there are several external headwinds and risks to achieving the Budget for the full year. These include:

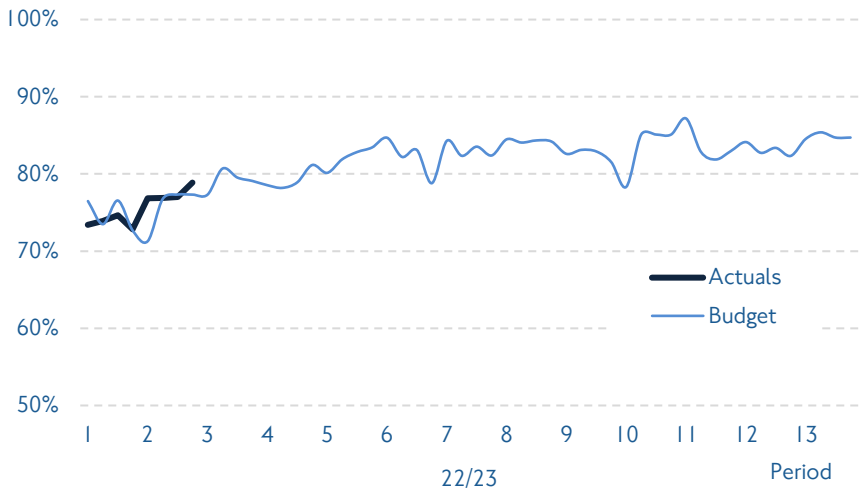
- Funding uncertainty – Current funding agreement with Government expires on 24 June 2022. A further £0.9bn of extraordinary Government funding is required for 2022/23.
- Economic uncertainty – economic growth remains poor; UK economy contracted by 0.3% in April, following a 0.1% reduction in March and no growth in February.
- Cost of living challenges – inflationary pressures reducing disposable income – may reduce discretionary spend, and reverse earlier journey growth. Inflation also expected to increase TfL’s cost base, with most external contracts linked to inflation indexes.

We have reduced cash reserves – in line with the Government funding condition – and are now operating our cash reserves at an average below £1.2bn, rather than this being an absolute minimum. As such we have reduced ability to manage these risks. All these factors highlight the importance of securing longer-term Government support.

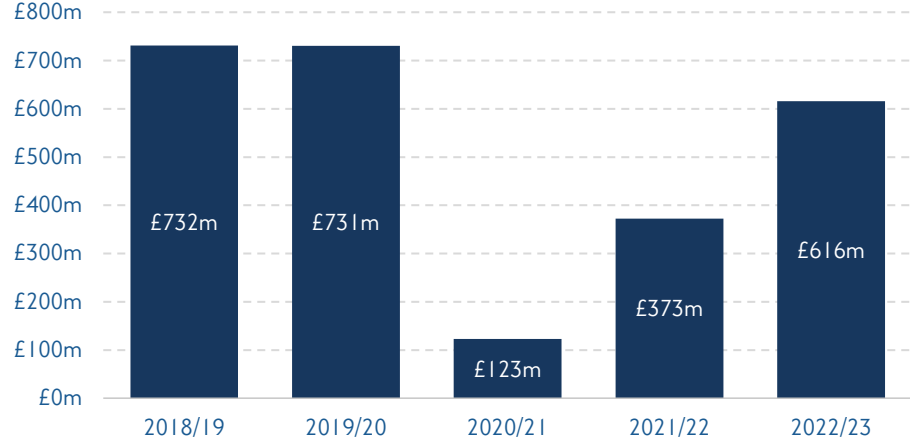
We are confident we have met each and every funding condition set by Government in our funding settlements to date (see Appendix 1). We are in ongoing discussions with Government about a longer-term funding arrangement.

# Headlines

Total passenger journeys 77% of pre-pandemic levels in Period 2, up from 68% at the end of 2021/22

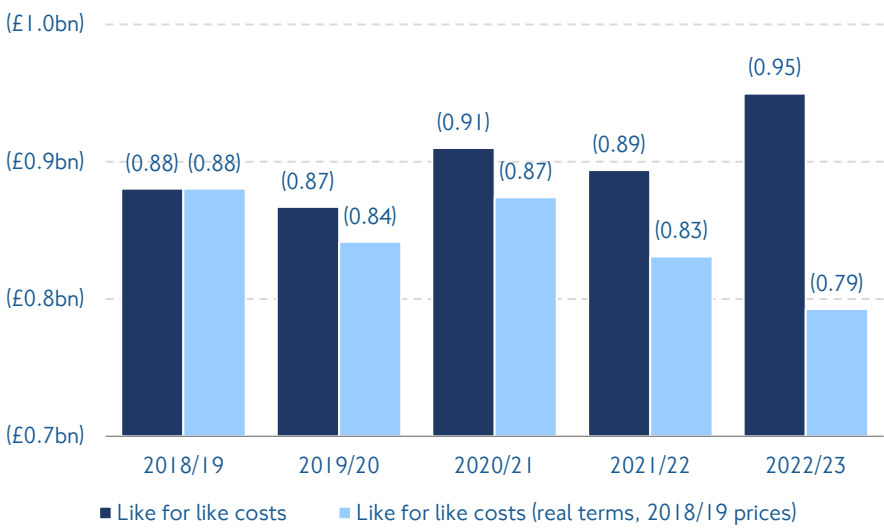


Passenger income of £616m in the year to date almost £250m better than last year; year-to-date income almost £120m lower than pre-pandemic levels, averaging £60m lower per period

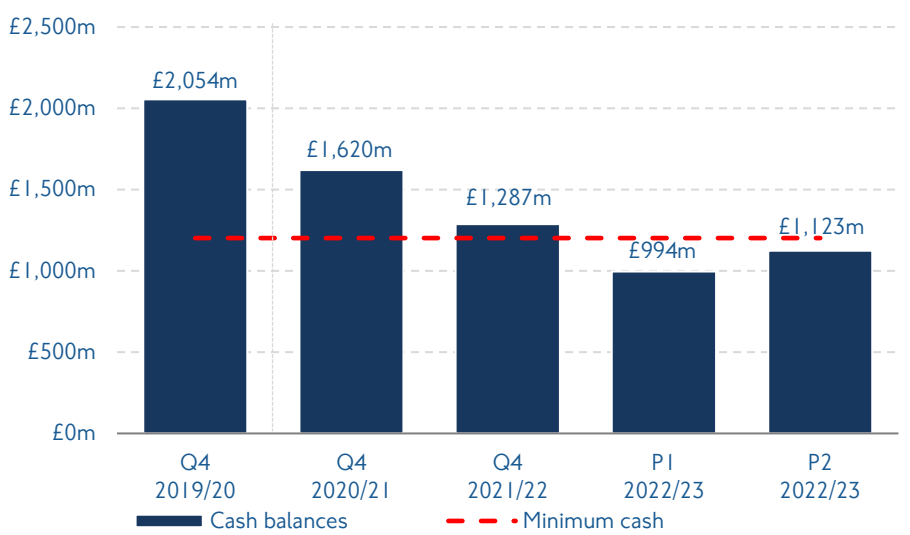


Charts show year-to-date passenger income to end of Period 2 for each year

Year to date like-for-like operating costs (adjusted for new services and one off costs) up on prior years as a result of inflationary pressures; real terms costs almost £100m lower than in 2018/19



Cash balances down over £150m since end of last year; balances around £900m lower than 2019/20 levels. Cash will return to over £1.2bn at end of funding deal period.



# Passenger journeys

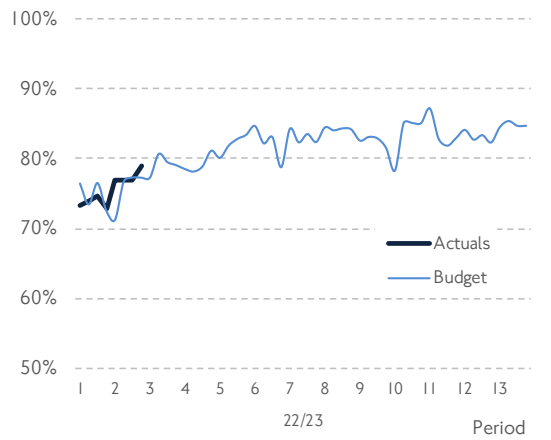
Journeys showing some small signs of growth since the end of last year. Total TfL journeys were 77% of pre-pandemic levels in Period 2, 2022/23, up from 68% at the end of last year.

Tube journeys have increased to 75% of pre-pandemic levels, up from 65% at the end of 2021/22; buses are up to 78% from 70%.

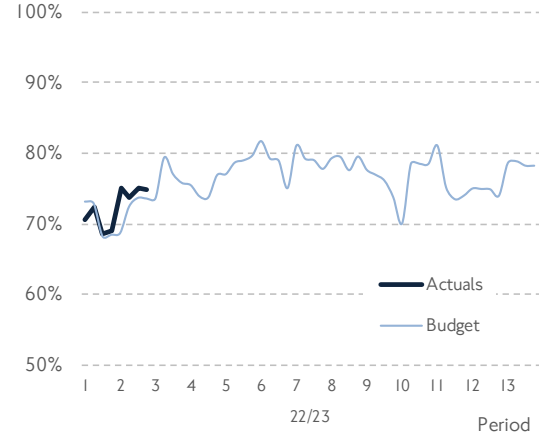
Demand on Rail (London Overground, DLR and Trams) has been particularly strong this year, with journeys now reaching 80%.

The opening of full Elizabeth line services on 24 May has seen an increase in journeys; EL journeys were up 2 million this period, a 50% increase from Period 1. The opening week had significant interest and more data is required to observe the underlying trends.

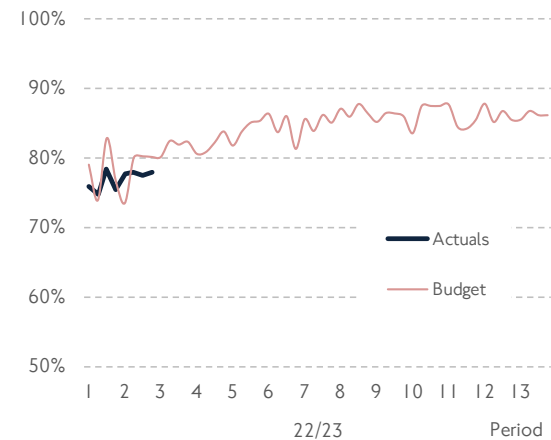
| TfL | % vs Pre Covid period / budget |     | Absolute m |     | Var to Bud m |
|-----|--------------------------------|-----|------------|-----|--------------|
|     | 77%                            | 76% | P          | 245 | 5            |
|     |                                |     | Y          | 481 | 2            |



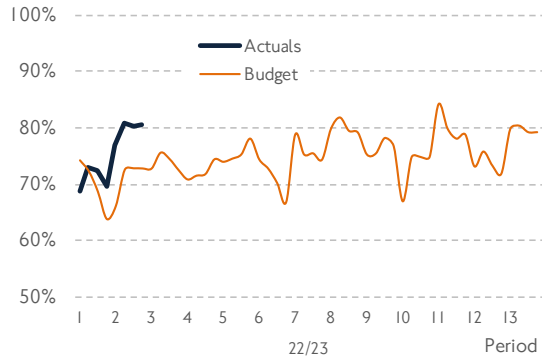
| LU | % vs Pre Covid period / budget |     | Absolute m |     | Var to Bud m |
|----|--------------------------------|-----|------------|-----|--------------|
|    | 75%                            | 72% | P          | 79  | 2.6          |
|    |                                |     | Y          | 157 | 2.2          |



| Bus | % vs Pre Covid period / budget |     | Absolute m |     | Var to Bud m |
|-----|--------------------------------|-----|------------|-----|--------------|
|     | 78%                            | 79% | P          | 140 | -1.4         |
|     |                                |     | Y          | 274 | -4.5         |



| Rail | % vs Pre Covid period / budget |     | Absolute m |    | Var to Bud m |
|------|--------------------------------|-----|------------|----|--------------|
|      | 80%                            | 71% | P          | 21 | 2.3          |
|      |                                |     | Y          | 41 | 2.7          |

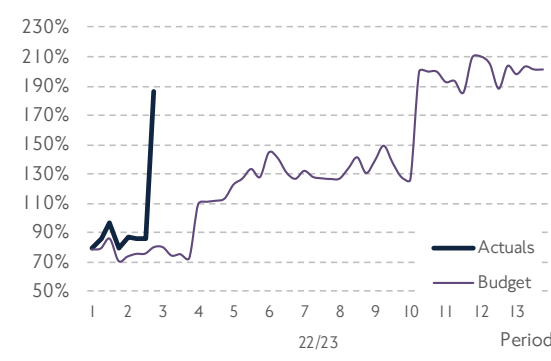


| LO | % vs Pre Covid period / budget |     | Absolute m |    | Var to Bud m |
|----|--------------------------------|-----|------------|----|--------------|
|    | 81%                            | 70% | P          | 12 | 1.6          |
|    |                                |     | Y          | 23 | 2.0          |

| DLR | % vs Pre Covid period / budget |     | Absolute m |    | Var to Bud m |
|-----|--------------------------------|-----|------------|----|--------------|
|     | 78%                            | 71% | P          | 8  | 0.6          |
|     |                                |     | Y          | 15 | 0.8          |

| Tram | % vs Pre Covid period / budget |     | Absolute m |   | Var to Bud m |
|------|--------------------------------|-----|------------|---|--------------|
|      | 76%                            | 75% | P          | 2 | 0.0          |
|      |                                |     | Y          | 3 | -0.1         |

| EL | % vs Pre Covid period / budget |     | Absolute m |    | Var to Bud m |
|----|--------------------------------|-----|------------|----|--------------|
|    | 107%                           | 76% | P          | 6  | 1.6          |
|    |                                |     | Y          | 10 | 1.9          |





# Operating account

Passenger income is £616m in the year to date, almost £250m higher than last year and in line with Budget. While journeys are better than Budget, we have seen a slight reduction in ticket yield.

Other operating income is £14m higher than Budget, a result of higher advertising revenue – partly driven from the Elizabeth line opening - and one offs.

Operating costs are broadly in line with Budget. Headwinds on Road User Charging bad debt and contract inflation have so far been mitigated through cost reductions across the business.

Extraordinary revenue grant is (£111m) lower than Budget from delayed £80m base funding and higher cash receipts for tickets.

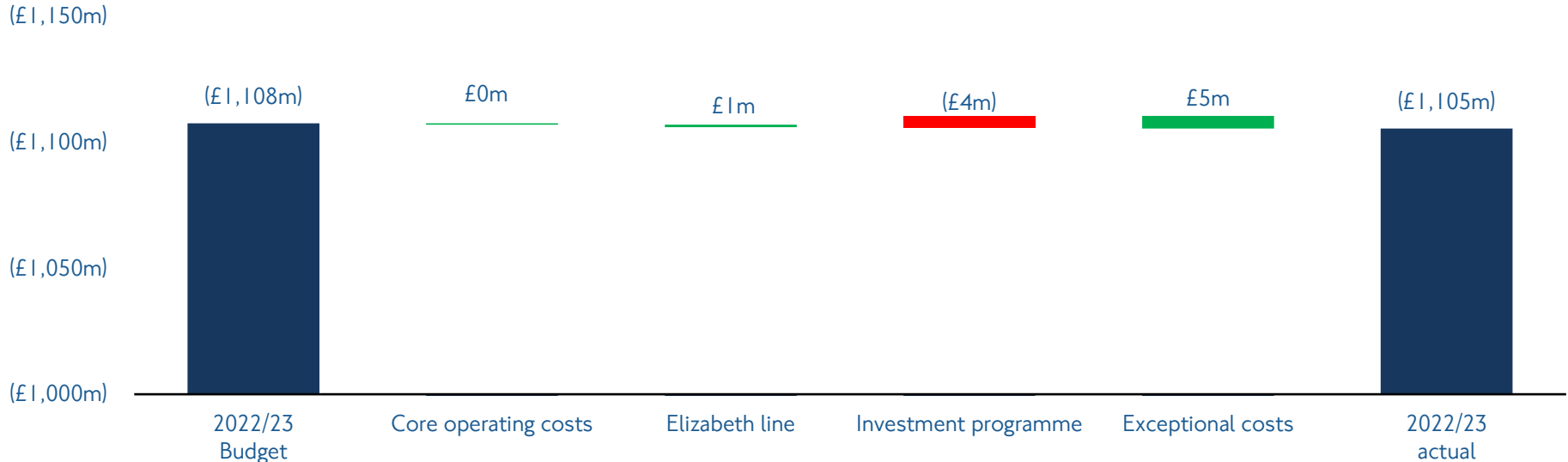
| £m  | Period 2 year to date, 2022/23 |              |                    |                      | Period 2 year to date, 2021/22 |                       |                         |
|---|--------------------------------|--------------|--------------------|----------------------|--------------------------------|-----------------------|-------------------------|
|   | Actuals                        | Budget       | Variance to Budget | % variance to Budget | Last year                      | Variance to last year | % variance to last year |
| Passenger income  | 616                            | 616          | -                  | 0%                   | 373                            | 243                   | 65%                     |
| Other operating income  | 244                            | 230          | 14                 | 6%                   | 143                            | 101                   | 71%                     |
| <b>Total operating income</b>                                   | <b>860</b>                     | <b>846</b>   | <b>14</b>          | <b>2%</b>            | <b>516</b>                     | <b>344</b>            | <b>67%</b>              |
| Business Rates Retention  | 170                            | 170          | -                  | 0%                   | 155                            | 15                    | 10%                     |
| Council tax precept   | 10                             | 10           | -                  | 0%                   | 10                             | -                     | 0%                      |
| Other revenue grants  | 3                              | -            | 3                  | N/A                  | 3                              | -                     | 0%                      |
| <b>Total income</b>   | <b>1,043</b>                   | <b>1,026</b> | <b>17</b>          | <b>2%</b>            | <b>684</b>                     | <b>359</b>            | <b>52%</b>              |
| Operating cost  | (1,105)                        | (1,108)      | 3                  | 0%                   | (1,013)                        | (92)                  | 9%                      |
| <b>Net operating surplus/ (deficit)</b>                         | <b>(62)</b>                    | <b>(82)</b>  | <b>20</b>          | <b>-24%</b>          | <b>(329)</b>                   | <b>267</b>            | <b>-81%</b>             |
| Net financing costs   | (68)                           | (69)         | 1                  | -1%                  | (71)                           | 3                     | -4%                     |
| <b>Net cost of operations after financing</b>                   | <b>(130)</b>                   | <b>(151)</b> | <b>21</b>          | <b>-14%</b>          | <b>(400)</b>                   | <b>270</b>            | <b>-68%</b>             |
| Capital renewals  | (83)                           | (82)         | (1)                | 1%                   | (56)                           | (27)                  | 48%                     |
| <b>Net cost of operations</b>                                   | <b>(213)</b>                   | <b>(233)</b> | <b>20</b>          | <b>-9%</b>           | <b>(456)</b>                   | <b>243</b>            | <b>-53%</b>             |
| Extraordinary revenue grant                                     | 133                            | 244          | (111)              | -45%                 | 473                            | (340)                 | -72%                    |
| <b>Net cost of operations after extraordinary revenue grant</b> | <b>(80)</b>                    | <b>11</b>    | <b>(91)</b>        | <b>-827%</b>         | <b>17</b>                      | <b>(97)</b>           | <b>-571%</b>            |

# Operating costs

Total operating costs are £1,105m in the year to date, £3m lower than Budget. This year we have seen pressures on Road User Charging bad debt, with higher ULEZ contravention rates as well as lower rates of customers paying PCNs at the initial discount rates.

We are also seeing impacts of inflation on some of our external contracts. Cost pressures have been mitigated through savings across the business.

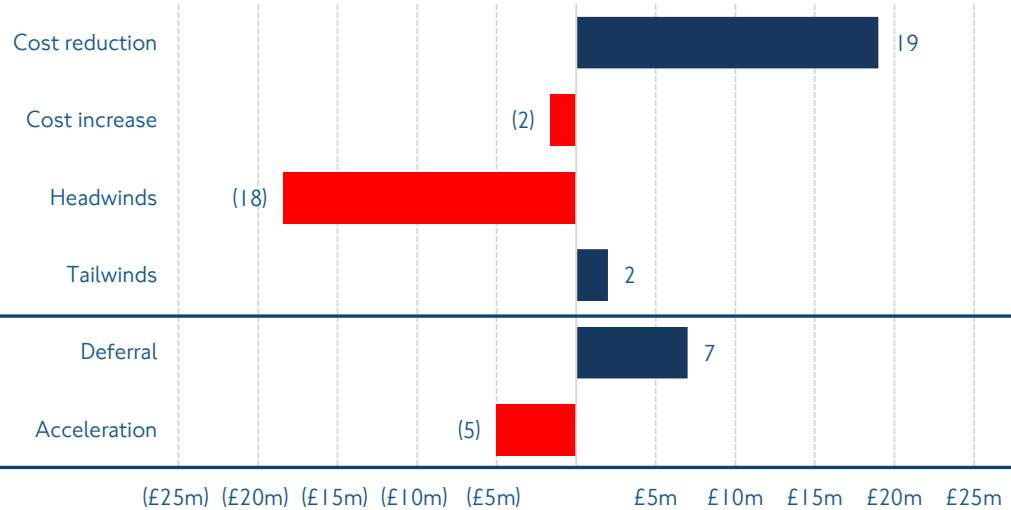
## Operating costs: drivers of year to date variances (£m)



## Operating costs: types of year to date variances (£m)

Underlying costs £1m better (with headwinds of (£18m) offset by £19m of cost reductions); timing differences of £2m, which we expect to unwind over the financial year

### Underlying costs £1m better



### Timing differences of £2m

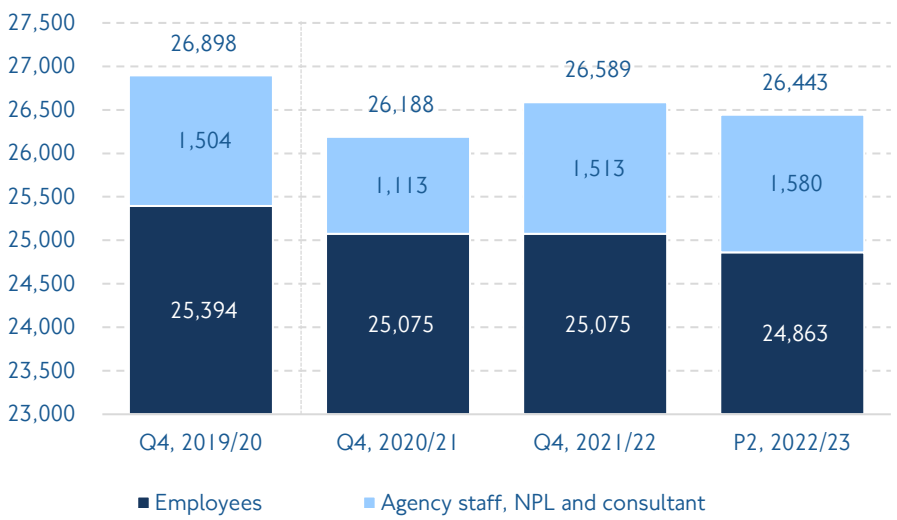
# Staff

TfL staff levels are now over 400 lower than pre-pandemic levels and are down from the end of last year, mainly driven from lower permanent headcount.

Permanent employee numbers are 500 lower than before the pandemic and are almost 200 down from last year; ongoing labour market issues and funding uncertainty are hampering our ability to recruit; agency and NPL staff have increased slightly since the end of 2019/20 but remain significantly lower than 2015/16.

The organisation is facing a high number of leavers (averaging around 170 employees per period), labour market challenges, and significant reward constraints.

## Headcount trends since 2019/20



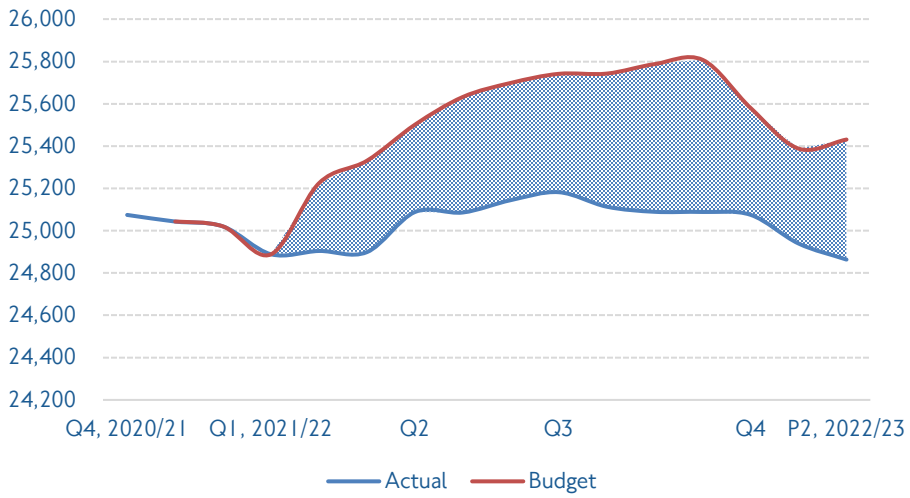
## Total staff over 400 lower than pre-pandemic levels

Agency, NPL and consultants slightly up on pre-coronavirus levels as a result of labour market challenges

Permanent employees down by over 500 since 2019/20 and in line with last year

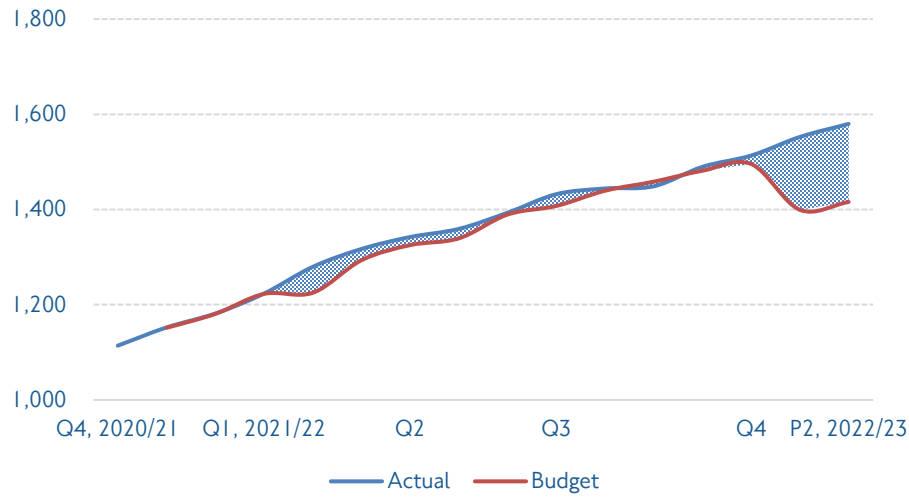
## Permanent staff (FTE): actuals and Budget

Permanent employees down by almost 200 since the end of 2021/22, driven by large number of retirees and leavers. Staff levels almost 600 lower than Budget from recruitment delays, a competitive external market and leavers averaging 170 per period.



## Agency and NPL staff (FTE): actuals and Budget

Agency and NPL FTE up slightly since the end of 2021/22, but higher than Budget. Driven by labour market challenges and continued funding uncertainty.



# Capital account

Total TfL capital expenditure (excluding Crossrail construction) is (£199m) in the year, which is (£5m) higher than Budget. This represents a timing difference only and not a risk to the full year Budget.

| £m                                   | Period 2 year to date, 2022/23 |              |                    |                      | Period 2 year to date, 2021/22 |                       |                         |
|--------------------------------------|--------------------------------|--------------|--------------------|----------------------|--------------------------------|-----------------------|-------------------------|
|                                      | Actuals                        | Budget       | Variance to Budget | % variance to Budget | Last year                      | Variance to last year | % variance to last year |
| New capital investment               | (116)                          | (112)        | (4)                | 4%                   | (120)                          | 4                     | -3%                     |
| TTLP capital expenditure             | (4)                            | (13)         | 9                  | -73%                 | (4)                            | 0                     | -3%                     |
| Crossrail                            | (52)                           | (73)         | 21                 | -29%                 | (109)                          | 56                    | -52%                    |
| <b>Total capital expenditure</b>     | <b>(172)</b>                   | <b>(198)</b> | <b>26</b>          | <b>-13%</b>          | <b>(233)</b>                   | <b>61</b>             | <b>-26%</b>             |
| Financed by:                         |                                |              |                    |                      |                                |                       |                         |
| Investment grant                     | 171                            | 171          | 0                  | 0%                   | 167                            | 4                     | 2%                      |
| Property and asset receipts          | 0                              | 0            | (0)                | -62%                 | 1                              | (1)                   | -96%                    |
| TTLP property receipts               | 3                              | 0            | 2                  | 630%                 | 0                              | 3                     | N/A                     |
| Borrowing                            | (8)                            | 0            | (8)                | N/A                  | 0                              | (8)                   | -3570%                  |
| TTLP borrowing                       | 0                              | 3            | (3)                | -100%                | 0                              | 0                     | N/A                     |
| Crossrail borrowing                  | 0                              | 0            | 0                  | N/A                  | 74                             | (74)                  | -100%                   |
| Crossrail funding sources            | 71                             | 90           | (19)               | -21%                 | 60                             | 11                    | 18%                     |
| Other capital grants                 | 15                             | 7            | 8                  | 103%                 | 11                             | 4                     | 40%                     |
| <b>Total</b>                         | <b>252</b>                     | <b>272</b>   | <b>(20)</b>        | <b>-7%</b>           | <b>313</b>                     | <b>(61)</b>           | <b>-20%</b>             |
| <b>Net capital account</b>           | <b>80</b>                      | <b>74</b>    | <b>6</b>           | <b>9%</b>            | <b>80</b>                      | <b>(0)</b>            | <b>0%</b>               |
| Capital renewals                     | (83)                           | (82)         | (1)                | 1%                   | (56)                           | (27)                  | 49%                     |
| New capital investment               | (116)                          | (112)        | (4)                | 4%                   | (120)                          | 4                     | -3%                     |
| <b>Total TfL capital expenditure</b> | <b>(199)</b>                   | <b>(194)</b> | <b>(5)</b>         | <b>3%</b>            | <b>(176)</b>                   | <b>(23)</b>           | <b>13%</b>              |

# Capital expenditure

| Capital renewals and new capital investment (£m) | Period 2 year to date, 2022/23 |        |                    |                      | Period 2 year to date, 2021/22 |                       |                         |
|--|--------------------------------|--------|--------------------|----------------------|--------------------------------|-----------------------|-------------------------|
|  | Actuals                        | Budget | Variance to Budget | % variance to Budget | Last year                      | Variance to last year | % variance to last year |
| <b>LU</b>  | (122)                          | (114)  | (9)                | 7%                   | (108)                          | (15)                  | 14%                     |
| Northern Line Extension                          | 1                              | (1)    | 2                  | -213%                | (17)                           | 18                    | -107%                   |
| Major stations                                   | (17)                           | (17)   | 1                  | -5%                  | (9)                            | (7)                   | 82%                     |
| Railway system enhancements                      | (1)                            | (1)    | (0)                | 39%                  | (1)                            | (0)                   | 10%                     |
| Four lines modernisation                         | (22)                           | (18)   | (3)                | 19%                  | (20)                           | (2)                   | 9%                      |
| Piccadilly line upgrade                          | (33)                           | (30)   | (3)                | 11%                  | (20)                           | (13)                  | 63%                     |
| Other LU enhancements                            | (2)                            | (3)    | 1                  | -37%                 | (4)                            | 2                     | -59%                    |
| LU capital renewals                              | (50)                           | (44)   | (6)                | 13%                  | (36)                           | (13)                  | 37%                     |
| <b>Elizabeth line</b>                            | (1)                            | (1)    | 0                  | -20%                 | (5)                            | 4                     | -77%                    |
| <b>Buses, Streets &amp; Other</b>                | (39)                           | (42)   | 3                  | -7%                  | (25)                           | (14)                  | 57%                     |
| Silvertown                                       | (3)                            | (2)    | (0)                | 18%                  | (1)                            | (2)                   | 166%                    |
| Surface assets                                   | (15)                           | (12)   | (2)                | 19%                  | (9)                            | (5)                   | 60%                     |
| Air quality and environment                      | (6)                            | (8)    | 2                  | -21%                 | (8)                            | 2                     | -25%                    |
| Public transport                                 | (1)                            | (2)    | 1                  | -31%                 | (0)                            | (1)                   | 145%                    |
| Healthy Streets                                  | (10)                           | (12)   | 2                  | -17%                 | (3)                            | (8)                   | 295%                    |
| Technology                                       | (4)                            | (5)    | 1                  | -28%                 | (3)                            | (1)                   | 19%                     |
| <b>Rail</b>                                      | (23)                           | (28)   | 5                  | -19%                 | (26)                           | 3                     | -13%                    |
| Barking Riverside                                | (2)                            | (3)    | 0                  | -11%                 | (10)                           | 7                     | -74%                    |
| DLR  | (12)                           | (16)   | 3                  | -22%                 | (11)                           | (2)                   | 14%                     |
| Public transport                                 | (8)                            | (10)   | 2                  | -16%                 | (6)                            | (2)                   | 36%                     |
| <b>Corporate areas</b>                           | (15)                           | (15)   | 0                  | -3%                  | (13)                           | (2)                   | 14%                     |
| Media  | 1                              | 1      | 0                  | 75%                  | 1                              | (0)                   | -12%                    |
| Tech & Data                                      | (15)                           | (15)   | 1                  | -4%                  | (13)                           | (1)                   | 10%                     |
| Estates  | (0)                            | (1)    | 1                  | -89%                 | (0)                            | 0                     | -23%                    |
| Other Corporate                                  | (1)                            | 1      | (1)                | -229%                | (0)                            | (0)                   | 62%                     |
| <b>Savings and overprogramming</b>               | -                              | 6      | (6)                | -100%                | -                              | -                     | N/A                     |
| <b>Total TfL excl. TTLP</b>                      | (199)                          | (194)  | (5)                | 3%                   | (176)                          | (23)                  | 13%                     |
| TTLP   | (4)                            | (13)   | 9                  | -73%                 | (4)                            | 0                     | -1%                     |
| <b>Total TfL incl. TTLP</b>                      | (203)                          | (207)  | 4                  | -2%                  | (180)                          | (23)                  | 13%                     |

# Cash balances

Total cash balances are just over £1.1bn at the end of Period 2, £165m lower than at the start of the year.

Since the end of 2019/20, our cash balances have declined by over £900m. It has been a condition of our funding agreements to run down our cash reserves to target an average of £1.2bn cash balance rather than this being an absolute minimum.

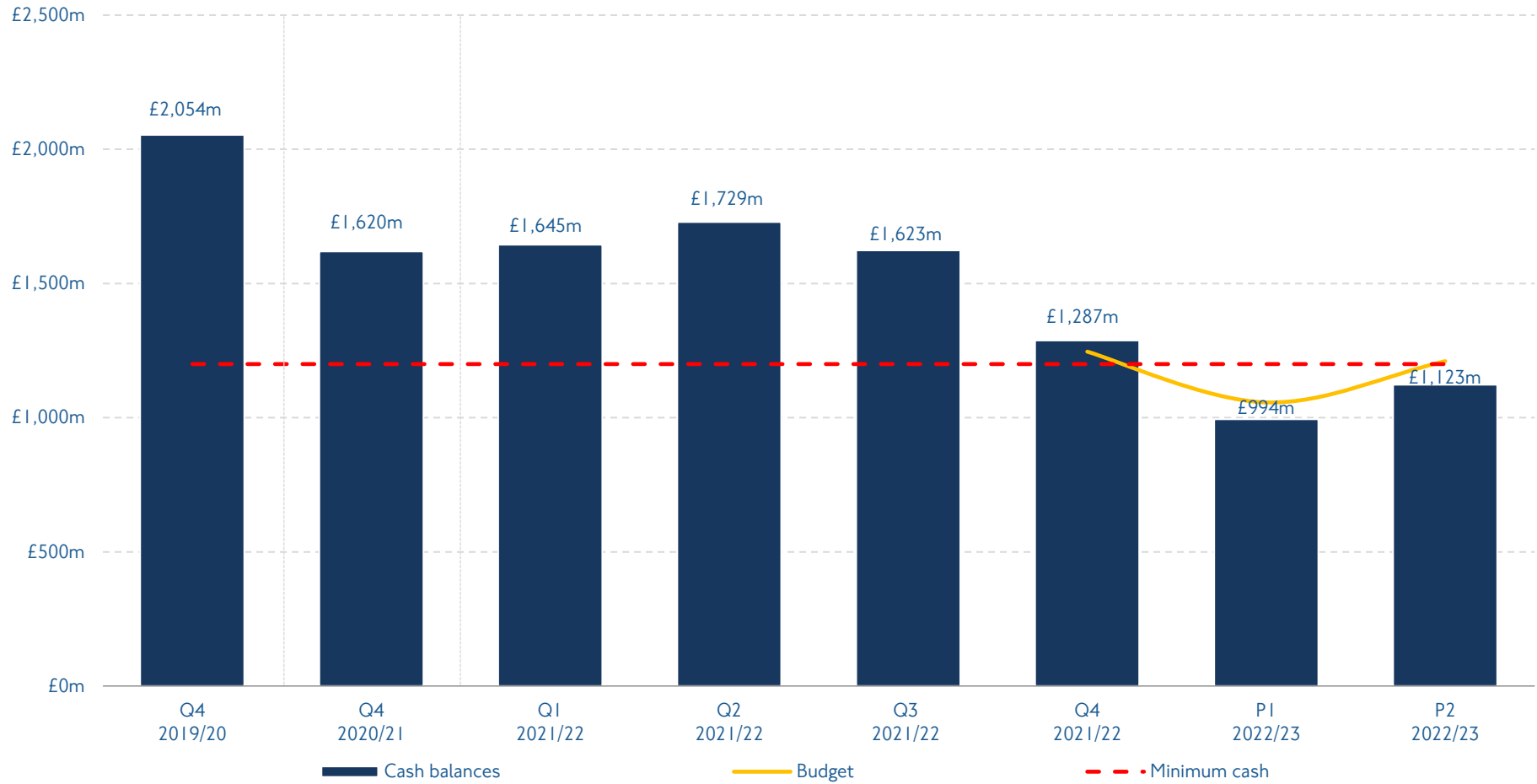
We still expect to finish the funding agreement period on 24 June with a circa £1.3bn cash balance.

We are aiming to further rebuild our cash balances over the coming years, which will depend on continuing growth in passenger demand as well as appropriate support from government.

## TfL closing cash balances

| 2021/22 closing cash | 2022/23 cash movement | P2, 2022/23 closing cash | P2, 2022/23 variance to Budget |
|----------------------|-----------------------|--------------------------|--------------------------------|
| 1,287                | (165)                 | 1,123                    | (88)                           |

Cash balances reduced from £2,054m at the end of 2019/20 to £1,123m at the end of Period 2, 2022/23.



# Risks and opportunities

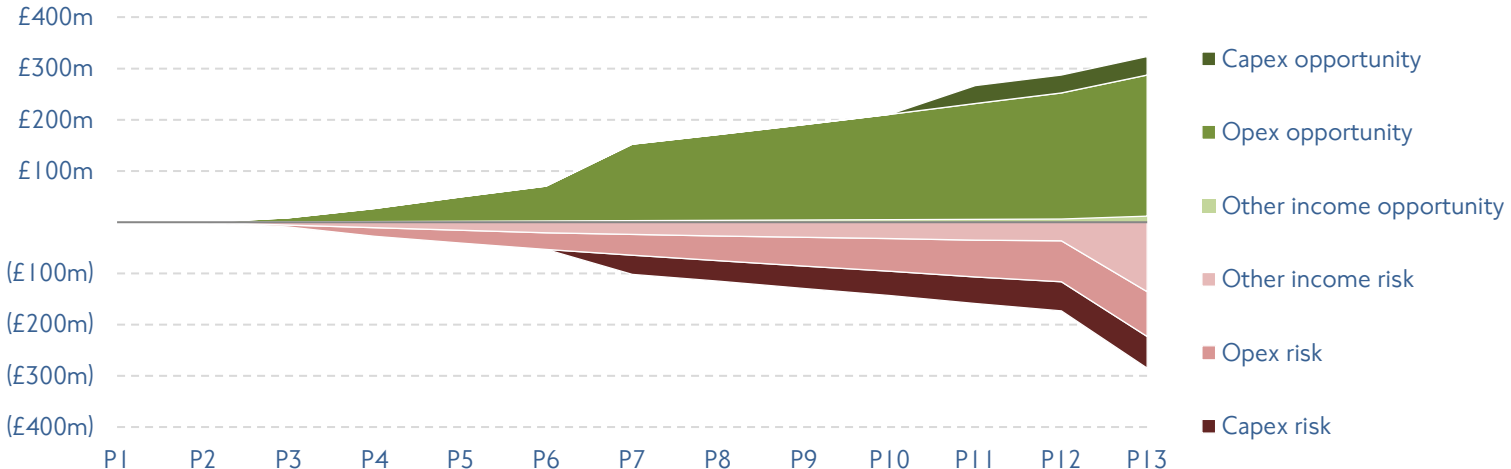
While the year to date position is broadly positive, we are starting to see risks emerging.

We are confident we can manage these through a combination of management action (including working capital management and cost control), contingencies and other tailwinds.

However, this analysis excludes the risk of not receiving the further Government revenue funding required for this year of circa £900m. This highlights the importance of agreeing Government funding.

## Probability weighted risks and opportunities for 2022/23

Risks of almost (£300m) broadly offset by opportunities of £300m



Risks and opportunities presented on a cash basis

### Key risks:

1. Passenger income – we assume revenue downside protection will continue for the remainder of the year so although not included as a financial risk, there is a strategic risk that continued strike disruption leads to a fall in customer confidence with stagnating demand in the short to medium term.
2. Road User Charging – we are seeing reduced volumes for both CC and ULEZ but also lower ULEZ payment rates leading to a higher level of bad debt. This is likely being driven by cost of living challenges and increasing fuel prices.
3. Inflation – a number of our contracts are based on March and April RPI which were not known when the budget was set. Inflation continues to rise and will impact on bus contracts that renew throughout the year and some of our construction contracts.

### Key opportunities:

1. Contingencies – to maintain a balanced budget, we have a central contingency, weighted on a probability basis, to ensure we can manage the net risk faced such as those above.
2. Cost control – we continue to maintain tight cost control and realise further savings where possible through headcount controls, review of discretionary spend and supply chain savings.

# Appendix 1: Funding conditions status





# Funding conditions status

The table summarises all of the funding letter conditions (c.60) since May 2020, that have been delivered, spilt by funding workstream. In addition to these there are a number of requirements for regular meetings and working groups, including the monthly Oversight Group.

There are also several Finance BAU requirements, including periodic management accounts and cashflow forecasts, baseline reviews, consultation and agreement of demand scenarios as part of the annual budget setting process.

The activities identified in this table reflect ongoing work. Where TfL needs to make decisions in relation to these activities, they may be subject to consultation.

| Workstream   | Due date          | Date delivered                                |
|--|-------------------|---|
| <b>Savings and Efficiencies</b>  |                   |   |
| Deliver £413 million cumulative efficiency savings by the end of 2020/21   | 31 March 2021     | 31 March 2021                                 |
| Commits to deliver an additional £160m of savings or income compared to the revised Budget through a mixture of Capex, Opex and financial control measures   | 31 March 2021     | 31 March 2021                                 |
| TfL will be required to identify the proportion of these savings or other income to be delivered during the 2021 Funding Period and provide confirmation of how this will be achieved and the plans that underpin these savings to the DfT Oversight Group | 28 June 2021      | 25 June 2021                                  |
| TfL to deliver £300m of savings or other income, over 2021/2022 additional to existing plans   | 31 March 2022     | 31 March 2022                                 |
| TfL will provide a plan demonstrating the options that exist to achieve up to and including £400m of appropriate revenue sources and/or cost saving initiatives in 2022/23   | 31 March 2022     | 31 March 2022                                 |
| This plan will be considered and, alongside a detailed review of TfL's budget for 2022/23, agreed by the Oversight Group   | 29 April 2022     | Presented to Oversight Group on 25 April 2022 |
| <b>Service Levels</b>  |                   |   |
| HMG and TfL agree three future demand scenarios at the Oversight Group by delivery date  | 5 July 2021       | 5 July 2021                                   |
| A review for London Underground, Rail and Buses to reconsider required service levels  | 17 September 2021 | 17 September 2021                             |
| Update to the September service levels review  | 12 November 2021  | 12 November 2021                              |

# Funding conditions status

| Workstream   | Due date         | Date delivered                                    |
|--|------------------|---|
| <b>Service Levels continued</b>  |                  |   |
| TfL to review and agree with DfT if updates to demand scenarios are needed and, if so, to deliver and agree with DfT any such updated demand scenarios                                       | 14 April 2022    | DfT agreed updates to demand scenarios not needed |
| TfL to update their demand and service level review in light of the updated demand scenarios   | 14 April 2022    | 14 April 2022                                     |
| Implement service level changes committed to in TfL's Financial Sustainability Plan, and key milestones for service level changes as outlined in TfL's demand review provided on 19 November | Ongoing          | Ongoing   |
| <b>Capital Programme</b>   |                  |   |
| Long-term capital plan   | 30 July 2021     | 30 July 2021                                      |
| Capital efficiencies plan  | 30 July 2021     | 30 July 2021                                      |
| Medium-term capital plan   | 13 August 2021   | 13 August 2021                                    |
| Comprehensive project list including the costs, timeframes and commitment level of projects included in its capital programme and supporting information                                     | 28 February 2022 | 28 February 2022                                  |
| Provide a report setting out the realisation of capital efficiencies over the funding period   | 1 June 2022      | 26 May 2022                                       |

# Funding conditions status

| Workstream   | Due date   | Date delivered   |
|--|--|------------------|
| <b>New Revenue Sources</b>   |  |                  |
| The Criteria for options assessment will be agreed between HMG and TfL/GLA before commencing the review  | 11 June 2021   | 11 June 2021     |
| The Oversight Group shall also be consulted on the shortlist of options  | 5 July 2021  | 5 July 2021      |
| Options review and feasibility study of mechanisms within existing powers to generate between £500m and £1bn of additional net revenue per annum from April 2023 | 27 August 2021   | 27 August 2021   |
| TfL shall undertake necessary consultation on the preferred option or options to enable a decision on new revenue sources  | 12 November 2021, amended via letter to 19 November 2021 | 19 November 2021 |
| Draft paper in respect of potential, policy-compliant road user charging changes relating to air quality and tackling the climate emergency                      | 14 January 2022  | 14 January 2022  |
| Final draft paper in respect of potential, policy-compliant road user charging changes relating to air quality and tackling the climate emergency                | 19 January 2022  | 19 January 2022  |
| Equality Impact assessment on proposal to withdraw from Travelcard Agreement   | 29 April 2022  | 29 April 2022    |
| Mayor will commence public consultation, which includes an Equalities Impact Assessment, on his proposals.   | 29 April 2022, amended to 27 May 2022                    | 20 May 2022      |

# Funding conditions status

| Workstream  | Due date                                | Date delivered   |
|---|---|------------------|
| <b>Long-term funding framework</b>  |   |                  |
| The terms of reference of the review are to be agreed by HMG and TfL  | 30 July 2021, extended to 6 August 2021 | 6 August 2021    |
| Joint review of options for longer term reform of the funding framework for Transport for London  | 15 October 2021                         | 15 October 2021  |
| TfL will fully cooperate with and support HMG and its advisers to evidence the potential value of an updated funding framework between HMG and TfL                    | 30 May 2022                             | 30 May 2022      |
| <b>Pensions</b>   |   |                  |
| TfL will provide a final list of assessed options under consideration by the Review to HMG  | 31 October 2021                         | 29 October 2021  |
| Interim report of review of pension scheme and reform options with the explicit aim of moving TfL's Pension Fund into a financially sustainable position              | 11 December 2021                        | 10 December 2021 |
| Final report  | 31 March 2022                           | 28 March 2022    |
| TfL will be expected to provide regular substantive updates on the recommendations contained within the Review as well as a detailed work plan setting out next steps | Monthly                                 | Ongoing          |

# Funding conditions status

| Workstream  | Due date         | Date delivered   |
|---|------------------|------------------|
| <b>Pay</b>  |                  |                  |
| TfL to freeze pay in line with the public sector pay pause while TfL is in receipt of significant extraordinary funding. Any bonus pay awards will not be paid for through extraordinary Government funding   | 01 June 2021     | 01 June 2021     |
| LU pay deal - In the context of national pay restraint, TfL will need to find savings equivalent to this incremental amount from within the LU cost base and rebalance this settlement in future pay deals. You also agree that any changes to future pay or bonus policy while TfL is in receipt of extraordinary support, will be consulted upon with HMG | Ongoing          | Ongoing          |
| <b>Driverless Trains</b>  |                  |                  |
| Interim OBC on Waterloo and City line   | 11 December 2021 | 10 December 2021 |
| Interim SOBC on Piccadilly line   | 11 December 2021 | 10 December 2021 |
| Market engagement into alternative platform edge protection technology  | 30 November 2021 | 30 November 2021 |
| Design work on rolling stock specification, new signalling, and Platform Edge Doors   | 11 December 2021 | 10 December 2021 |
| DfT led joint programme with TfL on the implementation of Driverless Trains on LU, recognising TfL's safety, regulatory and statutory responsibilities. The network review should provide an evidence-based recommendation on how best to progress with driverless trains   | No date          | Ongoing          |

# Funding conditions status

| Workstream  | Due date   | Date delivered                       |
|---|--|--------------------------------------|
| <b>Commercial Property</b>  |  |                                      |
| Plan for housing delivery, including potentially through a dedicated commercial development company   | 11 June 2021   | 11 June 2021                         |
| TfL will provide a commercial operating structure and business plan for the commercial property company to be established by TfL  | 10 May 2022  | 10 May 2022                          |
| <b>Financial Sustainability Plan</b>  |  |                                      |
| Produce a single, comprehensive management plan with options as to how a trajectory to financial sustainability could be achieved by as soon as possible with a target date of FY2023 | 11 January 2021  | 11 January 2021                      |
| A Financial Sustainability Group will meet in May 2022 to support and assess TfL's progress towards becoming financially sustainable by April 2023                                    | TBC – DfT postponed meeting until after the capital settlement is in place |                                      |
| <b>Cash</b>   |  |                                      |
| TfL will provide DfT with a revised cash flow forecast for 2021/22  | 09 July 2021   | 09 July 2021                         |
| TfL will provide DfT with a revised cash flow forecast for 2022/23  | 04 March 2022  | Draft Cash forecast on 04 March 2022 |
| TfL will provide a weekly closing cash position   | Weekly   | Delivered every week to date         |

# Funding conditions status

| Workstream   | Due date          | Date delivered   |
|--|-------------------|--|
| <b>Crossrail 2</b>   |                   |  |
| TfL and DfT will agree and enter into a Memorandum of Understanding whereby they agree to share equally the costs of any statutory blight claims arising from the current and the updated safeguarding regulations | 29 April 2022     | Awaiting new date from DfT, and info from DfT to take this forward |
| <b>Modernisation Acceleration Programme</b>  |                   |  |
| Structure and criteria for risk assessment of implementation plan to be agreed with HMG  | 28 June 2021      | 28 June 2021   |
| Draft implementation plan, including indicative milestones, provided to HMG for review   | 13 September 2021 | 13 September 2021  |
| Final implementation plan, including risk assessment and confirmed milestones, submitted to HMG  | 15 October 2021   | 15 October 2021  |
| Provide detailed scope and phasing of the strategic initiatives identified by TfL in the modernisation acceleration plan   | 31 March 2022     | 31 March 2022  |

# Funding conditions status

| Workstream   | Due date      | Date delivered |
|--|---------------|----------------|
| <b>Governance</b>  |               |                |
| TfL will continue to engage with and document discussions with their lenders and ratings agencies to demonstrate a clear understanding of the impacts of loan covenants and keep DfT informed of these discussions   | Ongoing       | Ongoing        |
| TfL will maintain its changes to its expenditure authorisation processes through the Financial Commitment Oversight Group. TfL will provide minutes and actions from these meetings to DfT or their advisers   | Ongoing       | Ongoing        |
| <b>Carbon Literacy</b>   |               |                |
| TfL shall deliver its plan to improve staff carbon literacy, which will include metrics for measuring this   | 31 March 2022 | 31 March 2022  |
| <b>Communication and policy decisions</b>  |               |                |
| TfL will inform DfT, through the Chair of the Oversight Group, of any policy decision outside its published 2022/23 budget it intends to publicly announce which could increase its operating costs or reduce its revenue at least five business days before such decision is publicly announced | Ongoing       | Ongoing        |



# Funding conditions status

| Workstream   | Due date           | Date delivered  |
|--|--------------------|---|
| <b>Other</b>   |                    |   |
| Maximising service levels on all networks to full normal service, apart from Night Tube, weekend night buses as soon as possible but within four weeks   | 15 June 2020       | Build up from 14 May 2020   |
| Employing traffic demand management agreed by London COVID Transport Task Force  | May 2020 - restart |   |
| To support revenue collection, as soon as practicable, placing card readers by the operating entrance doors on all buses, and immediately require passengers to use the approximately 2000 readers which are already so placed             | No date            | N/A – front door boarding reintroduced  |
| The immediate reintroduction of the London Congestion Charge, LEZ and ULEZ and urgently bring forward proposals to widen the scope and levels of these charges, in accordance with the relevant legal powers and decision-making processes | May 2020           | CC reinstated on 18 May 2020; temporary changes to the scheme (including expanded hours of operation and increased charge level) introduced on 22 June 2020 |

# Funding conditions status

| Workstream  | Due date         | Date delivered                                     |
|---|------------------|--|
| Other   |                  |  |
| Complete roll out of TfL Go for Android by the end of the calendar year   | 31 December 2020 | August 2020  |
| Commits to increase fares within the Mayor's control in January 2021 to deliver an overall equivalent of RPI+1%   | January 2021     | March 2021 (due to delay in National Fare changes) |
| TfL must, as a minimum, align their fares increase for 2022 with the fares change on national rail. Should you choose to increase fares by lower than your planning assumption of RPI+1 for 2022, any reduction in income from April 2023 that impacts TfL reaching financial sustainability will not be met by HMG funding |                  | March 2022   |

# Appendix 2: Divisional performance



# London Underground

Tube journeys are 75% of pre-pandemic levels, up from 65% at the end of last year. Passenger income is £334m in the year to date, (£6m) lower than Budget; journeys are slightly up on Budget, but ticket yield is lower than expected where we have seen a reduction in peak journeys (from 52% before the pandemic to 46%) and higher levels of contactless daily capping.

Operating costs are (£348m) in the year to date, £7m lower than Budget. This is mainly driven by lower volume-driven costs and direct coronavirus related spend.

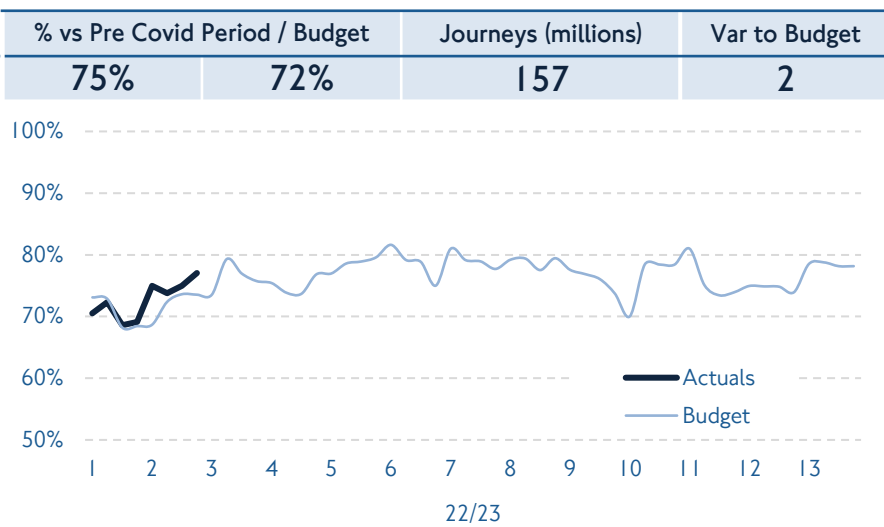
Capital expenditure is (£17m) higher than Budget, a result of the timing of renewals, Four Lines Modernisation, and Piccadilly line upgrade costs.

| Operating account (£m)        |
|-------------------------------|
| Passenger income              |
| Other operating income        |
| <b>Total operating income</b> |
| Operating costs               |
| <b>Net operating deficit</b>  |
| Indirect costs                |
| Net financing costs           |
| Capital renewals              |
| <b>Net cost of operations</b> |
| <b>New capital investment</b> |

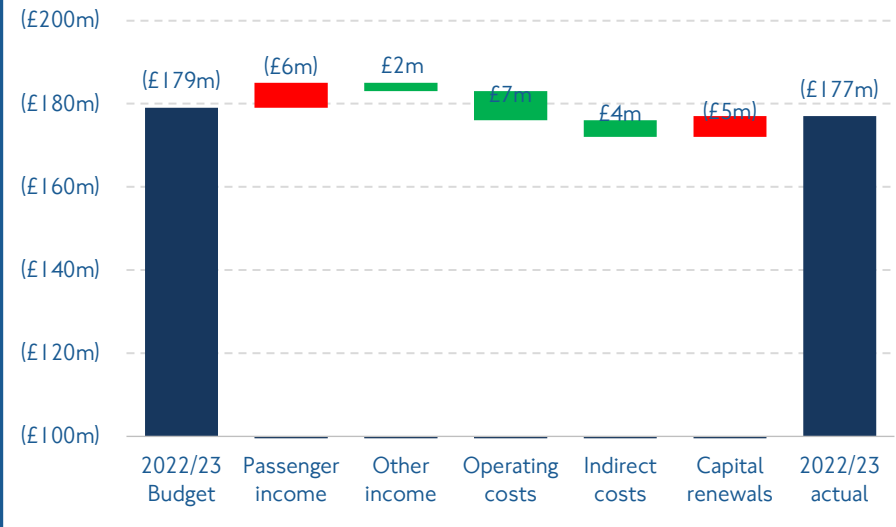
| Actuals      | Period 2, year to date, 2022/23 |                    |                      |
|--------------|---------------------------------|--------------------|----------------------|
|              | Budget                          | Variance to Budget | % variance to Budget |
| 334          | 340                             | (6)                | -2%                  |
| 6            | 4                               | 2                  | 50%                  |
| <b>340</b>   | <b>344</b>                      | <b>(4)</b>         | <b>-1%</b>           |
| (348)        | (355)                           | 7                  | -2%                  |
| <b>(8)</b>   | <b>(11)</b>                     | <b>3</b>           | <b>-27%</b>          |
| (75)         | (79)                            | 4                  | -5%                  |
| (44)         | (44)                            | -                  | 0%                   |
| (50)         | (45)                            | (5)                | 11%                  |
| <b>(177)</b> | <b>(179)</b>                    | <b>2</b>           | <b>-1%</b>           |
| <b>(80)</b>  | <b>(68)</b>                     | <b>(12)</b>        | <b>18%</b>           |

| Period 2, year to date, 2021/22 |                       |                         |
|---------------------------------|-----------------------|-------------------------|
| Last year                       | Variance to last year | % variance to last year |
| 168                             | 166                   | 99%                     |
| 3                               | 3                     | 100%                    |
| <b>171</b>                      | <b>169</b>            | <b>99%</b>              |
| (319)                           | (29)                  | 9%                      |
| <b>(148)</b>                    | <b>140</b>            | <b>-95%</b>             |
| (60)                            | (15)                  | 25%                     |
| (45)                            | 1                     | -2%                     |
| (37)                            | (13)                  | 35%                     |
| <b>(290)</b>                    | <b>113</b>            | <b>-39%</b>             |
| <b>(78)</b>                     | <b>(2)</b>            | <b>3%</b>               |

Tube journeys compared to pre-pandemic baseline



Net cost of operations compared to Budget



# Elizabeth line

Full Elizabeth line services opened on 24 May 2022, helping drive increased journeys and revenue in the period. Journeys are up 2 million on the prior period, and are 2 million better than Budget. Passenger income is £23m, £4m higher than Budget.

Operating costs and capital spend are broadly in line with Budget.

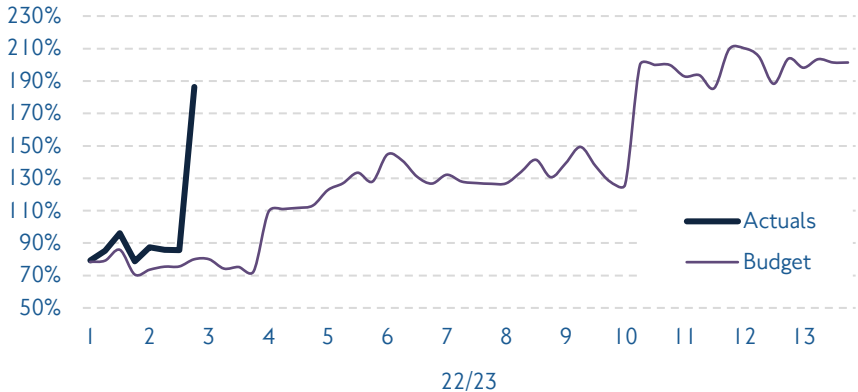
| Operating account (£m)        |
|-------------------------------|
| Passenger income              |
| Other operating income        |
| <b>Total operating income</b> |
| Operating costs               |
| <b>Net operating deficit</b>  |
| Indirect costs                |
| Net financing costs           |
| Capital renewals              |
| <b>Net cost of operations</b> |
| <br>                          |
| New capital investment        |
| Crossrail project             |
| <b>New capital investment</b> |

| Actuals     | Period 2, year to date, 2022/23 |           |                      |
|-------------|---------------------------------|-----------|----------------------|
|             | Budget                          | Variance  | % variance to Budget |
| 23          | 19                              | 4         | 21%                  |
| 6           | 5                               | 1         | 20%                  |
| <b>29</b>   | <b>24</b>                       | <b>5</b>  | <b>21%</b>           |
| (72)        | (73)                            | 1         | -1%                  |
| <b>(43)</b> | <b>(49)</b>                     | <b>6</b>  | <b>-12%</b>          |
| (3)         | (3)                             | -         | 0%                   |
| (14)        | (14)                            | -         | 0%                   |
| (1)         | -                               | (1)       | N/A                  |
| <b>(61)</b> | <b>(66)</b>                     | <b>5</b>  | <b>-8%</b>           |
| <br>        |                                 |           |                      |
| (1)         | (1)                             | -         | 0%                   |
| (52)        | (73)                            | 21        | -29%                 |
| <b>(53)</b> | <b>(74)</b>                     | <b>21</b> | <b>-28%</b>          |

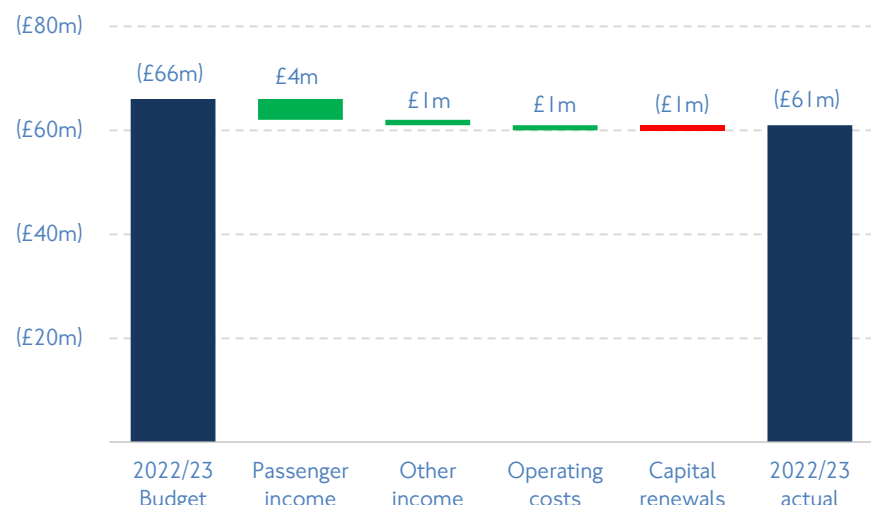
| Period 2, year to date, 2021/22 |                       |                         |
|---------------------------------|-----------------------|-------------------------|
| Last year                       | Variance to last year | % variance to last year |
| 9                               | 14                    | 156%                    |
| 3                               | 3                     | 100%                    |
| <b>12</b>                       | <b>17</b>             | <b>142%</b>             |
| (64)                            | (8)                   | 13%                     |
| <b>(52)</b>                     | <b>9</b>              | <b>-17%</b>             |
| (3)                             | -                     | 0%                      |
| (15)                            | 1                     | -7%                     |
| -                               | (1)                   | N/A                     |
| <b>(70)</b>                     | <b>9</b>              | <b>-13%</b>             |
| <br>                            |                       |                         |
| (5)                             | 4                     | -80%                    |
| (109)                           | 57                    | -52%                    |
| <b>(114)</b>                    | <b>61</b>             | <b>-54%</b>             |

EL journeys compared to pre-pandemic baseline

| % vs Pre Covid Period / Budget | Absolute m | Var to Bud m |
|--------------------------------|------------|--------------|
| <b>107%</b>                    | <b>10</b>  | <b>2</b>     |



Net cost of operations compared to Budget



# Buses, Streets & Other operations

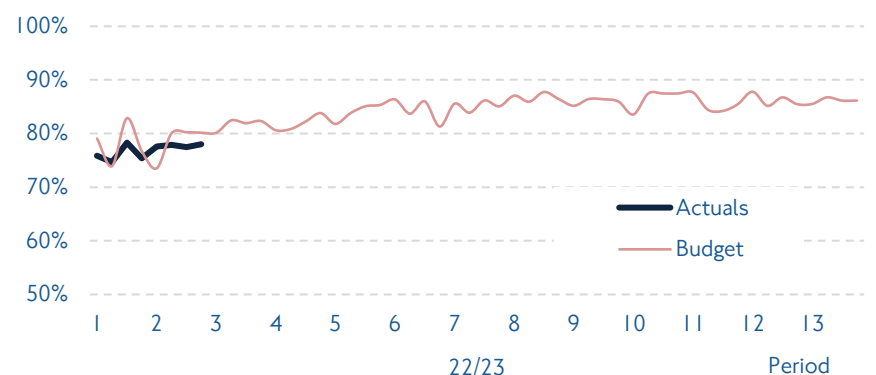
Bus journeys are 78% of pre-pandemic levels in Period 2, up from 70% at the end of last year. Passenger income is £6m higher than Budget; journeys are 5 million lower than Budget, but an improved yield has helped increase income.

Other operating income is £175m and in line with Budget. Operating costs are (£19m) higher than Budget, driven by higher Road User Charging bad debt levels, where we have seen declining payment rates on penalty charge notices during the initial discounted period.

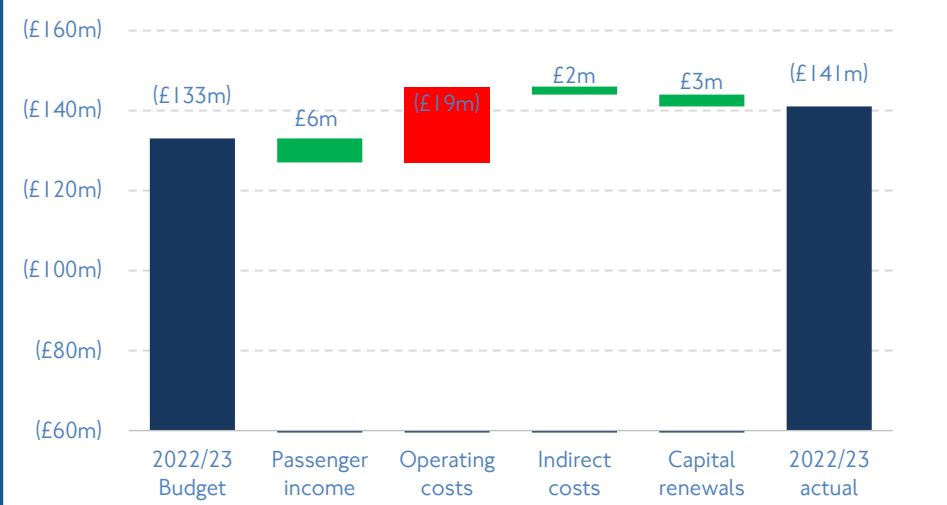
| Operating account (£m)        | Period 2, year to date, 2022/23 |              |                    |                      | Period 2, year to date, 2021/22 |                       |                         |
|-------------------------------|---------------------------------|--------------|--------------------|----------------------|---------------------------------|-----------------------|-------------------------|
|                               | Actuals                         | Budget       | Variance to Budget | % variance to Budget | Last year                       | Variance to last year | % variance to last year |
| Passenger income              | 207                             | 201          | 6                  | 3%                   | 146                             | 61                    | 42%                     |
| Other operating income        | 175                             | 175          | -                  | 0%                   | 101                             | 74                    | 73%                     |
| <b>Total operating income</b> | <b>382</b>                      | <b>376</b>   | <b>-</b>           | <b>0%</b>            | <b>247</b>                      | <b>74</b>             | <b>30%</b>              |
| Operating costs               | (478)                           | (459)        | (19)               | 4%                   | (436)                           | (42)                  | 10%                     |
| <b>Net operating deficit</b>  | <b>(96)</b>                     | <b>(83)</b>  | <b>(13)</b>        | <b>16%</b>           | <b>(189)</b>                    | <b>93</b>             | <b>-49%</b>             |
| Indirect costs                | (19)                            | (21)         | 2                  | -10%                 | (15)                            | (4)                   | 27%                     |
| Net financing costs           | (4)                             | (4)          | -                  | 0%                   | (4)                             | -                     | 0%                      |
| Capital renewals              | (22)                            | (25)         | 3                  | -12%                 | (12)                            | (10)                  | 83%                     |
| <b>Net cost of operations</b> | <b>(141)</b>                    | <b>(133)</b> | <b>(8)</b>         | <b>6%</b>            | <b>(220)</b>                    | <b>79</b>             | <b>-36%</b>             |
| <b>New capital investment</b> | <b>(18)</b>                     | <b>(19)</b>  | <b>1</b>           | <b>-5%</b>           | <b>(14)</b>                     | <b>(4)</b>            | <b>29%</b>              |

Bus journeys compared to pre-pandemic baseline

| % vs Pre Covid Period / Budget | Absolute m | Var to Bud m |
|--------------------------------|------------|--------------|
| <b>78%</b>                     | <b>274</b> | <b>(5)</b>   |



Net cost of operations compared to Budget



# Rail

Rail journeys have seen strong growth this year, with journeys now at 80% of pre-pandemic levels compared to 70% at the end of last year. Journeys are 3 million higher than Budget in the year to date, with passenger income £6m higher.

Operating costs are (£84m) in the year to date. Costs are (£3m) higher than Budget, driven by inflationary pressures on our contract costs.

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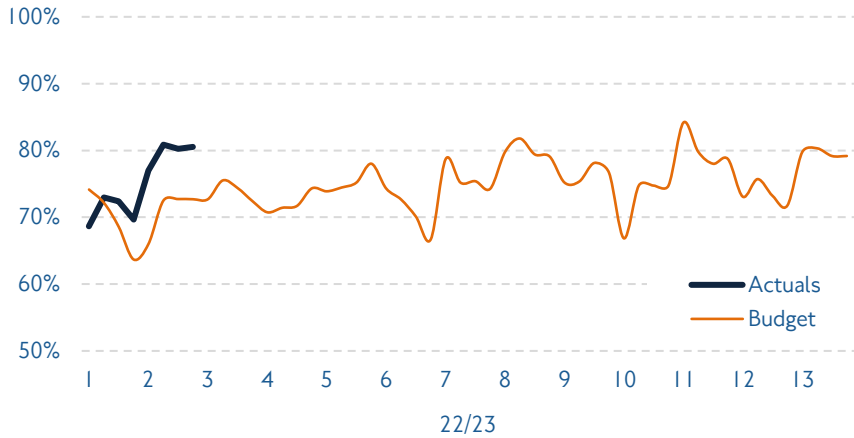
| Operating account (£m)        |
|-------------------------------|
| Passenger income              |
| Other operating income        |
| <b>Total operating income</b> |
| Operating costs               |
| <b>Net operating deficit</b>  |
| Indirect costs                |
| Net financing costs           |
| Capital renewals              |
| <b>Net cost of operations</b> |
| <b>New capital investment</b> |

| Actuals     | Period 2, year to date, 2022/23 |          |                      |
|-------------|---------------------------------|----------|----------------------|
|             | Budget                          | Variance | % variance to Budget |
| 57          | 51                              | 6        | 12%                  |
| 2           | 1                               | 1        | 100%                 |
| <b>59</b>   | <b>52</b>                       | <b>7</b> | <b>13%</b>           |
| (84)        | (81)                            | (3)      | 4%                   |
| <b>(25)</b> | <b>(29)</b>                     | <b>4</b> | <b>-14%</b>          |
| (3)         | (4)                             | 1        | -25%                 |
| (6)         | (6)                             | -        | 0%                   |
| (7)         | (7)                             | -        | 0%                   |
| <b>(41)</b> | <b>(46)</b>                     | <b>5</b> | <b>-11%</b>          |
| (15)        | (20)                            | 5        | -25%                 |

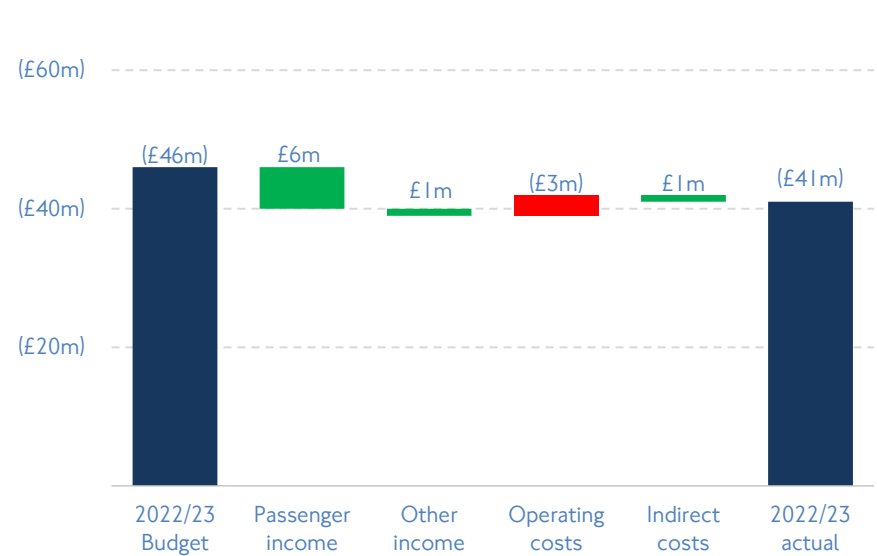
| Period 2, year to date, 2021/22 |                       |                         |
|---------------------------------|-----------------------|-------------------------|
| Last year                       | Variance to last year | % variance to last year |
| 35                              | 22                    | 63%                     |
| 2                               | -                     | 0%                      |
| <b>37</b>                       | <b>22</b>             | <b>59%</b>              |
| (73)                            | (11)                  | 15%                     |
| <b>(36)</b>                     | <b>11</b>             | <b>-31%</b>             |
| (3)                             | -                     | 0%                      |
| (7)                             | 1                     | -14%                    |
| (4)                             | (3)                   | 75%                     |
| <b>(50)</b>                     | <b>9</b>              | <b>-18%</b>             |
| (22)                            | 7                     | -32%                    |

Rail journeys compared to pre-pandemic baseline

| % vs Pre Covid Period / Budget | Absolute m | Var to Bud m |
|--------------------------------|------------|--------------|
| <b>80%</b>                     | <b>41</b>  | <b>3</b>     |



Net cost of operations compared to Budget



## Barking riverside extension



Delivery of the physical works is now substantially complete with testing and commissioning of the station entering its final stages. The final signal commissioning was completed in early April, and during the final track possession at the end of April, we commissioned the overhead line electrification. The public areas around the station are on track to be completed before service begins.

As the station and rail systems testing comes to an end, the focus is on preparing the assurance documentation which will be submitted to Network Rail and Office of Rail and Road to obtain authorisation to operate the service. Quality documentation and operation and maintenance manuals required to support the submission are being progressed with the main contractor. Our most likely date to begin passenger service operations is summer 2022.

## Bank station capacity upgrade



The Bank branch of the Northern line reopened to schedule on 16 May, following a 17-week planned closure. During the closure, we constructed a new, wider southbound Northern line platform and more spacious new customer concourse. There are three new passageways, which will make moving around the station quicker and easier for customers.

The next phase of works is on the key interchange connections, including the new escalators linking the Northern line to the DLR, and the two new moving walkways and three new escalators connecting the Central and Northern lines. The works will culminate in a new station entrance at Cannon Street.

These improvements are all part of the wider Bank station capacity upgrade programme which is due to complete later this year.

## Piccadilly line upgrade



### Delivery fleet introduction

The Mayor and Chief Capital Officer visited Goole in March accompanied by a group of journalists. The visit provided an opportunity to showcase the new Piccadilly line upgrade trains via the cab and saloon mock-ups, as well as highlighting that investment in London supports jobs and growth throughout the UK. Manufacture of the new trains continues as planned and included testing the robotic painting machine.

### Depots and stabling

We now have a revised programme for South Harrow sidings with the first four roads due to be commissioned in early July and the remaining eight roads to follow in winter 2022.

### Power

All bidders for the high voltage power framework have been notified of the results. The ten-day mandatory standstill period, prior to the award, has been completed and all bidders have been notified.



## DRAFT

### TTL Properties Limited

#### TREASURY MANAGEMENT STRATEGY (Appendix to TfL Treasury Management Strategy)

##### 1 **Borrowing**

- 1.1 TTL Properties Limited (TTLP) is working to establish an unsecured non-recourse Revolving Credit Facility (RCF) for three-five years with a panel of banks for £200m which is expected to be in place by early FY22/23. This facility will allow TTLP to meet its goal of a focused delivery on its property activity.
- 1.2 This facility is expected to be agreed by the end of April 2022 and will be signed after:
  - (i) the TTLP Business Plan has been approved by the managing and statutory Chief Finance Officers<sup>1</sup>;
  - (ii) approval by the TfL Finance Committee (or any other relevant Committee of the TfL Board) for TTLP as an independent subsidiary to borrow on a non-recourse basis;
  - (iii) approval of the TTLP Treasury Management Policies; and
  - (iv) approval by the TfL Board of the Prudential Indicators for 2022/23, including the Authorised Limit for external borrowing, which are expected to include up to £200m for TTLP borrowing within the overall TfL Group Limits.
- 1.3 TTLP may set up short term intercompany loan facilities with TfL group companies

##### 2 **Investment Strategy**

- 2.1 Cash balances will be invested in accordance with the TfL Treasury Management Strategy, the TfL Treasury Management Policies and the TTLP Treasury Management Policies.

##### 3 **Liquidity Strategy**

- 3.1 TTLP will produce a cash flow forecast that will forecast its liquidity. This will be updated weekly and show liquidity demand each week of the next 18 months.

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<sup>1</sup> References to statutory Chief Finance Officer in this document mean the 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. References to managing Chief Finance Officer in this document mean the managing (non-statutory) Chief Finance Officer

3.2 TTLP will aim to hold a minimum balance of cash and short-term investments of £10m.

#### 4 **Banking and Cash**

4.1 TTLP will set up independent accounts for TTLP that will operate outside the TfL Group Pool.

# DRAFT

## TTL Properties Limited

### TREASURY MANAGEMENT POLICIES (Appendix to TfL Treasury Management Policies)

#### 1 BACKGROUND

- 1.1 This document sets out TTL Properties Limited (TTLP) policies and practices, authorities and delegations of its treasury management activities which apply to TTLP and its subsidiaries.
- 1.2 Transport for London (TfL) will provide borrowing, investment, liquidity and banking services to TTLP in line with the policies set out in this document. TfL will recharge for these services.
- 1.3 This document is an appendix to the main TfL Treasury Management Policies. TTLP is subject to the same policies and practices as they apply to TfL and all its subsidiaries save where specified otherwise in this Appendix.

#### 2 LIQUIDITY

- 2.1 TTLP will produce each month a cash flow forecast that will show liquidity demand each month over the next 18 months. TTLP will ensure that it has sufficient liquidity through a combination of its undrawn committed facilities and its cash balances to meet liquidity requirements.
- 2.2 For prudent financial management purposes, TTLP will aim to maintain a minimum level of cash reserves of at least £10m. Cash reserves include cash and short-term investments.
- 2.3 Actual cash balances fluctuate on a daily basis and could temporarily fall below the minimum requirement. In this event, an assessment will be made as to whether any action is required by the Director of Corporate Finance and/or the Group Treasurer to address such temporary fluctuations, taking into account any undrawn credit facilities and forecast cash movements.
- 2.4 Liquidity be will assessed on an annual basis against downside scenarios.
- 2.5 The statutory and managing Chief Finance Officers<sup>2</sup> will be notified of any breaches of expected liquidity needs.

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<sup>2</sup> References to statutory Chief Finance Officer in this document mean the 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. References to managing Chief Finance Officer mean the managing Chief Finance Officer.

### **3 BORROWING**

- 3.1 The managing Chief Finance Officer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit). The Director of Commercial Development, Finance Director of Commercial Development or Director of Corporate Finance is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within TfL's Authorised Limit) for a tenor of not more than 12 months.
- 3.2 The Director of Commercial Development, Finance Director of Commercial Development, Director of Corporate Finance and Group Treasurer are authorised to approve and enter into any required agreements or other documentation in relation to the implementation of permitted borrowing.
- 3.3 Authorised Treasury officers may execute drawdowns under existing debt facilities.
- 3.4 The Director of Commercial Development, Finance Director of Commercial Development or the Director of Corporate Finance are authorised to approve the pre-payment or refinancing of loans, or re-purchase or redeeming of existing debt.
- 3.5 TTLP can enter into borrowing facilities and to borrow without recourse to TfL.
- 3.6 TTLP can enter into short term loan facilities with TfL Group entities for working capital purposes.

### **4 INVESTMENTS**

- 4.1 Surplus cash will be invested in accordance with the TfL Treasury Management Strategy and TfL Treasury Management Policies.

### **5 BANKING**

- 5.1 The Director of Corporate Finance or the Group Treasurer shall as and when necessary be authorised to:
  - (a) supply to financial institutions, lists of officials authorised to sign in respect of each and any account(s) of TTLP with specimen signatures;
  - (b) open further accounts for and on behalf of TTLP and supply to the financial institutions, details of the signatories together with specimen signatures in respect of such account(s);
  - (c) notify the financial institutions of any restrictions on the operation of any such accounts; and
  - (d) agree on behalf of TTLP the terms of any facility or service provided by the financial institutions including but not limited to general banking services, bonds, guarantees and credit limits.
- 5.2 The financial institutions shall be entitled to rely on any such details or notifications supplied by the Director of Corporate Finance, Group Treasurer or any Treasury officer confirmed in writing as having the same authority as the Director of Corporate Finance or the Group Treasurer.

## **6 RESPONSIBLE OFFICERS**

- 6.1 The TTLP Treasury Management Policies will apply to TTLP. The TTLP Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate of TfL.
- 6.2 The Finance Director of Commercial Development is responsible for advising the Land and Property Committee on investments, borrowing, derivatives, financial risk management, capital financing and also for banking arrangements necessary for TTLP. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 6.3 The Finance Director of Commercial Development is responsible for ensuring the execution of the TTLP Treasury Management Policies. On an operational basis, this will be discharged through the Director of Corporate Finance and the Group Treasurer.
- 6.4 The Finance Director of Commercial Development will be responsible for advising the managing Chief Finance Officer of TfL that it is in full compliance with all of the TTLP Treasury Management Policies. The managing Chief Finance Officer is responsible for ensuring that TTLP is in compliance with the TTLP Treasury Management Policies and updating the TfL Finance Committee accordingly.
- 6.5 The statutory or managing Chief Finance Officers or the Director of Corporate Finance or the Group Treasurer will appoint relevant Treasury officers to be authorised signatories for the purposes of paragraph 3.3
- 6.6 Subject as otherwise provided for within these policies, no investments, borrowings or entry into credit arrangements (including, but not limited to any lease or other such arrangement that might count towards TfL debt or liabilities under relevant accounting standards) shall be permitted without the consent of the statutory or managing Chief Finance Officer or Director of Corporate Finance or the Group Treasurer.

The managing Chief Finance Officer or Director of Corporate Finance or Group Treasurer will provide guidance for accepting financial guarantees, performance bonds, letters of credit and other credit enhancing products, and this must be followed by TTLP and/or its subsidiaries at all times.

## **7 TREASURY MANAGEMENT PRACTICES**

### **Treasury Management Reporting**

- 7.1 The following reports will be produced
  - (i) an annual report to the Land and Property Committee on the TTLP Treasury Management Strategy for the coming year and;
  - (ii) a monthly cash flow report to the Finance Director of Commercial Development and to the Director of Corporate Finance that will show liquidity demand for the next 18 months.

## **Cash Flow and Cash Flow Management**

- 7.2 Cash flow projections and cash management will be managed outside of the TfL Group aggregation.