

TRANSPORT FOR LONDON
EXECUTIVE COMMITTEE

Subject: **Brexit Update**

Date: **2 August 2017**

Consulted: **Vernon Everitt, Stephen Field**

1 Purpose

- 1.1 This paper is for NOTING. It describes risks and actions in response to Brexit and provides an update to papers provided to Exco in December 2016 and April 2017.

2 Background and current status

- 2.1 Following the triggering of Article 50 in March 2017, formal negotiations have now commenced between the UK Government and the EU negotiating team.
- 2.2 These negotiations are necessarily in their early stages and it remains unclear precisely what outcomes will result. Regardless of the specific outcome of the negotiations the effect of Brexit on the macro-economic environment is expected to be negative, with implications for public and TfL finances. See for example <http://cep.lse.ac.uk/pubs/download/brexit10.pdf> although this topic is heavily contested and, as time passes, it will be increasingly difficult and irrelevant to try to isolate the specific effects of Brexit from other trends and events. Our strategy remains one of addressing broad risks, for example currency inflation, scarce skills etc, through existing processes and centres of expertise in the organisation.
- 2.3 An updated risk assessment, including mitigation actions, is provided at Annex A.
- 2.4 Notable since the last update are two changes in relation to our key risk areas of finance and people.



- (a) It is now clear that further EIB loans will not be granted to us until the future relationship between the UK and EIB is settled. Partial mitigation comes from the agreement signed in May which gives us access to £250 million in loans from Export Development Canada. We continue to be able to access borrowing through a variety of sources, however the very favourable terms offered by the EIB are not currently available from other sources. A more complete mitigation will be if the Treasury agree to enable us to borrow from the Public Works Loans Board at rates comparable to those offered by EIB. This question has been raised by TfL finance with both Treasury and DfT and discussions are ongoing.
- (b) A new European Staff Network Group is being developed. It is expected that this will have its inaugural meeting in September. While the effect on EU citizens of Brexit remains highly unclear, we will nevertheless use this SNG to consult affected staff, understand their concerns and identify further actions that could provide support to affected people.

3 Contact

Contact: Stuart Reid

Number: [REDACTED]

Email: [REDACTED]@tfl.gov.uk

4 Appendix A – Brexit Primary Risks and Mitigations

