

**TRANSPORT FOR LONDON
BOARD MEETING**

**TO BE HELD ON WEDNESDAY 1ST DECEMBER 2004
IN THE CHAMBER, CITY HALL, THE QUEEN'S WALK, LONDON SE1 2AA
COMMENCING AT 10.00AM**

AGENDA

A meeting of the Board will be held to deal with the following business. The public are welcome to attend this meeting, which has disabled access.

Procedural Business

- 1.1 Apologies for Absence
- 1.2 Minutes of the Previous Meeting held on 27th October 2004
- 1.3 Matters Arising

Business Items

2. Commissioner's Report
3. 2nd Quarter Finance and Performance Report
4. TfL Initial Performance Assessment
5. Bond Issue Update – Verbal

Procedural Items

6. Report from Finance Committee
7. Report from Safety, Health and Environment Committee
8. Administrative Issues Under Standing Orders

Items for Noting

9. Documents Sealed on Behalf of TfL
10. Any Other Business

Transport for London

Minutes of a meeting of the Board
held on Wednesday 27 October 2004, commencing at 10.00am
in the Chamber, City Hall, the Queen's Walk, London, SE1 2AA

Present:

Board Members: Ken Livingstone, Chair David Begg
Honor Chapman Stephen Glaister
Kirsten Hearn Meg Hillier
Sir Mike Hodgkinson Susan Kramer (min nos. 139-146/10/04)
Paul Moore Sir Gulam Noon
Patrick O'Keeffe John Ormerod
Tony West Dave Wetzel

Special Advisers: Lord Toby Harris Bryan Heiser
Murziline Parchment Lynn Sloman

TfL Officers: Stephen Allen, Director of Corporate Finance
Maggie Bellis, Managing Director, Corporate Services
Luke Blair, Interim Managing Director, Group Communications
Ian Brown, Managing Director, London Rail
Andrea Clarke, Commercial Law Team Manager
Stephen Critchley, Chief Finance Officer
Karen Ferguson, Interim Chief of Staff, Commissioner's Office
Mary Hardy, Director of Internal Audit
Peter Hendy, Managing Director, Surface Transport
Ellen Howard, Public Law Team Manager
Betty Morgan, Head of TfL Legal
Tim O'Toole, Managing Director, London Underground
Valerie Todd, Director, Group Equality and Inclusion
Jay Walder, Managing Director, Finance and Planning

Observing: Nicky Gavron, Deputy Mayor

Secretary: Louisa Sherry

ACTION

139/10/04 APOLOGIES FOR ABSENCE

The Mayor welcomed new Board members Honor Chapman, Meg Hillier, Patrick O'Keeffe and John Ormerod to their first meeting, along with Lord Toby Harris a newly appointed Special Adviser.

Apologies for absence were received from Robert Kiley, Commissioner.

140/10/04 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 22 July 2004 were AGREED and signed by the Chair as an accurate record.

141/10/04 MATTERS ARISING

There were no matters arising.

142/10/04 COMMISSIONER'S REPORT

The Board considered the Commissioner's Report for October 2004. The key points arising from the discussion were:

London Buses

The achievement of 94% accessible buses was welcomed. Peter Hendy said further monitoring would be carried out in the autumn.

A proposal to proceed with the replacement Radio / AVL / Countdown / Radio system project will be presented to the Board at its December meeting. If agreed, implementation will be progressive over a period of 3 ½ years by which the existing systems will be replaced.

London Underground

Despite improved performance on London Underground, results from the last customer survey indicated a decrease in customer satisfaction. This is mainly due to the fact that the survey was conducted during the summer when the Tube was excessively hot and was subject to RMT strike action.

Discussions are ongoing with the Trades Unions on the two year pay deal which has now been agreed and is being paid to staff during October. Members NOTED that a briefing on industrial relations is being planned.

**Maggie
Bellis**

The Underground Advisory Panel has analysed passenger models to assure itself that the Piccadilly Line will be able to cope with increased passenger numbers from the new Terminal 5 at Heathrow Airport. During the closure of Terminal Four's station, a substitute bus service will be implemented. Louisa Sherry will send Patrick O'Keeffe the paper presented to the Board in June 2004 on the Piccadilly Line Extension to Heathrow Terminal Five.

**Louisa
Sherry**

Fares

The new fares announced by the Mayor will be introduced in January 2005 and will be accompanied by a major marketing campaign to inform passengers. The fare increases will be monitored and their impact assessed prior to any further changes being made. The capping of Oyster cards will be introduced in early 2005.

Following discussion, the Board NOTED the report.

143/10/04 2ND QUARTER FINANCE REPORT

Jay Walder introduced the paper which reports results against the revised budget (considered elsewhere on the agenda). He reported that for this fiscal year the budget is generally being met.

Following discussion, the Board NOTED the report.

144/10/04 TfL BUSINESS PLAN AND 5 YEAR INVESTMENT PROGRAMME 2005/6 – 2009/10

Jay Walder advised the Board that the Business Plan being presented for approval is very different from previous plans. It is a fully balanced plan over a five year period. Establishing and maintaining a balanced plan is critical to our plans to access the capital markets for approximately £3bn of long-term debt.

The 5-year Investment Programme is a very significant document which provides a clear definition of all of TfL's projects, scopes and budgets. It gives clear accountability for achievement of objectives and ownership of that accountability throughout the organisation.

Officers have positively engaged in consultation with a large number of stakeholders during the Spending Review process. These include Borough Chief Executives, the London Business Board, trades unions, community, voluntary and disability groups and the ALG Transport and Environment Committee.

The ALG TEC had written to TfL expressing views about the proposed western extension to the Central London Congestion Charge Zone and the cost of Freedom Passes. Board members had been sent a copy of that letter and TfL's response.

The Royal Borough of Kensington and Chelsea had also expressed concerns about the proposed western extension to the Central London Congestion Charge Zone. Board members had been sent a copy of their letter and TfL's response. It was reiterated that there will be numerous opportunities to be further consulted.

Peter Hendy asked the Board to note that the plans contained sufficient funding to allow the Centrale tramstop in Croydon to be completed and opened, subject to completion of commercial negotiations.

Jay Walder reminded Board members that their approval of the Business Plan is not approval for the individual projects specified in it. These will be subject to other processes, including consultation, TWA Orders, planning approvals or approval in line with standing orders.

The Board discussed both documents at length, the main points of which were:

- the Investment Programme provides opportunities to explore rail projects that were not previously open to TfL and these opportunities should be fully considered. The Mayor has been raising with Government the need for a dedicated London Rail Budget;
- many of TfL's current achievements have been funded through revenue income and further expenditure on these areas should still be considered important.

Following this discussion, the Board were content to APPROVE the TfL Business Plan 2005/6 – 2009/10 and the TfL 5-Year Investment Programme and to DELEGATE their finalisation to the Managing Director, Finance and Planning, for submission to the GLA.

The Board also NOTED that the final 2005/6 budget will be presented for approval in March 2005, following the outcome of the GLA budget process.

**Jay
Walder**

145/10/04 IMPLEMENTATION OF TfL BORROWING PLAN

The Board were advised that this matter had been the subject of extensive discussions within the Finance Committee. Sir Mike Hodgkinson, Chair of the Finance Committee said that the Committee were happy to recommend approval of the first tranche of borrowing of up to £400m. He said that the Finance Committee had asked for a post-transaction report to be prepared. The Committee would regularly review the affordability of the debt obligations using the Prudential Indicators as a monitoring tool.

Members felt that the affordability of the borrowing programme should be reviewed regularly as the Business Plan developed.

Following discussion, the Board NOTED:

- (a) that issuance of notes by TfL as an inaugural bond issue (the "Initial Transaction") on the basis of the information set out in the Board Paper will be within the existing Prudential Indicators;
- (b) that in relation to the establishment of a Medium Term Note Programme (the "Programme"), an Information Memorandum (the "Information Memorandum") will need to be produced by TfL which will contain information relating to TfL and its subsidiaries (the "Group"), in particular (i) a description of TfL and the Group; (ii) financial information; (iii) general information (which includes statements relating to the financial and trading position (and its prospects)) of the Group; and (iv) information relating to any material litigation involving the Group;
- (c) that the Information Memorandum will need to be prepared so as to be in a form satisfactory to the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets 2000 (the "FSMA"), the "UK Listing Authority") and so as to comply with the requirements of the listing rules (the "Listing Rules") made by the UK Listing Authority and the applicable provisions of the FSMA;
- (d) that the vehicle used to issue the bonds under the Initial Transaction may be a new subsidiary of TfL (or TTL) rather than TfL itself;
- (e) that the UK Listing Authority will require TfL to update the Programme from time to time. As part of an "update" TfL will need to: (i) prepare a supplementary or revised Information Memorandum; and (ii) update certain other documents entered into by TfL in connection with the Programme so as to reflect any amendments;
- (f) that further approval will be sought for any future issuances outside the Initial Transaction;
- (g) that the Finance Committee at its meeting on 14 October 2004 recommended that the Board approve the Programme and the Initial Transaction as described below;
- (h) that following the issuance of the Initial Transaction a post transaction report will be provided to the Finance Committee; and

- (i) that it was important that the Information Memorandum was complete and accurate as it can give rise to legal liability for TfL.

The Board RESOLVED:

- (j) that following the full and careful consideration of the Board Paper and the matters mentioned therein to approve: (i) the establishment of the Programme to be arranged by HSBC Bank plc ("HSBC") and Morgan Stanley & Co. International Limited ("Morgan Stanley") for TfL; (ii) the issuance of notes as part of the Initial Transaction under the Programme; and (iii) the delegation of certain powers of the Board to the Finance Committee, the Commissioner or the Managing Director of Finance and Planning and other officers of TfL as set out below;
- (k) that there be delegated to the Finance Committee the power to agree the substantive terms of the Information Memorandum and that the Finance Committee be and is hereby authorised to negotiate, approve and agree on behalf of TfL the Information Memorandum such that it is in a form satisfactory to the UK Listing Authority and compliant with the requirements of the Listing Rules and the applicable provisions of the FSMA and that the Finance Committee be and is hereby appointed with full power, authority and discretion to act on behalf of TfL;
- (l) that the Finance Committee be and is hereby appointed with full power, authority and discretion to agree and authorise on behalf of TfL the amount of bonds to be issued under the Initial Transaction provided that such inaugural bond issue shall not be in excess of £400 million;
- (m) that the Finance Committee be and is hereby appointed with full power and discretion to consider on behalf of TfL the Risk Issues set out in section 8 of the Board Paper and any other risks regarding the establishment of the Programme and the Initial Transaction as the Finance Committee may think fit;
- (n) that following full and careful consideration of paragraphs 9.1 to 9.3 of the Board Paper, the incorporation of a subsidiary (the "Subsidiary") of TfL (or TTL) to issue the bonds under the Initial Transaction (rather than TfL itself) be and is hereby approved provided that prior to the establishment of the Programme the Commissioner or the Managing Director, Finance and Planning shall receive legal advice that it is prudent for the bonds issued under the Initial Transaction to

be issued by the Subsidiary and not TfL itself. The Board hereby grants its approval that the Subsidiary be a "public company" (as defined in the Companies Act 1985) and be named TfL Finance plc (or such other name as agreed by the Finance Committee). The Board further resolves that the approval of: (i) the adoption of the memorandum and articles of the Subsidiary; (ii) the individuals to comprise the board of directors of the Subsidiary; (iii) the individuals to be appointed officers of the Subsidiary; and (iv) the name of the Subsidiary, be and is hereby delegated to the Finance Committee and that the Finance Committee be and is hereby authorised to negotiate, approve, authorise and agree any documentation to be entered into by TfL in connection with the incorporation of the Subsidiary and shall have full authority to take such other action as the Finance Committee considers necessary or desirable in relation to the establishment of the Subsidiary;

[Post Meeting Note – the Finance Committee were subsequently advised that it is not necessary to establish a subsidiary]

- (o) that the Finance Committee be and is hereby authorised to negotiate, approve, authorise and agree on behalf of TfL any supplementary or revised Information Memorandum necessary in relation to the UK Listing Authority's requirement for the Programme to be updated or supplemented from time to time and that such supplementary or revised Information Memorandum shall be in a form satisfactory to the UK Listing Authority and compliant with the requirements of the Listing Rules and the applicable provisions of the FSMA and that the Finance Committee be and is hereby appointed with full power, authority and discretion to act on behalf of TfL;
- (p) that each meeting of the Finance Committee at which these issues will be discussed will require a quorum of at least three members of the Finance Committee (one of whom being be the Chair of the Finance Committee or the Chair of the Audit Committee) Unless all members of the Finance Committee are in agreement, decisions on these issues shall be taken by the Finance Committee by majority vote and in the event of deadlock the Chair of the Finance Committee (or in his absence the Chair of the Audit Committee) shall have the casting vote;
- (q) that there be delegated to the Commissioner or the Managing Director, Finance and Planning the ability to agree the final terms and conditions of all documentation related to the Programme and the Initial Transaction and to authorise entry into such documentation on behalf of TfL such that the Commissioner or the Managing Director, Finance and Planning be and is hereby authorised to negotiate, approve,

authorise and agree on behalf of TfL any documentation to be entered into by TfL in connection with the Programme and the Initial Transaction and each of the Commissioner or the Managing Director, Finance and Planning be and is hereby appointed with full power, authority and discretion to act on behalf of TfL;

- (r) that there be delegated to the Commissioner or the Managing Director, Finance and Planning the ability to agree any amendments to the documentation related to the Programme other than the Information Memorandum pursuant to the UK Listing Authority's requirement for the Programme to be updated or supplemented from time to time and that the Commissioner or the Managing Director, Finance and Planning be and is hereby authorised to negotiate, approve, authorise and agree on behalf of TfL any supplemental or amended and restated documentation (so as to reflect any amendments) on behalf of TfL and each of the Commissioner or the Managing Director, Finance and Planning be and is hereby appointed with full power, authority and discretion to act on behalf of TfL and execute the transactions contemplated therein;
- (s) to the extent that any of the documents in connection with the Programme, the Initial Transaction, the Information Memorandum or the incorporation of the Subsidiary requires executing as a deed, the affixing of the seal by and the delivery thereof by TfL, be and is hereby approved;
- (t) subject to obtaining the necessary approvals in accordance with the above resolutions, that any of the Finance Committee, the Commissioner, the Managing Director, Finance and Planning, General Counsel (or Interim General Counsel), the Head of TfL Legal, the Director of Corporate Finance or the Chief Finance Officer be and is hereby authorised to sign, execute (if necessary, by the affixing of the TfL seal) and deliver on behalf of TfL any documentation (including the Information Memorandum), agreements, deeds, guarantees, announcements, notices, contracts, certificates, letters or other documents to be entered into by TfL (or the Subsidiary as the case may be) in connection with the establishment of the Programme, the Initial Transaction, the preparation of the Information Memorandum, the incorporation of the Subsidiary, the update of the Programme or the preparation of any supplementary or revised Information Memorandum or other documents in connection with the update of the Programme and shall have full authority to execute the transactions contemplated therein and to take such other action as the Finance Committee, the Commissioner or the Managing Director, Finance and

Planning considers necessary or desirable in relation to the establishment of the Programme, the Initial Transaction, the preparation of the Information Memorandum, the incorporation of the Subsidiary, the update of the Programme or the preparation of any supplementary or revised Information Memorandum or other documents in connection with the update of the Programme.

146/10/04 2004/5 TfL GROUP BUDGET – PROPOSED CHANGES

The Board AGREED the changes to TfL's 2004/5 budget, arising as a consequence of the announcement of future Transport Grant allocations following the Government's Spending Review 2004, outlined in the paper. Members NOTED that the revised budget is now consistent with both the confirmed funding arrangements from the SR2004 Settlement and the updated Business Plan approved earlier.

147/10/04 DIRECTION FROM THE MAYOR

Board members welcomed and NOTED the Direction which relates to equality of opportunity, the elimination of unlawful discrimination and the need to promote good relations between specified groups.

In particular, members were keen to ensure that the Direction is fulfilled by staff at all levels throughout the organisation and its contractors.

148/10/04 LRT PENSION FUND AND TRUSTEE COMPANY – NAME CHANGE

Stephen Critchley advised members that the paper seeks approval to change the name of the LRT Pension Fund and Trustee Company. This reflects the fact that TfL is the principal employer. There is no impact of the name change on members of the Pension Fund.

The Board:

- APPROVED that the name of the LRT Pension Fund be changed to the TfL Pension Fund,
- AGREED that the deed of variation to the LRT Pension Fund Trust Deed to effect the proposed change of name be approved and be executed under seal by those authorised to do so,

- AGREED that the name of the LRT Pension Fund Trustee Company Limited be changed to the TfL Trustee Company Limited, and
- APPROVED the associated amendments to the Articles of Association to reflect the change in name of the LRT Pension Fund Trustee Company Limited to the TfL Trustee Company Limited and the deletion of all references to LRT to be replaced with TfL.

149/10/04 LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON BILL

Peter Hendy introduced the paper.

The Board APPROVED in principle that TfL should promote the joint Bill in accordance with the process set out in the paper and DELEGATED to the Managing Director, Surface Transport the authority to agree the contents of the joint Bill on behalf of TfL.

150/10/04 AUDIT COMMITTEE REPORT

The Board NOTED the contents of the report which set out the main issues arising from the Audit Committee meeting held on 14 October 2004 and, in particular, the discussion on resource planning and the available skills for managing the Investment Programme.

151/10/04 FINANCE COMMITTEE REPORT

The Board NOTED the report which set out the main points of discussion at the Finance Committee meeting held on 14 October 2004.

152/10/04 REPORT FROM SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

The Board NOTED the contents of the report which updated members on health, safety and environmental matters discussed at the last meeting of the Committee held on 6 October 2004. In particular, the Chair of the Committee drew members' attention to matters of resilience, the possibility of a Board briefing on health and safety and the Committee's intention to carry out an effectiveness review of its procedures.

153/10/04 DOCUMENTS SEALED ON BEHALF OF TfL

The Board NOTED the documents which had been sealed on behalf of TfL between 8 July and 12 October 2004.

154/10/04 ANY OTHER BUSINESS

There was no other business.

CHAIR

TRANSPORT FOR LONDON

BOARD MEETING

SUBJECT: Commissioner's Report for December 2004

DATE: 1 December 2004

1. PURPOSE

- 1.1 This is the Commissioner's written report for December 2004. This report provides an overview of major issues and developments since the last Board meeting and updates the Board on significant projects and initiatives.

2. BUSINESS PLAN, INVESTMENT PROGRAMME AND BUDGET

- 2.1 At the TfL Board meeting on 24 October, the 2005/6 Business Plan and the proposed TfL 5-Year Investment Programme were approved by the Board. These documents are designed to be the basis of a detailed budget for the financial year 2005/06, and a delivery plan for the investments that will commence in the next five years. These documents have now been made available to the public on the TfL website and are available in hard copy.
- 2.2 The Business Plan forms the basis of the detailed Budget that has been submitted to the Mayor for inclusion in the GLA budget process.
- 2.3 The prudential borrowing programme continues to progress, working closely with the Finance Committee. Our aim is to be in the marketplace before the end of the year.

3. TfL OPERATIONS

- 3.1 There are some operational issues to draw to your attention.

Surface Transport

London Buses

- 3.2 Bus passenger journey numbers continue to increase strongly (7.3% year-to-date at period 7). After originally recording 6 million passenger journeys in a day for the first time in April, this figure is now being achieved on a daily basis on weekdays. Saturday figures now show buses carrying in the region of 4.7m passengers, more than was the case on weekdays four years ago. Service quality remains the best recorded since present records began.

- 3.3 A further route (12) was successfully converted from operation with Routemaster vehicles to low-floor accessible operation with articulated buses. Integral to the service change was the removal of some 250 bus movements per day from Oxford Street (west of Oxford Circus).

Road Safety

- 3.4 Newly released figures for the first 6 months of 2004 show improvements in road safety, with a 28% decrease in fatalities compared with the same period last year. Collisions have also fallen by 10% over the same period.

Decriminalisation of TLRN Parking Enforcement

- 3.5 Transport Policing and Enforcement Directorate (TPED) implemented the decriminalisation of parking enforcement on the Transport for London Road Network (TLRN) on 15 November 2004. The Mayor and the Secretary of State have agreed the necessary parking orders and Penalty Charge Notice levels. The Special Services Agreement (a variation to the existing agreement) between TfL and the MPA has been agreed.

London Underground

Customer Service and Performance

- 3.6 Although performance in the 4-week period following the last report did not quite match the previous period's achievements, train service and journey time targets were met, thereby keeping London Underground on course to meet the Government performance targets for the year. Highlights included improved rolling stock availability on the Central line and the best train service performance on the Jubilee line since through services began operating over the extended line almost five years ago.
- 3.7 Demand growth has continued unabated beyond the peak tourist season and is now considered to be founded on increasing employment levels in Central London. In view of these current strong trends it is likely that there will be an upward revision of London Underground's demand and revenue forecasts for the year.

DLR

- 3.8 The DLR continues to perform extremely well, with all performance and equipment targets achieved. Reliability and departures continue at their recent high levels, with scores of 97.4% and 98.5% respectively. The latest Quarterly Customer Satisfaction Survey records the highest ever level of overall Customer Satisfaction.

Fares

Fares in 2005

- 3.9 Detailed preparations to implement TfL's fare changes in January 2005 are now underway. Preparations for the launch of Student Oyster cards in January 2005 are in hand.

Rail Fares Integration

- 3.10 As envisaged in the Rail White Paper published last summer, discussions with DfT, the SRA and the Train Operators to work through the implications of TfL taking control of train services in London are now underway. Good progress is being made to agree a framework which would enable the Mayor to set train fares in Greater London with 'clawback' of any revenue raised above a baseline threshold. Outline proposals for the zonalisation of train fares and the extension of Pre Pay are also being developed for consideration with the DfT.

Free Bus Travel for Under 18s in Full Time Education

- 3.11 A staged, two-year timescale has now been announced by the Mayor for this initiative. The scope for a form of identification to show eligibility linked to the Connections card is being explored, along with other options. (The Connections card is a personalised smartcard issued by the Department of Education and Skills to students in full-time education.)

4. MAJOR PROJECTS AND INITIATIVES

London Underground

Accessibility

- 4.1 The Infracos have been slow to respond to London Underground's requests for accessibility design and low cost accessibility work. However, Metronet have recently been instructed to commence design of platform humps at four stations on the Central line (Epping, Hainault, Stratford and Tottenham Court Road) and seven stations on the District line (Dagenham Heathway, Elm Park, Fulham Broadway, Upminster, Upney, West Ham and Westminster). The work is due to be completed during May 2005.
- 4.2 As part of the ongoing modernisation project at Earl's Court station, two new lifts entered service on 8 October providing step-free access to the District line platforms. The Piccadilly line platforms were already accessible by lifts from the Earl's Court Road ticket hall.

Rail Review

- 4.3 Formal DfT working groups have been meeting since October to engage relevant parties (DfT, TfL, SRA, ATOC, GOL, and Network Rail) and to discuss the implementation of the concepts contained in the White Paper. As well as the fares integration framework mentioned in 3.10 above, the London working

group is discussing the Silverlink Metro franchise specification and examining a budget for national rail service in London.

- 4.4 A revised franchising process is under development with a two-year timescale for the planning stage. This comprises:

Year 1

- A regional planning assessment (RPA)
- Route utilisation studies (RUS)
- DfT output requirements including affordability target

Year 2

- Franchise Invitation to Tender (ITT)
- Franchise tender evaluation and award

- 4.5 TfL is therefore commencing a substantial work programme to prepare eighteen route plans (all serving London) as input into the DfT re-franchising process. In order to meet the franchise renewal timetable, each route plan will take up to six months involving consultation with stakeholders. Three (GWR, Silverlink and South West Trains) need to be completed by next summer.

- 4.6 The tendering process for the Integrated Kent Franchise is expected to commence later this month despite TfL's concern that the franchise specification does not increase capacity on the existing network. TfL has raised this with the SRA and the Minister.

- 4.7 The Secretary of State has recently authorised thirty 6-car commuter trains for use on the high-speed line serving Stratford International (for Docklands) and St Pancras. As well as assisting Kent commuters, this would also enable the Olympic Javelin service which will feed spectators from St Pancras to Stratford International in eight minutes. The DfT has agreed to fund the Northern ticket hall at St Pancras/Kings Cross which will allow efficient transfer of these train and Eurostar passengers to the tube. However, the fitting out of the Thameslink box to allow connections for passengers onto Thameslink has not yet been funded. The Mayor has requested funding from the Government.

Crossrail

- 4.8 The SRA shares in the Crossrail Company have now been transferred to DfT and Adrian Montague (formerly Deputy Chairman of Network Rail) has been appointed as Chairman by the Secretary of State.
- 4.9 A further review of the route plan and scheme definition has taken place in conjunction with Government Advisers and the scheme is now frozen on the basis of routing from Maidenhead/Heathrow to Whitechapel/Stratford/Shenfield, and also Canary Wharf/North Kent via the Royal Docks.
- 4.10 The Government intends to introduce the Hybrid bill into Parliament for a first reading on 17 February 2005.

North London Line/DLR

- 4.11 Discussions are progressing with Network Rail on the conversion of the North London Line between Stratford to Custom House to DLR. Technical and Property/Commercial workstreams are now underway. Consultation has commenced on the DLR scheme which would provide connection from Javelin and Kent commuter services to the lower Lea Valley and would serve three new stations (Olympic village sites). Some trains would run through to London City Airport and cross-river to Woolwich Arsenal (by integration with the Woolwich scheme). Initial feedback from existing and potential users has been extremely positive. Submission of the Transport and Works Act Order Application is scheduled for the first half of 2005.
- 4.12 Stakeholder consultation is planned for the group of north London line services in the Silverlink Metro franchise. These are:
- West London Line (Clapham Junction – Willesden Junction)
 - Euston - Watford (including the Bakerloo line)
 - North London Line (Richmond – Stratford Regional)
 - Gospel Oak/Barking
- 4.13 A project to evaluate the conversion of the Watford DC line to London Underground Bakerloo is to commence shortly in conjunction with London Underground. Terms of reference are currently being drafted.

East London Line

- 4.14 The responsibility for the East London Line project was transferred from the SRA to TfL on 13 November, along with the remainder of the project budget.
- 4.15 Phase 1 of the project is included in TfL's Five-Year Investment Programme. An OJEU notice is being issued for a programme manager contract to implement the scheme.

DLR Projects

- 4.16 Very good progress is being made with the London City Airport Extensions and the viaduct is nearly complete. Track laying has progressed as far as West Silvertown and the stations are now taking shape. The contractual opening date remains 15 December 2005.
- 4.17 London Borough of Newham approved planning consent for the new Stratford Regional station on 15 September 2004 and tendering is now underway. Construction will start in the first half of 2005 and be completed in 2006.
- 4.18 A small number of objections to the 3-car upgrade have been withdrawn and discussions are now underway with all remaining objectors. The Public Enquiry is scheduled for 7 February 2005 and is expected to last for three weeks.

Thames Gateway Bridge

- 4.19 The Thames Gateway Bridge project is currently reviewing objections to the planning application and orders. In view of a number of statutory objections to the orders, the Secretary of State will call for a public inquiry to deal with these issues. It is expected that this will commence in March 2005 for a six-week period. The boroughs have indicated that the likely date for determination of planning will be 8 December. This date meets the programme requirements.

West London Tram

- 4.20 A number of key contracts are currently being set-up to see the project through to the delivery of a Transport and Works Order Application for the West London Tram in early 2006. The formal public consultation exercise was completed on 8 October. Public Affairs are currently collating and analysing the responses, with a Consultation Report to be issued in early 2005. The key issues are road closures and extent of shared running in Ealing and Acton.
- 4.21 London Borough of Ealing is pressing ahead with their section 239 agreement to become Joint Promoters.

Olympic Transport Strategy

- 4.22 The Olympic bid, including "Theme 14 Transport", was sent to the International Olympic Committee on 15 November. All Supporting Guarantees and Memoranda of Understanding have been signed by the relevant parties.
- 4.23 Brand dressing and communications to raise awareness and support for the bid are progressing, with posters, leaflets and wrapped taxis and buses in place. Train window stickers, Olympic-wrapped tube and DLR trains were implemented during November.
- 4.24 A programme has been developed for activities over the next six months with the key focus being on the International Olympic Evaluation Commission visit scheduled for 16 to 20 February.

Freight Strategy

- 4.25 High level objectives for freight are being developed within TfL. A draft freight "holding" strategy has been produced that sets out current freight policy and activity. Consultants Booz Allen Hamilton have been appointed to programme manage its development to July 2005. It is intended to make significant progress on the strategy by early 2005, with it being presented to the London Sustainable Distribution Partnership in March 2005.

Work with Boroughs

Local Implementation Plans

- 4.26 Boroughs are proceeding with development of their Local Implementation Plans. Production timetables have been agreed with 29 of the 33 boroughs, with the final timetables under discussion.

Borough Spending Plans – 2005/6 Settlement

- 4.27 The Mayor has announced the 2005/6 settlement for Borough Spending Plans (BSPs). This totals £155m for 2005/6, over 10% greater than the £140m commitment to funding in 2005/6 made by the Mayor in 2002. Total funding to support local schemes will exceed £0.75 billion over the period of TfL's 5-Year Investment Programme. A number of programmes will see increased investment in 2005/6, including road safety, walking, cycling, town centres, Streets for People and Safer Routes to School.

5. ORGANISATIONAL ISSUES

- 5.1 There are a number of changes within the organisation which may be of interest to you.
- 5.2 I am sure you will join me in welcoming Jackie Wright who took up the role of Interim General Counsel on 15 November to cover Fiona Smith's leave of absence. Jackie's previous position was as Managing Counsel Europe at Hewlett-Packard.
- 5.3 Bill Hamilton has left TfL after 3 years as Head of Group Public Affairs. His post will be filled in the interim by Sara Price who has been acting as his deputy for the past year.

Robert R Kiley
Commissioner for Transport
December 2004

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: 2nd Quarter Finance and Performance Report

MEETING DATE: 1 December 2004

1. PURPOSE

- 1.1 To inform the TfL Board of progress on operational and financial performance against budget and target for the second quarter of 2004/05 (27 June 2004 to 18 September 2004). Owing to the dates of the period end and the TfL Board meeting a Second Quarter Finance Report went to the TfL Board on 27 October 2004 (**Appendix 3**) as it would have lost currency had it been delayed until the 1 December 2004 meeting. Due to the early nature of this Reports' original presentation it did not include Operational Performance, Activity Performance, Staff Numbers and Workforce Composition; these sections are now included here.
- 1.2 The London Underground PPP Performance Report has for the first time been incorporated in summary form into the Operational Performance section of this report. The full detailed report will continue to be presented to the Underground Advisory Panel when they meet.

2. KEY HIGHLIGHTS

- 2.1 The principal highlights arising from the second quarter of 2004/05 are as follows:
 - London Underground patronage in the second quarter of 2003/04 was 4% higher than the equivalent period of 2003/04 and was also 2% above target. Bus and DLR patronage also continue to grow and was 5% higher on buses and on DLR in the second quarter of 2004/05 than for the equivalent quarter in the previous year.
 - The second quarter of 2004/05 recorded significant reductions in the number of major injuries and fatalities on London's Roads. Reductions were reported on the TLRN by 20%, and on roads Londonwide by 18%, compared with the previous year.
 - All London Underground reliability and service quality measures in the second quarter of 2004/05 were impacted by the industrial action on 29/30 June 2004 and the flooding caused by heavy rain on 3 August 2004.

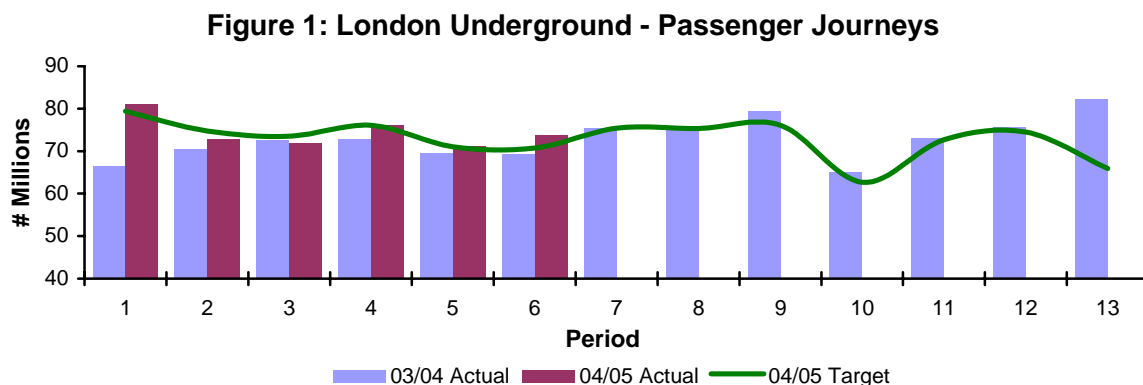
3. OPERATIONAL PERFORMANCE REVIEW

3.1 The operational scorecard reporting performance against target for the key indicators approved by the TfL Board on 24 March 2004 is attached to this report as **Appendix 1**. A number of TfL wide indicators are currently under development and these have been included in the scorecard for this quarter. These indicators consist of:

- **Total Major Injuries and Fatalities (excluding roads)** – The total of majority injuries and fatalities on London Underground and London Buses, and RIDDOR incidents on Docklands Light Railway.
- **Total Passenger Journeys** – The total of passenger journeys on London Underground, Buses, DLR, Victoria Coach Station, London River Service, Croydon Tramlink and Dial-A-Ride.
- **Reliability of Service (Delay Index)** – This measure takes London Underground's Excess Journey Time, Buses Excess Waiting Time (both weighted by kilometres operated) and the National Delay Index on London's roads and produces a base to track journey time / delay across the 3 largest transport modes. The national delay index measures intensity of congestion on roads derived from surveys of the network traffic speeds and expressed as a travel rate, in terms of 'lost' or 'excess' minutes per kilometre.
- **Customer Satisfaction Score (CSS): Overall Satisfaction** – The measure is a weighted average of the following modes quarterly CSS Overall Satisfaction scores: London Underground, Buses, DLR, Victoria Coach Station, London River Service, Croydon Tramlink, and Dial-A-Ride. This is then weighted by the previous years' total passenger journeys for each mode.

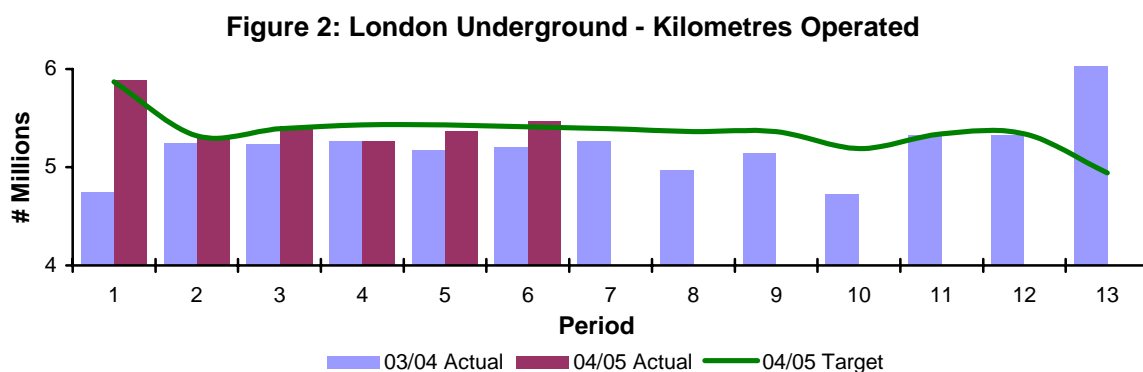
London Underground

3.2 Passenger journeys on the London Underground in the second quarter of 2004/05 were above target by 2%. At present there is some uncertainty about the exact numbers travelling as switches between ticket types mean that the journeys per ticket factors currently being used in the passenger journey calculation may not be fully reflective of actual travel patterns. The rolling of results means that it will be next year before all pre-January data is excluded from the process.



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

- 3.3 Kilometres operated in the second quarter of 2004/05 was slightly below target as a result of Industrial action by some RMT members on 29 and 30 June 2004 (period 4) which caused the loss of some 200,000 train kilometres.



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

- 3.4 All London Underground reliability and service quality measures in second quarter of 2004/05 were impacted by the industrial action and the flooding caused by heavy rain. Percentage of scheduled service operated at 94% was 0.8 of a percentage point below target but slightly above the same period in 2003/04. A little less than 20% of schedule was operated on 30 June 2004, with the early shutdown the previous evening reducing that day's percentage to 80%. As a result of the flooding only 86.9% of the service was operated on 3 August 2004 (Period 5), with the Metropolitan line disrupted by circuit failures over the following 2 days. Despite these difficulties all Customer Satisfaction Scores were on or above target for the second quarter of 2004/05, with the crowding score at 73, 5 points above target.

PPP Performance – BCV

- 3.5 Lost Customer Hours has shown improvement in 2004/05, compared with 2003/04, on the Bakerloo Line mainly due to fewer track fires as a result of a better cleaning regime. During the second quarter Lost Customer Hours were impacted by a power supply failure caused loss of signalling between Bethnal Green and Woodford.
- 3.6 Ambience for BCV remained better than target despite a slight fall on the Bakerloo Line due to reduced cleanliness and on the Victoria Line due to signage. Service points for facilities faults remain worse than target due to the high number of faults on PA, CCTV and Dot Matrix Indicators. There was some improvement at the end of the second quarter of 2004/05, compared with the same period in the previous year, due to reduced PA faults and faster response to toilet faults.

PPP Performance - JNP

- 3.7 The target Lost Customer Hours for the Jubilee Line have been adjusted upwards to reflect the works at Wembley Park. During the second quarter of 2004/05 performance was variable with 3 signal failures at the end of the quarter taking performance in period 6 to worse than target. Performance on the Northern Line showed continuing improvement during the second quarter following measures taken by Tube Lines earlier in the year; however the forecast for the rest of the year remains significantly below benchmark. Performance on the Piccadilly Line remains better than target as a result of improvements to rolling stock and signal maintenance regimes.
- 3.8 The second quarter has seen a worsening in ambience. Service Points for facilities faults have improved on 2003/04 levels although overall performance remains worse than target due to an increase in the number of faults for CCTV, toilets and PA. Performance has improved for Dot Matrix Indicators towards the end of the second quarter.

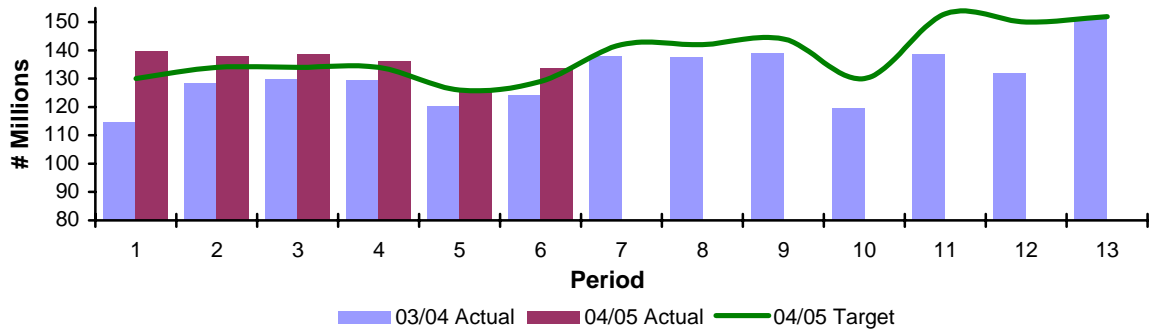
PPP Performance – SSL

- 3.9 In 2004/05 performance in terms of Lost Customer Hours on the Metropolitan, Circle, and Hammersmith & City Line has been significantly better than target mainly due to improved signal reliability. Lost Customer Hours on the District Line has been better than target due to reductions in speed restrictions and improved train reliability. On the East London Line performance has been variable as a result of variable train reliability.
- 3.10 Ambience was better than target during the second quarter of 2004/05, largely due to better anti-graffiti measures on trains. This is expected to improve as a result of train refurbishments, more anti-graffiti measures and improved cleaning initiatives. The level of service points for facilities faults during the second quarter of 2004/05 was variable but overall better than target due to an improvement in CCTV. In period 4 the level was worse than target due to Dot Matrix Indicator and CCTV faults, but this had been addressed by the end of the quarter.

Surface Transport

- 3.11 **Bus Network** – Bus patronage continued to grow on a year by year basis, as can be seen in the following chart, and was 5% higher in the second quarter of 2004/05 than for the equivalent quarter in the previous year. This results from a combination of low and simple fares and the improved quality of the service offered, including the impact of congestion charging, QIC contracts and better supervision.

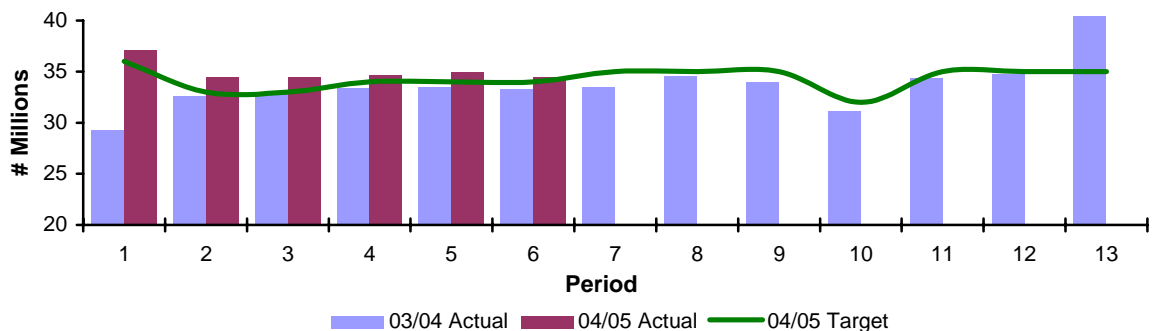
Figure 3: London Buses - Passenger Journeys



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

3.12 Bus kilometres operated in the second quarter of 2004/05 were 103.9m. This represents an increase of 4% on the equivalent quarter in 2003/04 in line with target for 2004/05. Route 73 converted to articulated bus operation on 4 September 2004.

Figure 4: London Buses - Kilometres Operated



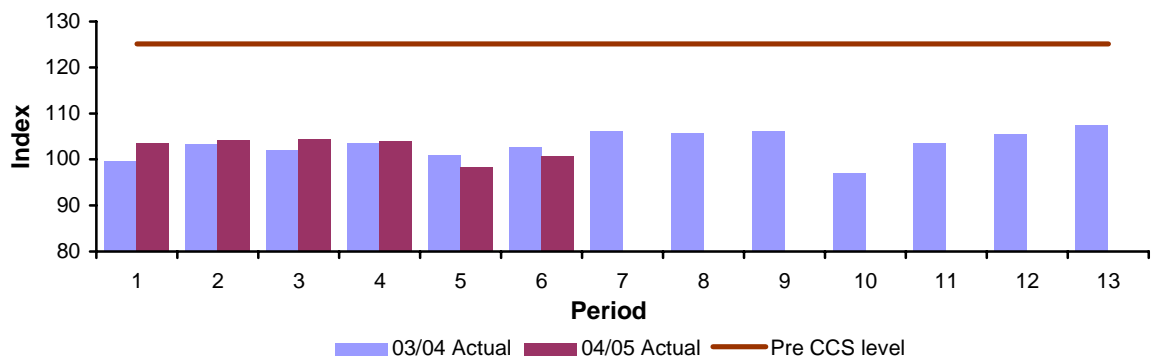
P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

3.13 Excess Wait Time on high frequency routes at 1.1 minutes for the second quarter of 2004/05 is an improvement on the same quarter last year of 21%. This improvement is as a consequence of the ongoing expansion of Quality Incentive Contracts, and policing and enforcement initiatives. The percentage of schedule operated at 97.8% for the second quarter of 2004/05 was slightly above target and the equivalent quarter for 2003/04. On-time performance of night buses at 82% was 5 percentage points above target and 4 percentage points ahead of the same quarter in 2003/04.

3.14 The customer satisfaction rating for personal safety and security of 82 is 2 points above target and 1 point ahead of the same quarter in the prior year. Overall satisfaction with bus services, which has seen a broadly upward trend since 2001/02, has fallen slightly in the last two quarters, and is currently one point below the target level of 78. Satisfaction with information provided is also just below target with Initiatives to further simplify information at bus stops and on-bus continuing to be rolled out in an effort to improve satisfaction.

- 3.15 **Croydon Tramlink** – Following an extensive programme of closures for track repairs during the second quarter of 2004/05 the number of passenger journeys was 4.5m, a 10% reduction on the same quarter in 2003/04. The overall satisfaction score at 86 is 2 points below target and 3 points behind of the same period of 2003/04. The percentage scheduled service operated was below the equivalent quarter in 2003/04 as a result of this planned maintenance.
- 3.16 **Congestion Charging** – Traffic levels in the second quarter of 2004/05, were 19% lower than the weeks prior to the introduction of the scheme. The introduction of charging on 17 February 2003 resulted in a reduction of 21% in traffic entering the zone, compared to the period immediately before charging. Traffic levels since the second quarter of 2003/04 appear to have stabilised at a level some 6% higher than those seen after the introduction of the CCZ, but these are some 15% less than pre congestion charging levels.

Figure 5: Vehicle Flow into the Charging Zone during Charging Hours



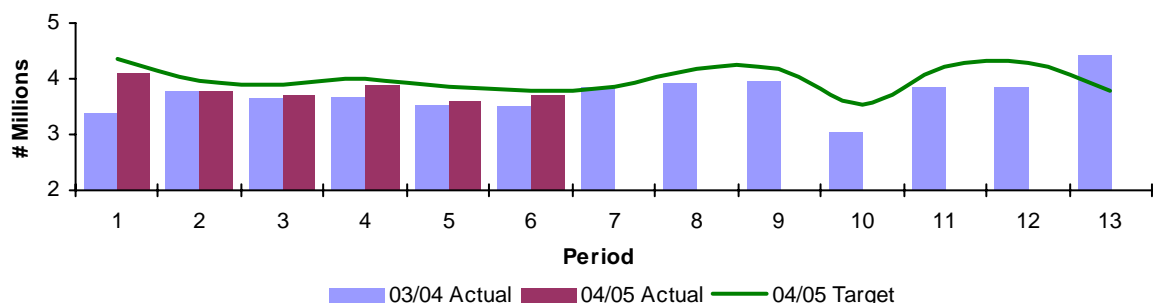
- 3.17 **Road Network Operations** – The percentage of streetlights working at 95% is 3 percentage points below target. In response to the below target performance, a programme of actions to produce progressive performance improvements has been introduced. Much of the work undertaken to improve performance will take some time to filter through into results, but current results are showing a marginal improvement on previous months.
- 3.18 The dramatic increase in cycling levels on the TLRN recorded in the first quarter has been sustained in the second quarter of 2004/05. The index of cycling on the TLRN averaged 160 in the second quarter of 2004/05 (compares with a baseline level of 100 in March 2000) despite the relatively poor weather this summer. This was 27 points above target and compares with a level of 123 in the same period of the prior year. This reflects improvements in road conditions due to increased investment in cycling measures promoted by the Cycle Centre of Excellence, such as improvements to cycling infrastructure and access to cycle parking spaces, free cycle maps showing quiet routes and bike shops and free cyclist training across London.

- 3.19 Progress continues towards reducing the number of major injuries and fatalities to the target for 2010. The Londonwide total number of casualties for the second quarter represented an 18% improvement on the equivalent quarter in 2003/04. Major injuries and fatalities in the second quarter on the TLRN were 20% lower than the equivalent quarter in 2003/04. TfL road safety initiatives that have contributed to this performance include road engineering schemes; award winning TV and cinema ads; the Children's Traffic Club and nursery playgroup packs.
- 3.20 **Victoria Coach Station** – The number of coach departures in the second quarter of 2004/05 at 52.1k was 12% above target as a result of the recovery in the tourist market driving demand for coach travel. National Express launched their new up market coach service on the London – Birmingham. The overall Customer Satisfaction score for Victoria Coach Station at 71 was 1 point below target and represents a fall compared with 2003/04 of 3 percentage points following the disruption caused by major refurbishment works that have taken place during the second quarter of 2004/05.

London Rail

- 3.21 **DLR** – The year on year increase in ridership on the DLR continued into the second quarter of 2004/05 with passenger journeys 5% ahead of the equivalent quarter in 2003/04 following the occupation of new developments in Canary Wharf. However, passenger journeys, as shown in the following chart, were 3% below target due to a number of one off events impacting traffic to and from Canary Wharf including the opening of the Jubilee Line Extension Eastern Entrance, the re-instatement of the footbridge to South Quay (which offers a 'short cut' walking route to Canary Wharf) and later than anticipated occupation of new office space.
- 3.22 The railway continues to perform well with all reliability and service quality targets exceeded in the quarter. All DLR Customer Satisfaction Survey results for the second quarter of 2004/05 were above target with the overall rating at 95, once again, the highest level achieved by DLR, significantly above target.

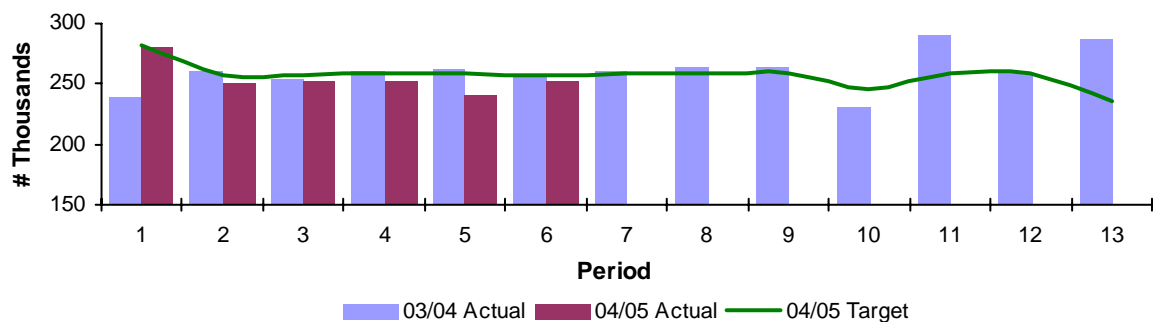
Figure 5: DLR - Passenger Journeys



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

- 3.23 As shown in the following chart, train kilometres operated in the quarter were 4% below target at 746k following 2 weekend closures during period 5 of the east route (Blackwall station onwards) to facilitate complex London City Airport extension tie-in works.

Figure 6: DLR - Kilometres Operated



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

4. ACTIVITY PERFORMANCE REVIEW

4.1 The TfL 2004/05 budget comprises 170 activities. TfL monitors the success of each activity using key metrics including cost, milestone dates and key performance indicators. The performance of these activities is reported based on significant achievement as well as variances, both financial and programme related, against the deliverables approved by the TfL Board on 24 March 2004.

London Underground

4.2 **Station Projects** – The Camden Town Congestion Relief Scheme Transport & Work Act public inquiry was completed in June 2004. The Inspector is considering planning for both the planning application due to the local authorities' recommendation for refusal with reference to the overstation development design, and the element under the Transport and Works Act. A Ministerial decision is still expected in Spring 2005. As a result of expected court proceedings to obtain vacant possession of a tenancy, there is expected to be a significant delay from, March 2005 to early 2007, to the Covent Garden scheme to reconfigure the ticket hall and provide additional gate line capacity.

4.3 **Wembley Park** – The major project to enhance capacity at Wembley Park station is currently on schedule and moved into its main construction phase during September 2004. This entails various changes to weekday stopping patterns on the Jubilee and Metropolitan lines between now and May 2005 as well as weekend closures.

4.4 **CTRL at Kings Cross** – A Ministerial decision on continuation of Phase II works is expected by the end of the year, which would enable the Northern Ticket Hall, and tunnels accessing the deep level tube platforms, to be commissioned by 2009. The Western Ticket Hall and enlarged Tube Ticket Hall are on schedule for handover to LUL in late 2006, in advance of the CTRL Section 2 opening to traffic at the end of 2006. Negotiations with MRSSL continue to agree a revised Target Outturn Cost for the combined Phase I and II works.

4.5 **PPP JNP** – Modernisation/refurbishment of Tufnell Park, Burnt Oak, Northfields and South Harrow stations are delayed by 2-4 months from January 2005.

These were amongst the first projects to be started under the PPP and this led to prolonged discussions on scope and difficulties with assurance requirements. LUL has considered a number of options including increased access and closures to attempt to get the projects back inside the completion date and the current forecasts show advancement of up to three months from the Quarter 1 position. The completion date for Acton Town station refurbishment is being renegotiated. The remaining 5 stations scheduled for completion during 2004/05 remain on schedule.

- 4.6 **PPP BCV** – All three station refurbishments due for completion this year remain on programme.
- 4.7 **PPP SSL** – A change in completion date for Northwick Park Station refurbishment has been agreed between LUL and MRSSL. It takes into account the Wembley Park closure such that work is done in a way to avoid customer disruption. Completion of refurbishments at Dagenham Heathway (due to delays in approving the works package plan), Turnham Green (additional closures have been requested and are going through the closure agreement process) and North Harrow stations are delayed by between 1 and 4 months. Bow Road and Plaistow remain on target for completion this year although additional closures are required to achieve this.

Surface Transport

- 4.8 **Ticket Technology and Oyster** – Roadside Ticket Machines were implemented on-time for introduction of articulated buses on Route 73 on 4 September 2004. Installation of the new coin mechanisms in all Roadside Ticket Machines, to defeat 'blocking' of coin slots by thieves, was completed on-target on 29 August 2004 with a resulting reduction in machine faults by up to 80%.
- 4.9 **Bus Garages** – The new planning application for North Acton garage, originally due to be completed in December 2004, was submitted at the end of June 2004 and the application has been recommended by the Borough Officers for approval. Regrettably, the application was turned down by Councillors of the London Borough of Ealing in November, despite being recommended by officers. TfL will appeal. The Walworth garage became fully operational on 18 September 2004. The planning application for the bus garage at Hanworth Road was withdrawn following a recommendation from borough officers for refusal, and a revised and updated application is being prepared for submission by the end of 2004.
- 4.10 **A13 Thames Gateway DBFO** – Woolwich Manor Way opened to traffic on 28 August 2004.
- 4.11 **Congestion Charging Western Extension** – The proposed western extension has entered a period of informal consultation with the relevant affected Boroughs

- 4.12 **Transport Policing and Enforcement** – The Department for Transport completed the necessary legal processes to enable parking decriminalisation on the TLRN from 15 November 2004. Parking enforcement of red routes by MPS Traffic Wardens using decriminalised powers commenced on that date – a month later than planned. Additional enforcement using CCTV cameras will start in early 2005.
- 4.13 **Walking** – The Southern section of London's Capital Ring was launched at Crystal Palace Park on 25 September 2004. The 34 mile section is part of London's Strategic Walks Network, an initiative to make London the walking capital of Europe by 2015. The Southern section of the ring runs from Woolwich foot tunnel to Richmond Bridge. The 44 mile Northern section is expected to be launched in spring 2005.

London Rail

- 4.14 **Railcar Refurbishment** – Five vehicles were in passenger service by the end of period 6 2004/05 and a further 5 vehicle were delivered to Beckton Depot by the end of October. Overall programme issues continue to be progressed with discussions focused on moving to an accelerated future programme without adversely affecting passenger service. The latest forecast now anticipates 29 vehicles (as opposed to the original budget of 52) will be completed by the end of the year.
- 4.15 **DLR Capacity Enhancements** – On 29 June, DLR submitted a Transport and Works Act Order application to the Secretary of State seeking the necessary planning direction and powers to upgrade the Bank/Tower Gateway - Lewisham route for 3 car train operation. A Public Inquiry is likely to be held in early 2005. If DLR receives the necessary powers, works would commence in spring 2007 and be complete by autumn 2009.
- 4.16 **Woolwich Arsenal** – Submissions have been received from all bidders for the Woolwich Extension to the DLR and are being evaluated.
- 4.17 **Stratford Station** – DLR was granted planning permission by Newham Council on 15 September to enhance the station at Stratford by providing two new platforms. This approval of DLR's plans was granted a month ahead of the original planning schedule and with the OJEU notice published, the project is on target for completion by the end of 2006. Agreement with Network Rail whose infrastructure is affected by the scheme continues to be in progressed. This includes the need to relocate a small National Rail maintenance facility while work takes place.
- 4.18 **Stratford International** - Appointment of design team has commenced and overall programme for the planning and consultation stages of the project have been agreed. Technical and commercial discussions with Network Rail are underway.

4.19 East London Line Extension – Project transferred from SRA to TfL on 12 November 2004. The East London Line Project will extend and upgrade the existing East London Line, converting it into a new metro-style train service. The project will be delivered in two phases. Phase one will extend the existing line north to Dalston Junction and south to Crystal Palace and West Croydon. Phase two will extend the line west to Clapham Junction and connect North London Line stations at Cannonbury and Highbury & Islington. Phase one of the project will be delivered by June 2010.

Corporate Directorates

4.20 West London Tram (WLT) – The project's public consultation was successfully completed on 8 October with over 7,000 people having visited one of the consultation events and more than 12,000 responses received. Public Affairs are currently collating and analysing the responses. Key issues arising will be fed into the forthcoming design phases. A number of key contracts are currently being set up to see the project through to the delivery of a Transport and Works Order Application in early 2006. This was previously anticipated in June 2005. LB Ealing are keen to press ahead with their section 239 agreement to become Joint Promoters for the Project, and Ealing are currently drafting a programme and issues log for WLT to support them in this process.

4.21 Greenwich Waterfront Transit – The programme has been delayed by results of the public consultation and rejection by LB Greenwich. Further consultation and safeguarding will add 9 months to the programme. Work has commenced on further phases in accordance with LDA wishes to develop the western side of the peninsula

4.22 Thames Gateway Bridge - Since TfL Board approval of 24 March 2004 to progress the project up to gaining powers, the team have made multiple submissions for Planning, Powers and Consent Orders. The London Borough of Newham and Greenwich have acknowledged receipt of the planning applications submitted to them on 22 July 2004. Highway, bridge & special road, tolling orders and CPO have been submitted to the Secretary of State for Transport, DfT and GOL. Subject to the Boroughs granting the planning application by mid November 2004, and the Secretary of the State giving a positive decision on the Powers and Orders by the end of 2005, the accelerated programme will allow start of the bridge construction in 2008/09 and opening of the bridge in Spring 2012.

4.23 Finance Shared Service Centre - The Financial Services Centre (FSC) has been created to maximise the benefits accruing from the introduction of common practices associated with the BiP project. The FSC went live on 31 August 2004 and the phased transfer of staff completed on 27 September 2004, as planned. Significant cost savings have started to accrue, as the creation of the FSC saved headcount of 17 at inception, with further reductions anticipated over time.

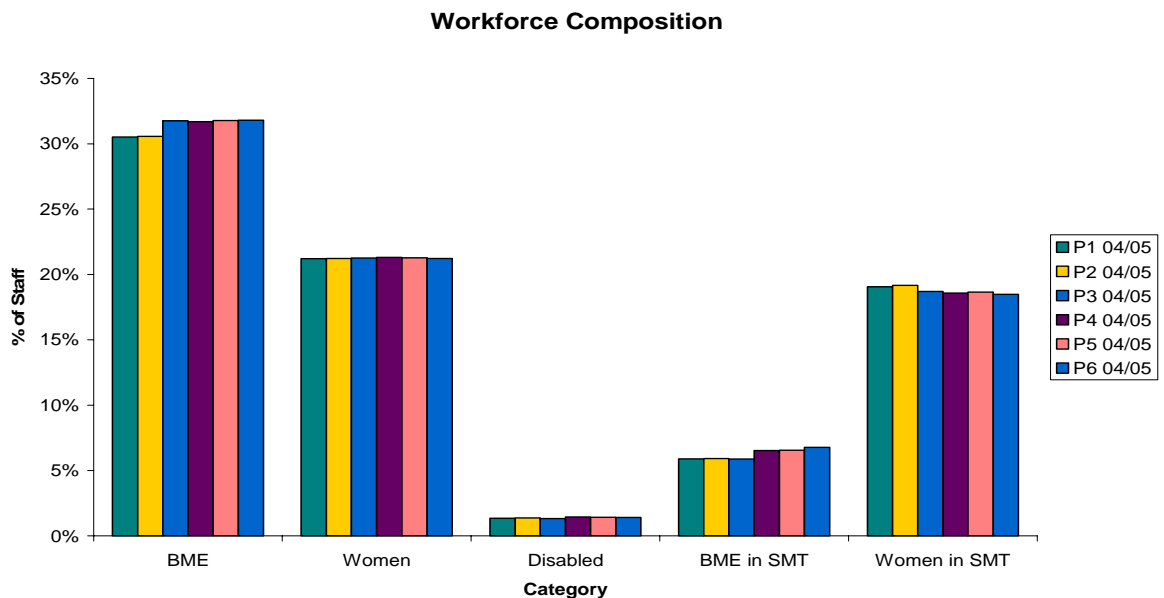
5. STAFF NUMBERS

- 5.1 As shown in **Appendix 2**, the total Full Time Equivalents (FTE) for TfL staff at 18 September 2004 was 19,018, which was 298 (FTEs) below budget. The main areas with staff levels below budget are in London Underground operations by 217 and Surface Transport by 132 and these are partially offset by staffing levels above budget in Corporate Services by 93.
- 5.2 Staff levels at London Underground operations are 217 below budget and this includes 93 station assistants for the PPP modernisation programme that have not been recruited as they are not currently required and 89 Operations Support staff, which consist mainly of line upgrade staff that have not been recruited due to the later than anticipated start of the line upgrade work.
- 5.3 The variance in Surface Transport of 132 includes lower than budgeted staff levels for Road Network Operations (73) where a major restructuring programme has delayed recruitment, Dial-a-Ride (55) where the recruitment process is underway for 18 FTE's. Recruitment of the remaining vacancies has been delayed to a later part of the year, with the variance for Dial-a-Ride reducing to 21 by the year end. A complete review of Surface Transport's Human Resource requirement for the year is currently being completed
- 5.4 Corporate Services headcount continues to undergo change following the structural reorganisation and is undergoing a phased reduction of FTE throughout the year. The year end forecast is in line with budget and is expected to be achieved after the completion of the HR Shared Services programmes.
- 5.5 Total TfL staff at 31 March 2005 is forecast to be 19,141, which is 108 below budget, consisting mainly of London Underground operations staff of 153 below budget where the recruitment is not required as discussed above. These are partially offset by higher than budgeted levels of staff in London Underground Programmes of 35 in response to increasing workloads on the PPP, Corporate and Support of 27 resulting from the use of agency staff instead of more expensive consultancy commissions for engineering operations for PPP assurance.

6. WORKFORCE COMPOSITION

- 6.1 TfL is committed to becoming an exemplary employer and is driving forward an agenda to achieve a workforce that is balanced, reflecting the population profile of London and tackling historical barriers to employment, retention and promotion for people from Black and Minority Ethnic) communities, women and disabled people.
- 6.2 London Underground do not currently report disability status. Currently disability targets are based on non-London Underground staff only. For the purposes of this report Senior Management Team (SMT) is defined as those occupying posts described as Managing Directors, Directors, General Managers and Business Managers (level 4 managers and above). The workforce figure includes all employees on permanent and fixed term contracts, irrespective of their length.

- 6.3 Since publishing its workforce targets earlier this year, TfL are reviewing these targets in light of feedback from the businesses and anticipate returning to the TfL Board with proposed revised targets later in the year. The E&I team and the HR community are working in concert to ensure the 2005/06 targets are realistic, evidenced based, achievable and part of a wider HR strategy that embraces retention, development and an agreed approach to fairness at work.
- 6.4 The Percentage of BME staff at 32% remains above the target of 25%. BME in the SMT at 7% has improved during the second quarter of 2004/05 but remains below the target of 9%. All other categories remain below target. The overall percentage of women at 21% fell short of the 25% target, women in the SMT at 18% has fallen slightly during the second quarter and remains below the target of 23%.



7. CONTACTS

- 7.1 For detailed enquiries on the content of this report, please contact Richard Browning, Director, Group Business Planning and Performance on 020 7941 4740.

OPERATIONAL SCORECARD

Performance Indicators		Second Quarter				Year to Date			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
LONDON UNDERGROUND									
Safety									
Total number of major injuries and fatalities	#	27	n/a	n/a	22	55	n/a	n/a	50
CSS: personal safety and security	Score	80	79	1	80	80	79	1	80
Service Volumes / Ridership									
Usage: passenger journeys	M	221.1	216.2	4.9	211.8	446.8	440.8	6.0	421.4
Train kilometres operated	M	16.1	16.3	(0.2)	15.6	32.7	32.9	(0.2)	30.9
CSS: crowding	Score	73	68	5	74	73	68	5	74
Reliability & Service Quality									
Percentage of scheduled service operated	%	94.0	94.8	(0.8)	93.4	94.9	94.8	0.1	93.4
Excess journey time – unweighted	Mins	3.4	3.3	(0.1)	3.2	3.3	3.3	0.0	3.1
CSS: overall satisfaction	Score	76	76	0	75	76	76	0	75
CSS: information	Score	77	77	0	77	77	77	0	77
Peak Hour Trains cancelled	%	3.9	3.6	(0.3)	4.6	3.3	3.6	0.3	5.4
PPP PERFORMANCE									
BCV									
Availability - Lost Customer Hours*	LCH	1,362	1,226	(136)	2,369	3,027	2,452	(575)	3,115
Ambience	Score	68	68	0	70	68	68	0	70
Facilities Faults	Points	17,512	11,880	(5,632)	18,792	34,790	23,760	(11,030)	35,116
JNP									
Availability - Lost Customer Hours*	LCH	908	1,261	353	1,456	2,397	2,512	115	2,659
Ambience	Score	70	71	(1)	71	71	71	0	71
Facilities Faults	Points	31,622	21,960	(9,662)	41,293	67,281	43,920	(23,361)	66,302
SSL									
Availability - Lost Customer Hours*	LCH	931	1,581	650	2,070	2,159	3,161	1,002	4,202
Ambience	Score	71	70	1	68	71	70	1	68
Facilities Faults	Points	14,456	14,250	(206)	20,972	27,857	28,500	643	37,361

* Agreed and abeyance

OPERATIONAL SCORECARD

Performance Indicators		Second Quarter				Year to Date			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
LONDON BUSES									
Safety									
Total number of major injuries and fatalities	#	348	n/a	n/a	356	664	n/a	n/a	598
CSS: personal safety and security	Score	82	80	2	81	82	80	2	81
Service Volumes									
Usage: passenger journeys	M	393.2	389.0	4.2	376.0	809.2	787.0	22.2	749.0
Bus kilometres operated	M	103.9	103.2	0.7	99.9	209.8	207.8	2.0	194.5
CSS: crowding	Score	78	78	0.0	78	78	78	0.0	78
Reliability & Service Quality									
Percentage of scheduled service operated	%	97.8	97.3	0.5	98.5	97.8	97.5	0.3	97.3
Excess wait time – high frequency routes	Mins	1.07	1.40	0.3	1.40	1.13	1.40	0.3	1.36
On time performance - low frequency routes	%	79.4	75.0	4.4	76.6	78.1	74.5	3.6	75.5
On time performance - night buses	%	81.5	76.5	5.0	77.6	81.4	77.5	3.9	78.3
CSS: reliability – journey/wait time	Score	80	79	1.0	79	80	79	1.0	79
CSS: overall satisfaction	Score	77	78	(1.0)	77	77	78	(1.0)	77
CSS: information	Score	73	75	(2.0)	73	73	75	(2.0)	73
Access									
Percentage of 'Low Floor' Buses	%	93.0	91.0	2.0	84.0	93.0	91.0	2.0	84.0
LONDON TRAMS									
Usage: passenger journeys	m	4.3	n/a	n/a	4.8	8.7	n/a	n/a	8.9
Percentage of scheduled service operated	%	87.7	98.0	(10.3)	98.8	94.3	98.0	(3.7)	99.9
CSS: overall satisfaction	Score	86	88	(2.0)	89	86	88	(2.0)	89
PUBLIC CARRIAGE OFFICE									
No. of taxi drivers licensed	000	24.9	25.4	(0.5)	24.8	24.9	25.4	(0.5)	24.8
No. of private hire drivers licensed	000	10.1	11.5	(1.4)	0.3	10.1	11.5	(1.4)	0.3
LONDON RIVER SERVICES									
Usage: passenger journeys	M	0.9	0.9	0.0	0.8	1.6	1.3	0.3	1.4
Percentage of scheduled service operated	%	99	99	0	99	99	99	0	99
VICTORIA COACH SERVICES									
Usage: Number of coach departures	000	52.1	46.5	5.6	47.6	103.1	88.9	14.2	90.8
CSS: overall satisfaction	Score	71	72	(1.0)	74	71	72	(1.0)	74
DIAL-A-RIDE									
Total costs per trip	£								
CSS: overall satisfaction	Score	93	93	0.0	93	93	93	0.0	93

OPERATIONAL SCORECARD

Performance Indicators		Second Quarter				Year to Date			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
ROAD NETWORK OPERATIONS									
Safety									
No. of major injuries and fatalities (TLRN)	#	294	n/a	n/a	368	474	n/a	n/a	620
No. of major injuries and fatalities (Londonwide)	#	1,116	n/a	n/a	1,356	1,860	n/a	n/a	2,191
Service Volumes									
Cycling on TLRN (index April 2000 =100)	#	160	133	27	123	154	127	27	126
Reliability and Service Quality									
Street Lights working	%	95.4	98.0	(2.6)	97.2	95.6	98.0	(2.4)	97.1
Traffic Signals operating effectively (Londonwide)	%	97.2	97.0	0.2	97.2	97.4	97.0	0.4	97.0
Days of control/closure on sensitive roads	%	0	5	5	0	0	5	5	0
DOCKLANDS LIGHT RAILWAY									
Safety									
RIDDOR reportable injuries to staff/passengers	#	3	n/a	n/a	4	5	n/a	n/a	5
CSS: personal safety and security	Score	95	84	11	94	95	84	11	94
Service Volumes									
Usage: Passenger journeys	M	11.2	11.7	(0.5)	10.7	19.2	23.8	(4.6)	21.5
Train Kilometres Operated	M	0.7	0.8	(0.1)	0.8	1.5	1.6	(0.1)	1.5
Reliability and Service Quality									
Percentage of scheduled service operated	%	98.6	98.0	0.6	98.3	98.4	98.0	0.4	98.2
On-Time Performance – adherence to schedule	%	97.4	96.0	1.4	96.6	97.1	96.0	1.1	96.7
CSS : Overall Satisfaction	Score	95	84	11	94	95	84	11	94
CSS : Information	Score	95	86	9	95	95	86	9	95
Access									
% of system accessible	%	100	100	0	100	100	100	0	100
TFL GROUP									
Safety									
Total Major Injuries & Fatalities (exc Roads)	#	237	n/a	n/a	214	457	n/a	n/a	342
Service Volumes									
Usage: passenger journeys	M	636	625	11	605	1,292	1,267	25	1,203
Reliability and Service Quality									
Reliability of Service (Delay Index)	#	105	n/a	n/a	108	104	n/a	n/a	110
CSS: overall satisfaction (weighted)	Score	77	77	0	77	77	77	0	77

 Target achieved

 Performance below target
Notes/Key:

Negative variances are adverse.

STAFF EMPLOYED

31 March 2004		18 September 2004		31 March 2005	
		Actual	Variance to Budget	Forecast	Variance to Budget
	London Underground				
12,304	Operations	12,299	(217)	12,453	(153)
515	Programmes	514	(12)	572	35
589	Central Services	538	(24)	508	27
13,408		13,351	(253)	13,533	(91)
	Surface Transport				
640	London Buses	585	(40)	633	9
92	Congestion Charging	123	5	121	3
430	Road Network Operations	468	(73)	541	
359	Transport Policing & Enforcement	393	(3)	446	
111	Director of Traffic Management	134	(33)	173	
211	Public Carriage Office	211	2	215	6
433	East Thames Buses	432	1	433	2
550	Dial-a-Ride	561	(55)	595	(21)
16	London River Services	16		16	
115	Victoria Coach Station	124		124	
441	Management Support & Strategy	617	64	563	4
3,398		3,664	(132)	3,860	3
	London Rail				
23	Docklands Light Railway	32	1	34	3
31	Other London Rail	62	(11)	73	
54		94	(10)	107	3
	Corporate Directorates				
21	Office of the Commissioner	22	1	21	
128	General Counsel	123	(12)	108	(2)
168	Group Communications	144	(4)	144	(9)
660	Finance & Planning	681	19	704	(12)
837	Corporate Services	939	93	664	
1,814		1,909	97	1,641	(23)
18,674	Total Staff Employed	19,018	(298)	19,141	(108)

Variations below budget are shown in brackets.

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT: SECOND QUARTER FINANCE REPORT**MEETING DATE: 27 OCTOBER 2004**

1. PURPOSE

- 1.3 To inform the TfL Board of financial performance for the second quarter of 2004/05 (27 June 2004 to 18 September 2004).
- 1.4 This paper reports results against the revised budget that is being considered elsewhere on the agenda. This revised budget reflects changes arising from significant events that have occurred since the original budget was set. The most significant of these was the announcement of the SR2004 Settlement in July. When the original budget was approved in March 2004, the Board were advised that programmes and operations in 2004/05 would be maintained in such a way that commitments into 2005/06 would not be in excess of baseline (indicative) funding levels. This revised budget has allowed an additional review to determine other significant events. Other significant events leading to the revised budget therefore include improved traffic income trends, further savings being achieved and delays in consultation and planning consents that delay the expenditure. As the budget revision was limited to the impact of the SR2004 settlement and other significant events this paper addresses the remaining budget variances.
- 1.5 This paper comes straight to the Board without passing through the Finance Committee due to short time gap between the Period end and this Board Meeting. The full Finance and Performance report will be presented to the next Board, after the results have been considered by the Finance Committee and the Advisory Panels in the next Board cycle.

2. KEY HIGHLIGHTS

- 2.2 The principal highlights arising from the second quarter of 2004/05 are as follows:
- Gross income for the period to 18 September 2004 at £1,209m is £41m above budget, with additional income arising from London Underground non traffic income of £11m, Surface Transport of £13m and Corporate Directorates of £17m. Particularly pleasing is that London Underground's patronage appears to be recovering, with forecast passenger journeys stand at 949.7m, up 14.5m (1.6%) against the revised budget.
 - Bus Network income is above budget for all periods to date due primarily to higher than expected patronage, and a slower switch to discounted ticket options than planned. Bus passenger journeys have been increasing strongly year-on-year.
 - Total TfL operating expenditure at £2,025m, was £10m (1%) below budget.

Capital expenditure at £185m was £48m below budget, partially as a result of lower than budgeted expenditure on the externally funded East London Line extension and Channel Tunnel Rail link works at Kings Cross.

- The overall financial position is summarised as follows:

£m	Year to Date		Full Year	
	1 April to 18 Sept	Variance to Budget	Forecast	Variance to Budget
Income	(1,209)	(41)	(2,632)	(27)
Operating Expenditure	2,025	(10)	4,564	29
Cost of Operations	816	(51)	1,931	2
Capital Expenditure	185	(48)	594	37
Capital Receipts	(52)	37	(137)	31
Capital Programme	133	(11)	455	68
TfL Net Expenditure	949	(62)	2,387	70

Income above budget and expenditure below budget is shown by variances in brackets

- 2.3 The detailed financial results are set in **Annex 1** and the variances are discussed in section 3 below.

3 FINANCIAL PERFORMANCE REVIEW

OPERATING BUDGET

Income

- 3.1 Total TfL income for the period to 18 September 2004 totalled £1,209m, which is £41m (5%) above the revised budget. This variance primarily reflects additional Congestion Charging income of £7m; and 'Other' income of £34m, which includes higher than budgeted rental receipts within Corporate Services of £9m and additional property rental receipts and advertising income within London Underground of £11m.

£m	Year to Date		Full Year	
	1 April to 18 Sept	Variance to Budget	Forecast	Variance to Budget
Underground Traffic Income	554		1,202	
Bus Network Income	388		866	
Congestion Charging Income	86	(7)	178	1
Other	181	(34)	386	(28)
Total	1,209	(41)	2,632	(27)

Expenditure below budget is shown by variances in brackets

- 3.2 Traffic income in London Underground at £554m was in line with the revised budget, which is £25m lower than the budget approved by the TfL Board on 24 March 2004. The adjustment downward is based on the latest trend data which show signs of recovery from an earlier part of the year (see Revenue Trends in Section 4), which was previously showing an adverse trend that would have led to a shortfall of some £33m.

- 3.3 Congestion Charging income at £86m was £7m (9%) above budget, largely as a result of higher Penalty Charge Notice (PCN) income.
- 3.4 Full year income is expected to be £2,632m, which is £27m above the revised budget, partially as a result of other income in London Underground forecast to be £13m above budget. This includes receipt of the insurance claim of £5m for the fire at London Underground's Telstar House, advertising income, and additional receipts offset within expenditure.

Operating Expenditure

- 3.5 Total TfL operating expenditure for the period to 18 September 2004 is £2,025m, which is £10m or less than 1% below the revised budget. The additional expenditure compared to budget in London Underground of £9m is more than offset by lower than budgeted expenditure in Surface Transport of £5m, London Rail of £9m and Corporate Directorates of £5m.
- 3.6 London Underground's year to date operating expenditure of £1,025m is over budget by £9m despite savings in PPP costs of £7m and cancellation of TIMIS. These savings were offset by risk covering additional costs relating to derailments and contract claims. TIMIS in particular has resulted in real savings as its functionality is being replaced by a very much cheaper and effective system called Tracker.
- 3.7 Surface operating expenditure is £5m lower than budget mainly due to revised phasing in expenditure on market research, Prestige, road maintenance and signal and data maintenance.
- 3.8 London Rail operating expenditure is £9m lower than budget resulting mainly from a revised phasing in expenditure on fares integration initiatives following some quality issues in respect of the equipment, resulting in a delay in the implementation of Oyster Pre Pay on the North London Line.
- 3.9 Corporate Directorates are £5m below budget which includes Finance and Planning savings of £2m on the budgeted cost of the implementation of the shared services centre and a rephasing of expenditure within Borough Partnerships of £8m, as the Boroughs tend to back end their expenditure. This is offset by a £9m overspend in Corporate Services of which £4m relates to unbudgeted SAP costs.

£m	Year to Date		Full Year	
	1 April to 18 Sept	Variance to Budget	Forecast	Variance to Budget
Underground Network	214	(2)	459	
Total PPP Costs	493	(7)	1,052	(2)
Other	318	18	687	13
London Underground	1,025	9	2,198	11
Bus Network	580		1,313	
Other	275	(5)	676	16
Surface Transport	855	(5)	1,989	16
London Rail	44	(9)	123	2
Corporate Directorates	101	(5)	254	
Total	2,025	(10)	4,564	29

Expenditure below budget is shown by variances in brackets

- 3.10 Total TfL operating expenditure for the full year is forecast to be £4,564m, which is £29m (1%) above budget.
- 3.11 The London Underground variance is concentrated in 2 main areas; an overspend in Corporate Support of £10m (which includes additional costs resulting from the fire at Telstar House which are covered by an insurance claim offset in Other Income) and PFI initiatives of £4m including additional costs on the PFI Power for PPP works that are not covered by the Power PFI contract.
- 3.12 The Surface Transport variance of £16m includes additional spend on road maintenance, refurbishment of 200 Buckingham Palace Road, unbudgeted spend on a TfL integrated telephony system, unbudgeted spend on Centrale Tram stop and brought forward spend on TOCU vehicles.

CAPITAL BUDGET

Capital Expenditure

- 3.13 TfL capital expenditure for the period to 18 September 2004 totalled £185m, which was £48m (21%) below budget. The variance relates partially to lower than budgeted expenditure on London Underground East London Line Extension of £10m and the Channel Tunnel Rail Link work at Kings Cross of £9m. Both these schemes are externally funded with the lower expenditure matched by lower capital receipts and as a result have no net impact on the TfL budget.
- 3.14 Surface Transport is £19m underspent against the capital plan. This includes £4m due to delays by utility companies and local authorities on the safety scheme to replace the two bridges on the A406, £3m as a result of planning delays for the North Acton bus garage, £4m on technology refresh for Bus Radio, £4m on a range of Bus Priority schemes and £8m on TLRN capital maintenance works. These are all forecast to be delivered to budget, but over a longer time period.
- 3.15 London Rail capital expenditure is £4m lower than budget due to the number of DLR railcars that have been refurbished being lower than originally committed to by the contractor. Railcar refurbishment issues continue to be progressed towards an accelerated future programme without adversely affecting passenger service.

£m	Year to Date		Full Year	
	1 April to 18 Sept	Variance to Budget	Forecast	Variance to Budget
London Underground	96	(24)	286	(14)
Surface Transport	78	(19)	261	3
London Rail	4	(4)	14	(4)
Corporate Directorates	8	(1)	32	(3)
Overprogramming*				55
Capital Expenditure	185	(48)	594	37

*Includes contingency

Expenditure below budget is shown by variances in brackets

3.16 The forecast for the end of the year is for total capital expenditure of £594m, £37m (6%) above budget. The variance consists of lower than budget expenditure on London Underground East London Line Extension of £6m, Channel Tunnel Rail Link at Kings Cross of £6m, various Surface Transport programmes of £9m, and Bus Priority of £3m, offset by overprogramming that anticipated a greater level of underspend than this.

Capital Receipts

3.17 TfL capital receipts for the period to 18 September 2004 totalled £52m, which is £37m below budget, mainly as a result of lower capital receipts for the London Underground fully funded Channel Tunnel Rail Link works at Kings Cross of £10m and the Extension of the East London Line of £12m and lower than budgeted property receipts following the deferral of the disposal of surplus properties connected with the A406 improvements at Bounds Green by £18m.

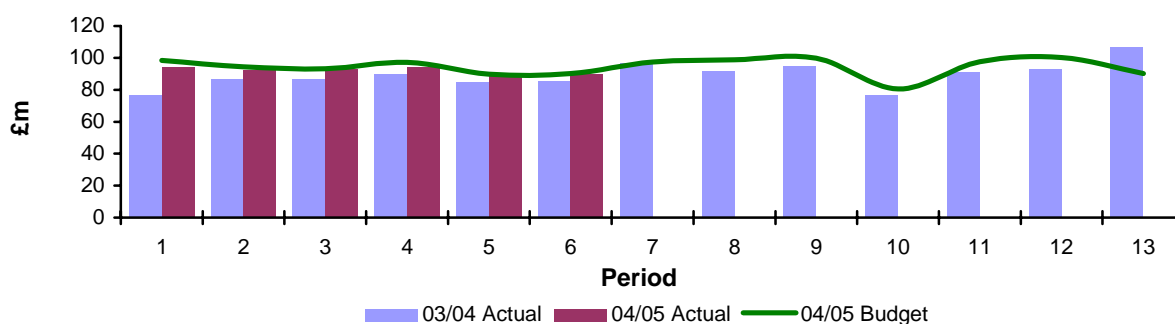
£m	Year to Date		Full Year	
	1 April to 18 Sept	Variance to Budget	Forecast	Variance to Budget
London Underground	48	20	124	15
Surface Transport	4	(2)	8	(2)
Corporate Directorates		19	6	18
Total	52	37	138	31

Receipts above budget are shown by variances in brackets

3.18 The forecast for the end of the year is for total capital receipts of £138m, £31m below budget, mainly as a result of the previously highlighted property receipts of £18m and the lower capital receipts for the East London Line Extension by £12m.

4 REVENUE TRENDS

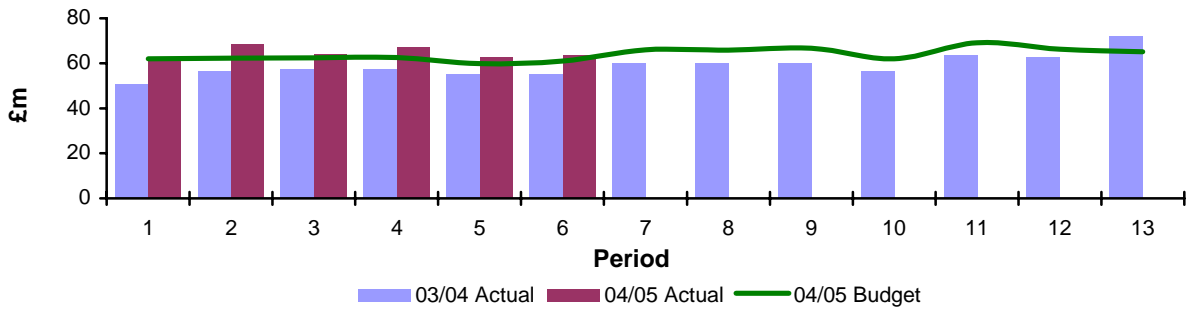
Figure 1: London Underground - Traffic Income



*The Central Line was fully open from the third week of P1 2003/04 but operating to a reduced timetable. P13 2003/04 was 4 days longer than a standard period

4.1 For London Underground, increases in reported passenger journeys continue to exceed revenue growth. For the first six periods the average journey has cost £1.24 against budget expectations of £1.26. This reflects shifting from Ordinary tickets to Travelcards which may ultimately dilute 'Passenger Journey per valid Travelcard' factors but survey results are not yet in. At present forecast passenger journeys stand at 949.7m, up 14.5m (1.6%) against the revised budget.

Figure 2: Bus Network Income



* P13 2003/04 was 4 days longer than a standard period

4.2 Bus network income is above the original budget for all periods to date due primarily to higher than expected patronage. Bus passenger journeys have been increasing strongly year-on-year due to the combination of higher Bus Pass use and improved quality of the service, including the impact of congestion charging, QIC contracts and better supervision.

5 EFFICIENCIES

5.1 TfL is on course to deliver the 2004/5 gross efficiencies target of £71m which is fully integrated into the budget and split by mode. This target is composed of recurring savings from 2003/4 and new planned savings in 2004/5, the majority of which are to be delivered through better procurement and headcount reduction exploiting the benefits of integration with LUL and implementation of SAP. Key developments in the last quarter have been

- The Finance Shared Services (FSC) was fully implemented in September 2004 on schedule and remains on target to deliver the planned headcount reductions and related premises and facilities savings.
- The Human Resources Shared Service (HRSC) has developed detailed cut over plans and is planned to be implemented in January 2005, with the targeted savings of £1.5m for 2004/05 to be delivered.
- Business Procurement Efficiencies Programme (BPEP) savings included in the 2004/05 Budget remains at £38m across the Group. In total £44m has been identified against the target of £38m which represents a positive variance of 17% (experience from last year shows that initiatives identified should be approximately 15% above target in order for the target to be achieved). Of the £24m in the 'acceptance' process, £20m has been 'signed off' as delivered.

Income and Gross Expenditure Summary by Mode

	Year to Date		Full Year	
	1 April to 18 Sept £m	Variance to Budget £m	Forecast £m	Variance to Budget £m
INCOME				
London Underground				
Traffic Revenue	(554)		(1,202)	
Operations	(30)	(2)	(63)	(2)
Programmes	(4)	(4)	(2)	(2)
Central Services	(22)	(5)	(49)	(9)
	(610)	(11)	(1,316)	(13)
Surface Transport				
Bus Network	(388)		(866)	
Other London Buses	(11)	(5)	(21)	(6)
Congestion Charging	(86)	(7)	(178)	1
Road Network Operations	(6)	(1)	(12)	(1)
Transport Policing & Enforcement	(8)	(2)	(24)	(1)
Other Surface Transport	(17)	2	(47)	(1)
	(516)	(13)	(1,148)	(8)
London Rail				
Docklands Light Railway	(19)	1	(42)	2
London Rail Core	(2)	(1)	(4)	(1)
	(21)		(46)	1
Corporate Directorates	(62)	(17)	(122)	(7)
TOTAL INCOME	(1,209)	(41)	(2,632)	(27)
GROSS EXPENDITURE*				
London Underground				
Operations	283	(10)	641	
Programmes	667	(12)	1464	(8)
Central Services	122	26	255	20
	1,072	5	2,360	12
Surface Transport				
Bus Network	580		1,313	
Other London Buses	60	(5)	153	16
Congestion Charging	49	(3)	123	(4)
Road Network Operations	127	(11)	339	1
Transport Policing & Enforcement	41	(2)	110	1
Other	72	(5)	204	3
	929	(26)	2,242	17
London Rail				
Docklands Light Railway	34	(5)	94	(4)
London Rail Core	14	(7)	43	1
	48	(12)	137	(2)
Corporate Directorates	109	12	280	14
Overprogramming/Contingency				55
TOTAL GROSS EXPENDITURE	2,158	(21)	5,019	97
TOTAL NET EXPENDITURE	949	(62)	2,387	70

* net of capital receipts

Income above budget and expenditure below budget is shown by variances in brackets.

Gross Expenditure Summary by Mode

	Year to Date		Full Year	
	1 April to 18 Sept £m	Variance to Budget £m	Forecast £m	Variance to Budget £m
OPERATING EXPENDITURE				
London Underground				
Operations	268	(17)	608	
Programmes	623	1	1,327	(3)
Central Services	134	24	272	14
	1,025	9	2,198	11
Surface Transport				
Bus Network	580		1,313	
Other London Buses	49		115	6
Congestion Charging	47	(3)	114	(3)
Road Network Operations	88		209	5
Transport Policing & Enforcement	40	(2)	108	1
Other	51		130	7
	855	(5)	1,989	16
London Rail				
Docklands Light Railway	30	(2)	80	1
London Rail Core	14	(7)	43	1
	44	(9)	123	2
Corporate Directorates	101	(5)	254	
TOTAL OPERATING EXPENDITURE	2,025	(10)	4,564	29
CAPITAL EXPENDITURE*				
London Underground				
Operations	16	7	33	
Programmes	43	(13)	146	(5)
Central Services	(12)	2	(17)	6
	47	(4)	162	1
Surface Transport				
London Buses	11	(5)	39	10
Congestion Charging	2		10	(1)
Road Network Operations	39	(11)	130	(4)
Transport Policing & Enforcement	1		2	
Other	21	(4)	70	(4)
	74	(20)	251	1
London Rail				
Docklands Light Railway	4	(4)	14	(4)
Corporate Directorates	8	17	28	15
Overprogramming/Contingency				55
CAPITAL EXPENDITURE*	133	(11)	455	68
GROSS EXPENDITURE	2,158	(21)	5,019	97

* Net of Capital Receipts

Expenditure below budget is shown by variances in brackets.

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: TfL Initial Performance Assessment

MEETING DATE: 1 December 2004

1. INTRODUCTION

- 1.1 TfL and other functional bodies of the GLA group have undergone an Initial Performance Assessment (IPA), administered by the Audit Commission. IPA is a version of Comprehensive Performance Assessment (CPA) which has been concluded for all top tier Local Authorities and district councils in England. The aim of the process is to assess the Authority's capability to deliver excellent outcomes for local people.
- 1.2 TfL is pleased that following this process it has been awarded the top rating of '**Excellent**', which places it in the top 15% of authorities who have achieved this result under CPA. The report was published by the Audit Commission on the 25 November 2004, and is attached as **appendix 1**.

2 BACKGROUND

- 2.1 This process has had three principal stages:
- Publication of a Self Assessment document (approved by the TfL Board in February 2004), which was subjected to a Peer Challenge
 - An on-site inspection by a team of Audit Commission inspectors, and submission of accompanying evidence
 - Production of a draft report and score, which was subject to internal Audit Commission moderation
- 2.2 Following the receipt of the draft report there were a number of areas that TfL felt did not adequately represent the current position of the organisation. TfL submitted additional evidence to support that view and the final report was subsequently amended following re-moderation by the Audit Commission.

3 NEXT STEPS

- 3.1 As an 'Excellent' organisation TfL will be subject to 'light touch' regulation by the Audit Commission. Discussions are on-going with the Commission to understand what this will mean in practice.

- 3.2 Whilst TfL has been rated as Excellent overall, there are a number of areas identified in the report that require improvement, which TfL recognises. TfL will work with the Audit Commission to ensure that these areas are addressed as part of the organisation's overall improvement plans. These improvement plans will be discussed in greater detail at the next meeting of the Audit Committee.

3 RECOMMENDATIONS

- 3.1 The Board is asked to NOTE the award of 'Excellent' status by the Audit Commission following the Initial Performance Assessment of TfL.

Assessment report

November 2004

Initial Performance Assessment

Transport for London

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Introduction

- 1 The Audit Commission has recently undertaken an Initial Performance Assessment (IPA) of the Greater London Authority (GLA) and the functional bodies which form the GLA group. The purpose of this assessment is to examine the current performance by the GLA and the functional bodies in the delivery of their services, and their ability to improve.
- 2 IPA is based on the same principles and methodology as the Commission's programme of Comprehensive Performance Assessment (CPA) of councils throughout England. CPA is part of the wider improvement agenda set out in the local government white paper Strong Local Leadership – Quality Public Services. The white paper encourages greater focus on improved services for local people by freeing good authorities from central government controls and restrictions, and providing poorer authorities with more, better focused support for improvement. CPA is the first step in this process, that of making an overall judgement of where each authority stands.
- 3 Transport for London (TfL) is one of the functional bodies in the GLA group. The others are: the London Development Agency, the London Fire and Emergency Planning Authority, and the Metropolitan Police Authority. This report presents an analysis of TfL's overall performance.
- 4 The official version of this report is also available on the Audit Commission's web site at www.audit-commission.gov.uk. The Audit Commission cannot verify the accuracy of and is not responsible for material contained in this report that may have been reproduced by another organisation or individual.

Summary of Initial Performance Assessment judgements

- 5 Transport for London is an excellent organisation. It has a clear vision of what it is seeking to achieve and has made good progress in the way in which it has set out to deliver its priorities. In its relatively short life it has already secured some significant improvements to transport in London and it is developing and implementing robust plans for further improvements.
- 6 TfL has a clear and ambitious vision for transport in London that is derived from the Mayor's Transport Strategy and the government's transport policies. It has a good understanding of the problems and opportunities affecting transport in London now and in the future and understands the impact it has on non-transport issues such as crime and equality. The vision of an integrated transport system is shared across TfL and by many of its partners. TfL has a strong business plan which, coupled with strong leadership and effective management, sets out the agenda for TfL in the medium and longer term.
- 7 The ambition is supported by clear priorities and TfL's use of scenario-based financial planning enables it to target its resources to those priorities. TfL organises itself by mode of transport. Each mode has the flexibility to recycle savings to priorities, but this practice does not extend to the reallocation of resources between modes to address corporate priorities. Additional income from the congestion charging scheme has been spent in addressing general transport priorities such as road safety and bus network improvements. TfL has not identified any explicit non-priorities. It has identified areas which are lower priorities, such as major road improvements.
- 8 TfL has demonstrated an ability to focus on key issues and projects to ensure that they are delivered. It has strong mechanisms in place to ensure that it focuses its work on priority areas and meetings are well-structured with clear decision-making. It has not been distracted by the addition of London Underground to the TfL group. TfL's ability to focus has contributed to its significant achievements in the delivery of its ambition. Projects such as the congestion charge and bus improvements have significantly improved target areas of transport provision and relieved congestion. The overall quality of transport services, given the context in which they operate, is good. Areas that are improving less quickly are lesser priorities, or can only be addressed in the longer term, such as improving the underground.
- 9 TfL has the overall capacity and skills that it needs to deliver further improvements to services, but has specific capacity problems in some key internal areas such as human resources and procurement. TfL is actively addressing these areas through initiatives such as the efficiencies review and introducing a shared service centre for human resources. TfL, as an amalgam of a number of predecessor organisations, has the desire to become 'one TfL', although it has further work to do to achieve this. It is also investing in its partnership working and in areas that have a direct impact on the quality of life of Londoners such as tackling crime through the introduction of the Transport Operational Command Unit (TOCU). TfL has increased its contract monitoring and performance management capacity to enable it to manage the large and complex public private partnership (PPP) and private finance initiative (PFI) contracts.

However, it is unclear whether its extensive use of consultants for a range of activities has helped TfL to build its internal capacity. Business cases in support of the use of consultants state the predicted benefits but there is no evidence of systematic post-implementation review to ensure that expected benefits were realised.

- 10 TfL has a track record for opening itself up to challenge in some areas. The board, panels and committees provide effective internal scrutiny by reviewing and challenging projects and decisions. However, the fact that panels and committees are held in private limits public accountability and transparency. Internal scrutiny is supplemented by effective challenge from GLA officers and the Mayor's office. The London Assembly was consulted on and provided an input to the development of the Mayor's Transport Strategy. However, external scrutiny has had limited impact on TfL because the scrutiny programme is not closely aligned with the Mayor's transport priorities and TfL's business plans.
- 11 TfL is a self-aware organisation. A range of internal and external learning opportunities has been taken, although TfL does not have mechanisms in place for sharing systematic learning between different areas of the organisation. There is a range of robust future plans that support TfL's ambitions and most plans are re-assessed as circumstances change. However, TfL's plans do not put sufficient emphasis on some aspects of its role as a strategic transport authority: it gives comparatively less weight to reducing the need to travel, a key aim of the London Plan, focusing instead on its service facilitation and delivery role. Plans are in place to address areas where TfL has not been successful in the past and TfL is not afraid to take difficult decisions in order to deliver its plans. The government's spending review 2004 (SR2004) puts TfL in a strong financial position to deliver its ambitions. TfL is putting into place a wide range of improvement programmes across the spectrum of its responsibilities.

Summary of assessment scores

Top level question	Theme	Grade	Weighted score
What is TfL trying to achieve?	Ambition	4	8
	Prioritisation	3	6
	Focus	4	4
How has TfL set about delivering its priorities?	Capacity	3	3
	Performance management	3	3
What has TfL achieved/not achieved to date?	Achievement in quality of service	3	9
	Achievement of improvement	4	4
	Investment	3	9
In light of what TfL has learned to date, what does it plan to do next?	Learning	3	3
	Future plans	4	4
Weighted score			53
Initial performance assessment category			Excellent

Next steps – improvement planning

- 12 The Audit Commission has undertaken the IPA to assist in developing an audit and inspection programme which offers strategic regulation.
- 13 Strategic regulation means:
 - ◆ targeting inspection and audit to ensure greatest impact where it is needed most;
 - ◆ reducing the amount of regulation, particularly for excellent and good organisations;
 - ◆ delivering co-ordinated and proportionate audit and inspection that focus on the experiences of people who need and use public services;
 - ◆ carrying out audit and inspection that support the audited and inspected organisations' improvement work and take account of their views; and
 - ◆ minimising duplication, bureaucracy and the burden of regulation.
- 14 Following the IPA, the organisation will consider the findings and clarify its priorities for improvement. Auditors and inspectors will liaise with the organisation to ensure its work and resources are also targeted to support the delivery of improvement in these areas as well as comply with their statutory duties.
- 15 The Audit Commission will also work with appointed auditors, other inspectorates and regulators, the Government Office for London and the Office of the Deputy Prime Minister to discuss the findings of the IPA and co-ordinate future audit and inspection effectively.
- 16 A summary of the audit and inspection plan agreed with the organisation will be published on the Audit Commission's website when improvement planning discussions are completed.

Context

The locality

- 17 London is a large and diverse capital. It has a population of approximately 7.1 million. The population is younger and more ethnically diverse than the rest of the UK population and is growing. Forty-six per cent of the workforce is under 35 compared to 39 per cent nationally, 29 per cent of residents are from minority ethnic communities and more than 300 languages are spoken in London. The population is expected to increase by around 800,000 by 2016.
- 18 London's economy is driven predominantly by its financial, business and creative industries. Twenty-five per cent of the world's largest companies have their European headquarters in London and the city generates more wealth than any other region of the country. Thirty million tourists visit London each year contributing around £15 billion to the economy and 75 per cent of international arrivals to the country pass through the capital.
- 19 London has high levels of deprivation and need. Thirty-five per cent of London's children live in poverty – the highest proportion of any English region. In inner London this increases to 48 per cent. There are high numbers of jobless people. Access to primary care is poor.
- 20 Surface and underground rail networks are more extensive than other world cities. Of the 3.8 million people who work in London, 723,000 commute from outside. Thirty per cent of jobs are concentrated in a small part of central London, which leads to a high level of demand and congestion. There is little spare capacity in road, rail or underground systems at peak times. An exceptionally high proportion of travel is undertaken on public transport and much of this infrastructure is old. Bus services in London are not de-regulated, unlike the rest of Great Britain. The London bus network is the largest urban bus system in the world.
- 21 The Greater London Authority (GLA) is a directly elected regional authority providing strategic city-wide government for London. It became operational in July 2000. The organisation comprises a directly elected mayor (the Mayor of London) and an elected assembly (the London Assembly), composed of 25 members grouped in 14 constituencies. Following elections in June 2004, the Conservative party hold nine seats, the Labour party hold seven, the Liberal Democrats have five and the Green Party and UK Independence Party both hold two. The current mayor is Labour.
- 22 The Mayor plays an executive role, making decisions on behalf of the GLA. The Mayor is required to prepare statutory strategies that address London-wide issues. The Assembly has a scrutiny role and is able to investigate issues of importance to Londoners.

- 23 The Mayor and the Assembly set the budgets for the GLA and the London-wide authorities for economic development, transport, the police and fire (the functional bodies). These are the London Development Agency (LDA); Transport for London (TfL); the Metropolitan Police Authority (MPA) which has responsibility for the Metropolitan Police Service (MPS); and the London Fire and Emergency Planning Authority (LFEPA).
- 24 These organisations, together with the GLA itself, are collectively referred to as the 'GLA group'. The forecast outturn for the GLA group in 2003/04 was £7.9 billion. The budget for 2004/05 is £8.8 billion (£5.7 billion net). The GLA's 2004/05 budget requirement is £56.3 million, which is £0.4 million higher than for 2003/04.

Transport for London (TfL)

- 25 TfL is the strategic transport authority for the capital city and was formed from 15 predecessor bodies from central and local government and the voluntary sector. Its strategic role involves:
- ◆ taking an overall, long-term view of London's transport needs;
 - ◆ integrating transport services across the modes;
 - ◆ integrating transport policies with other mayoral objectives, to support sustainable development; and
 - ◆ administering approximately £140 million transport funding each year to the 33 London boroughs.
- 26 The strategic challenge for TfL is to secure a transport infrastructure that will address London's economic, social and environmental needs, both now and for the future. The challenges include providing for significant projected increases in population and employment, and supporting major projects such as the London Olympics bid. TfL provides a range of transport services. It contracts out the running of bus services (with the exception of a few routes operated directly by East Thames Buses), manages eight of the piers on the River Thames, and is responsible for the Woolwich Ferry which is run by the London Borough of Greenwich under an agency arrangement. TfL regulates both taxis and private hire vehicles; operates tram and light rail services, maintains London's main roads, and has responsibility for traffic lights across London. It also runs Victoria Coach Station and the London Transport Museum. For the mobility impaired, TfL supports the taxi card scheme and provides door to door transport via Dial-a-Ride.

- 27 London Underground was transferred to TfL in July 2003, completing the structure of the new organisation. This was later than originally planned and followed a period of extensive negotiation and debate about the proposed funding arrangements for much needed investment in underground infrastructure modernisation. Some three million passengers use the underground each day and many stations and lines operate at full capacity. Much of the system is old, access is often difficult and track conditions lead to cancellations and delays. To tackle this backlog, a PPP was implemented with the last contracts signed in April 2003. Under the PPP, TfL, through London Underground Ltd (LUL), will continue to specify and run services, employing train and station staff. LUL has entered into three 30-year PPP contracts with private companies (called Infracos) to deliver the rehabilitation and maintenance of LUL's track, tunnels, rolling stock, signalling systems and stations.
- 28 The Mayor has extensive powers over TfL. He has chosen to be a member of the TfL board and, under the GLA Act 1999, he is accordingly required to chair it. The appointment of board members is entirely at the discretion of the Mayor, although in practice there is an independent element to the process in accordance with the requirements of the GLA code of conduct. Currently there are 13 board members who represent a wide variety of interests and expertise. In addition, there are three non-voting special advisors. The transport strategy for London is developed by the Mayor. TfL is managed by a Commissioner and a team of managing directors and chief officers. TfL's total budget for 2004/05 is some £4.9 billion. Just under half of its funding comes through government grant. The London Assembly is responsible for scrutinising TfL's activities and those of the Mayor.
- 29 TfL employs over 19,000 staff directly and many services are operated under contract. For example, as described above, maintenance and upgrading of the underground is contracted out and the vast majority of bus services are also contracted out to private bus companies.
- 30 TfL carried out a self-assessment against each of the Initial Performance Assessment themes. The self-assessment was informed by a peer challenge commissioned by TfL and undertaken by the Improvement and Development Agency (IDeA) in January 2004. TfL has published its self-assessment on its website at www.tfl.gov.uk.

What is TfL trying to achieve?

Ambition

- 31 TfL is strong in this area with few identifiable weaknesses.
- 32 There is a clear and ambitious vision for transport in London. The Mayor's overall vision for London is that of an exemplary sustainable world city. This is underpinned by 15 objectives, three of which directly address transport: to improve and expand public transport in London; to reduce congestion in London; and to improve international, national and regional transport in London. Other objectives, such as improving safety, health, accessibility, tourism, the economy and the environment also have strong links to transport.
- 33 The London Plan, the Mayor's Transport Strategy and TfL's business plan combine to articulate the vision and how it will be delivered. TfL is fulfilling its strategic role and adding value by developing comprehensive, long-term ambitions for transport in London. The vision is based on a clear understanding of the problems and opportunities that face London, including the history of the existing transport systems and the need for development to cope with predicted population and employment growth to 2016.
- 34 TfL demonstrates an understanding of its impact on other mayoral priorities such as crime reduction and equality of opportunity and has strategies in place to contribute to such areas. For example, the investment by TfL in additional policing on the transport network and other safety and security measures has enabled TfL to contribute to the Mayor's priorities around visible policing and crime and disorder in addition to the specific priorities of safety and security included in the Transport Strategy. Other work contributes to the delivery of environmental priorities such as TfL's aim to reduce bus emissions of particulate matter to 20 per cent of 1997 levels by December 2005.
- 35 The London Plan and the Mayor's Transport Strategy were developed through extensive consultation and TfL has also consulted on its business plan 2004/05 to 2009/10. There is widespread stakeholder understanding of the long-term ambitions in the Mayor's Transport Strategy and, within TfL itself, people at all levels share the vision of an integrated transport system. However, despite TfL's efforts, the consultation and development process for the business plan, which translates the longer-term aspirations into specific resourced actions, has not enabled all stakeholders to see how their views have been taken into account. Given that TfL is dependent on partners to deliver some of the vision, this, if not addressed, may undermine implementation.
- 36 The vision reflects the government's transport objectives and TfL's business plan makes an articulate case to government for increased funding as part of the government's spending review 2004 (SR2004). The results of the spending review were announced several months after TfL's business plan was published and it is therefore based on a robust set of funding scenarios – setting out clearly what can be achieved if the existing baseline budget remains and what can be achieved with funding 'beyond the baseline'. It clearly sets out the implications of different funding levels in terms of delivering the government and the Mayor's transport objectives. The business plan and supporting documentation identify clear long-term targets and outcomes for London.

- 37 TfL’s ambitions concentrate on developing the transport infrastructure and improving the quality of public transport in London. TfL is aware of its role in contributing to the development of cohesive and sustainable communities, but this is not an explicit goal, except where projects are linked to regeneration schemes such as the Thames Gateway. However, it does provide small scale investments to improve the local environment and support local communities such as safe routes to schools and various town centre schemes. Community strategies for London’s boroughs make some reference to working with TfL to achieve improvements to transport, and many of TfL’s plans affect one or more boroughs. Relationships with the London boroughs, although improving, vary and TfL has not consistently and effectively accessed the local knowledge that the boroughs can contribute to TfL’s strategy development and project delivery.

Prioritisation

- 38 Strengths outweigh weaknesses.
- 39 The transport priorities for London are clear. They are based on a range of information about the current condition of transport systems and future needs and take into account both the local context and wider national considerations. Long-term priorities are set out in the Mayor’s Transport Strategy and short and medium-term priorities for improvement are in TfL’s business plan. These priorities are clearly aligned with and support the ambition for transport in London and can be summarised under three headings:
- ◆ a growing London;
 - ◆ an accessible and safer London; and
 - ◆ a cleaner, greener London.
- 40 The business plan published in October 2003 makes it clear what the implications of not achieving the priorities will be. TfL has not explicitly stated what is not a priority for improvement. However, it implicitly identifies which areas are lesser priorities through the structure of the business plan. In this, TfL outlines what it will achieve with current funding and what could be achieved with more money. TfL has been clear that investment in major road improvements is a lower priority. The scale of investment in non-motorised modes (walking and cycling) is significantly lower than that for the mass transport modes although this is still a priority for TfL and it is investing or improving conditions for walkers and cyclists.
- 41 TfL’s scenario-based financial planning system enables it to target resources to priorities effectively. Within the budget, there is a clear framework for dealing with both planned and unplanned expenditure. Resources are allocated to priorities within each modal business and additional income from the congestion charging scheme has been invested across a range of services in line with corporate priorities. Within each modal business there is scope to invest savings into priorities but this practice does not extend to switching resources between modes. This restricts the scope to target resources to priorities in a corporate and integrated manner.

- 42 The basis of the allocation of money to priorities is not always transparent and some stakeholders do not accept the rationale for the emphasis on major public transport projects such as the Thames Gateway Bridge. Prioritising investment between large and small-scale projects has been a challenge to TfL but it has recently developed systems to enable this in some areas.
- 43 TfL has taken steps to inform stakeholders of priorities for improvement, for example through events, high-level meetings and regular newsletters. It attempted to engage stakeholders in priority-setting for the 2004/05 to 2009/10 business plan but had limited success with some groups. However, through the SR2004 process this improved, reducing the risk of a lack of ownership from some stakeholders whom TfL may later rely on to contribute to delivery. TfL has not always made clear to stakeholders how their views have influenced priorities. Internally, some staff are unclear on how their work relates to the priorities. Although it has a number of internal communication channels, TfL lacks mechanisms to test whether corporate messages, such as the identification of priorities, are reaching staff at lower levels within the organisation.

Focus

- 44 TfL is strong in this area and has few identifiable weaknesses.
- 45 TfL's ability to focus is strong, as demonstrated through its track record in the delivery of ambitious key projects. Examples include the implementation of congestion charging, bus improvements and the pedestrianisation of Trafalgar Square.
- 46 The Mayor has shown consistently strong leadership on transport issues and has recruited an exceptionally capable and experienced management team. This combination of leadership and managerial skills enables TfL to focus on its priorities effectively. The Mayor's office plays a strong role in ensuring that TfL focuses on mayoral priorities, including non-transport priorities. It has strong mechanisms in place to enable focus, including the business planning process, the monthly business management review process and constructive mechanisms to quickly resolve issues between the corporate directorates.
- 47 Reports to the board, panels and committees are well-structured and composed with clear recommendations. Decisions are recorded effectively and minutes are detailed enough to be a clear record of meetings. Forward plans for committees, panels and board meetings are flexible enough to deal with both planned items and those which arise and need to be dealt with at the next available meeting.
- 48 TfL does not get distracted from delivering on its priorities. It has mechanisms in place to deal with situations such as accidents or industrial disputes and other potentially distracting events. When new legislation or guidance is issued it is flexible enough to be able to absorb this without detracting from the delivery of priorities. For example, the directorate of traffic management was introduced in May 2003 in response to government concerns that, across the country, the arrangements for the management of street and road works were not sufficient to deal with acute congestion problems. TfL's experience following the introduction of the directorate contributed to the development of the Traffic Management Act 2004.

- 49 Over the past year, TfL has expanded its focus to include responsibility for London Underground. Despite its objections to the PPP system, TfL has demonstrated its determination to bring about improvements to underground services and to actively manage the PPP contracts. To date the inclusion of London Underground within TfL has not affected its ability to focus on its other priorities.

How has TfL set about delivering its priorities?

Capacity

- 50 Strengths outweigh weaknesses.
- 51 TfL has the capacity and skills it needs to deliver good quality services. It has a range of experienced and capable staff and managers from diverse backgrounds, and is self-aware about its capacity. Leadership within TfL is strong. It has a high-profile, experienced management team and board, mixing private and public sector backgrounds and expertise. The organisation is effectively managed and led. TfL recognises that there is more to do to integrate the 15 constituent businesses into 'one TfL' with a common culture and practices. TfL has made considerable progress in this area particularly in the short time since London Underground joined Transport for London and is actively considering the extent to which further integration would benefit service users.
- 52 It has focused its capacity building on the individual modes to ensure that they can deliver services and improve them. This has been successful. However, it has taken time to review the capacity it needs in its central and corporate service areas such as procurement and human resources (HR) to make its support services fit for purpose. TfL has drawn heavily on a number of consultants since its inception, both to review the organisation and its structures and processes and to carry out specific tasks which TfL did not have the internal resource to do. The expenditure on consultants amounted to some £178 million in 2002/03. TfL has not fully demonstrated that its use of consultants provides value for money or has been used effectively to develop its own capacity for the future.
- 53 TfL's financial and business planning processes are strong. It has the financial capacity to meet its short term aims and, while waiting for the results of the spending review to be announced, made a commitment not to initiate any expenditure that would require more than baseline funding in 2005/06 onwards until it knew what its funding allocation would be. This is a prudent approach and demonstrates corporate ownership of financial issues at the highest level, as well as the strength of financial planning within the organisation.
- 54 TfL has a number of complex contracting and financial arrangements which require careful monitoring and management. This includes the 30-year PPP contracts with infrastructure companies to upgrade the underground, and a range of PFI contracts covering key priority areas such as congestion charging. TfL takes its contract management and monitoring role seriously and is developing the capacity to manage these complex contracts. It has also decided to use prudential borrowing and has included this in its post SR2004 plans.
- 55 There is a clear decision-making and accountability framework set out in TfL's standing orders. Senior managers and the board understand the framework but there is some confusion lower down the organisation, leading to a lack of transparency and some uncertainty when middle managers need to have decisions signed off.

- 56 TfL's weakest areas in terms of capacity are around HR. Given the complexity of the organisation and the fact that many staff do not yet recognise 'one TfL' this is a significant issue. However, TfL in its current form is a new organisation and some issues could not be realistically addressed until London Underground became part of the group. The organisation is actively addressing the issues.
- 57 Training and development of staff is not systematic across TfL and sickness levels have been high. Currently, HR policies and practices are inconsistent and in some places, ad hoc. Similarly equal opportunities policies are not consistently applied and TfL has some way to go to become an exemplary employer in terms of equalities and inclusion. The percentage of employees from black and minority ethnic (BME) communities is almost representative of the composition of the London workforce. However, female and BME employees are poorly represented in senior posts. TfL has not met its targets for employing people with a declared disability.
- 58 TfL has recognised that it needs to improve its approach to equalities and inclusion and this is illustrated by the recent appointment of a director of equalities and inclusion reporting directly to the commissioner and by its review of its original race equality scheme. In addition a number of other positive steps have been taken that are making a difference in the organisation. For example, TfL has built equalities and inclusion issues into business planning and business case assessments, delivered equalities and inclusion training to key staff, begun to monitor recruitment and retention more effectively and launched a women's action plan.
- 59 TfL's use of partnerships to enhance capacity and achieve its objectives is mixed. It has been successful in its joint working with the Metropolitan Police over TOCU and with the Strategic Rail Authority (SRA) regarding development of rail services. However, TfL initially failed to demonstrate a genuine approach to working in partnership with the London boroughs. It has had difficulty with balancing its roles of being the major service provider as well as a strategic enabler and equal partner. As a result, some relationships are not fully constructive. TfL has recognised this and taken action, including the establishment of the borough partnerships unit. More recently, it successfully engaged many stakeholders in lobbying around SR2004. Partnership working with the boroughs, the voluntary sector and other public sector bodies is now improved, although further work is required to convince some partners that their views are properly listened to. TfL continues to work on improving relationships.
- 60 Coordination across the GLA group is effective at policy and project levels but is less so on corporate matters and efficiency. There is considerable co-ordination of activity across the GLA group between the functional bodies and the GLA. For example 30 GLA group networks and policy groups exist in which TfL is an active member. These include an umbrella group, the GLA integration unit, which is chaired by the Mayor. These are most effective for project planning, such as Thames Gateway and Olympic project groups. Partnership working is less effective in areas such as procurement where the joint purchasing power of the group is not fully exploited.

Performance management

- 61 Strengths outweigh weaknesses.
- 62 TfL's planning and performance management systems are driven by its ambition and priorities. Effective corporate and business unit monitoring mechanisms are in place, including regular reports to the board on progress against the business plan and business unit deliverables. These reports include both narrative and performance indicator information. These processes, together with the application of tools such as best value reviews, enable it effectively to challenge and scrutinise its own performance and to drive service improvement.
- 63 There are effective accountability frameworks in place for senior managers and TfL operates a number of appraisal processes for its staff. However, it does not have a consistent performance appraisal process that cascades business priorities into personal priorities and targets. In some areas of the organisation staff are very clear on what their role is in delivering the business plan but in others they are not. In some instances the lack of a robust and consistent performance appraisal process has hindered managers in addressing performance issues. However, TfL is addressing this issue through the development of a 360 degree performance management system to be implemented across TfL from April 2005.
- 64 TfL's risk management processes are good. They are used in both planning and delivering services. Risks are not restricted to financial issues but encompass a full assessment of the implications of decisions and proposals. Different approaches to risk management have been employed in London Underground and other parts of TfL and steps have been taken to join them up.
- 65 TfL has some mechanisms in place to measure value for money, particularly around assessing the benefits of new projects. It has a track record of securing savings through its efficiencies programme. In 2003/04 a target of £13 million savings was set and £20 million was achieved. TfL now plans to achieve more than £1 billion cumulative savings across its support and front line services by 2009/10. However, TfL has not yet consistently demonstrated that it is providing value for money across the full range of its activities.
- 66 Mechanisms for capturing and using feedback from customers vary across TfL with inconsistent customer service standards in place. In some respects this is a symptom of TfL's newness as an organisation in its current form, but from a customer's perspective it is a key issue.
- 67 There are effective mechanisms in place to ensure that mayoral ambitions and priorities are translated into TfL's ambitions, plans and targets. These include the cross-GLA business planning process, regular performance monitoring of TfL by the GLA's officers, and the active role of the mayoral directors in specific priority areas.

What has TfL achieved/not achieved to date?

Achievement in quality of service

- 68 Strengths outweigh weaknesses.
- 69 Overall, given the context of London - over seven million residents, 3.8 million people working in the capital, 723,000 of whom commute from outside - and its transport infrastructure, some of which is very old, TfL has made some significant achievements in service quality. Stakeholder satisfaction is high with many aspects of the services that TfL is responsible for. Most areas of dissatisfaction relate to areas where TfL has not yet made sufficient improvement to meet public demands or where it is constrained by inherited infrastructure; for example, the underground. Almost one in four Londoners now mention transport as one of the best things about living in London and 74 per cent find London an easy city to get around.
- 70 This is not an assessment of the absolute quality of transport in London, which is often determined by historical factors. It is an assessment of achievements against the themes of the Mayor's transport priorities and the additional transport-related priority, reducing the need to travel, which has been included in the London Plan. In the four years that TfL has existed it has completed a number of high profile projects that contribute to the current quality of transport in London and to the delivery of the transport priorities and TfL's strategies. The focus has been on improving the quality of the existing transport service and infrastructure where this is feasible, while putting into place a range of plans and projects to deliver higher levels of quality in the future.
- 71 The extent of improvement is outlined in a later section of this report. The following paragraphs set out an assessment of achievements against the Mayor's priorities.

A growing London

- 72 London's population is predicted to grow but existing transport systems are frequently overcrowded and lack overall capacity. London's transport system needs to serve the millions of people who live or work in, or visit London. The capital has a lower reliance on the car than other parts of the UK; the underground supports around three million trips each weekday including the journeys to work of 35 per cent of those working in central London. In 2003/04 over 1.7 billion bus trips were taken and on an average weekday 5.7 million trips are made on around 6,800 buses; 42 per cent of bus travel in England takes place in London whilst the capital makes up only 15 per cent of the population of England.

- 73 London is a congested city with slower average road journey times than the rest of the country. The structural quality of the main road network is variable. In 2003/04, 11.5 per cent of the Transport for London Road Network (TLRN) was in need of major repair. In the previous year the figure was 14.2 per cent, putting TfL in the worst 25 per cent of highway authorities, according to best value performance indicator 96 (BVPI 96). The TLRN accounts for only 5 per cent of London roads but carries over a third of London traffic. This puts significant pressure on the road surface and poor conditions cause additional wear for vehicles and extra road noise.
- 74 TfL has focused on reducing traffic congestion and improving journey time reliability for all road users. TfL's congestion charging scheme has operated smoothly with minimal disruption to traffic and no significant delays on roads on the periphery of the zone. Some stakeholders are, however, concerned about perceived over-zealous enforcement of congestion charging.
- 75 The London Traffic Control Centre (LTCC), which is operated in conjunction with the Metropolitan Police Service, enables TfL to co-ordinate traffic facilities, such as traffic lights, to make best use of the available capacity. LTCC facilitates quick and effective responses to major incidents and congestion; for example, by deploying TOCU congestion teams. Other control centres, such as those for the underground and the buses, also enable TfL to co-ordinate transport provision.
- 76 Wherever possible works are planned to minimise disruption and avoid road closures. In 2002/03 there was an average of only 0.04 days of delay on traffic sensitive roads per kilometre (BVPI 100) – putting TfL in the best 25 per cent for traffic authorities in England.
- 77 A priority of the Mayor is to encourage a shift away from car use to public transport. Consequently, TfL has focused on its bus services. The quality of most aspects of bus services is good. Buses are more frequent and operate for longer hours than in other cities. For example, buses in London run at greater frequency than other European cities such as Paris, with up to 30 an hour on some routes at peak times. Ninety per cent of households are within 400 metres of a bus service and only 21 per cent of Londoners have not used a bus in the past year. Both of these statistics compare favourably with other UK cities.
- 78 Bus fares were kept low in the Mayor's first term to reflect the policy of encouraging bus use and the importance of buses to the capital and to promote social inclusion. This has led to high and increasing levels of subsidy. Fare increases have been announced recently to help pay for a significant transport investment programme.
- 79 TfL has been awarded beacon council status for bus services. The quality of its work to reduce crime and fear of crime on public transport is a particular strength. Bus service reliability in London is only slightly below that for other parts of England – an average of 98 per cent compared with an average of 99 per cent elsewhere. The 'on time' performance on low-frequency routes and night buses is 78 per cent and 81 per cent respectively in the first quarter of 2004/05. Some staff and users report lower standards of service on buses in outer London, in terms of driver behaviour and personal safety.

- 80 Satisfaction with bus services in London presents a mixed picture. Overall satisfaction with bus services by passengers in London scores around 77 out of 100. Looking at the data in more detail, satisfaction with service reliability, value for money and information is generally higher, but satisfaction with the security at stops and on board, staff service, comfort and overcrowding is lower.
- 81 TfL has been responsible for London Underground since July 2003. The current level of service is affected by the history of the service before it became part of TfL.
- ◆ Under TfL the reliability of the London Underground has reached a good level of efficiency: in 2003/04 95 per cent of scheduled trains in the peak were operated and only 0.33 per cent of peak time trains were cancelled due to operator non-availability (the major factor within TfL's control). Ninety-six per cent of lifts and escalators were available during 2003/04 and all but one underground station is staffed during traffic hours. Train frequencies on all underground services comply with TfL's turn up and go standards.
 - ◆ Operating costs for London Underground are broadly similar to those in Paris and New York. Fares cover a substantially higher proportion of the service costs in London where there is less subsidy element. London Underground fares are more expensive than in most other comparable world cities.
 - ◆ Some staff and users report lower standards of service in outer London in staff behaviour, customer care and station standards. London Underground services have been affected by industrial relations issues. This sometimes left passengers to seek alternative transport and TfL made additional buses available. TfL has now reached a multi-year agreement with trade unions in an effort to improve industrial relations. Customer satisfaction with London Underground is 76 per cent (2003/04).
- 82 London has the largest heavy rail network of four world cities – Paris, New York, Tokyo and London. TfL is not responsible for national or regional rail services but it has been working with the Strategic Rail Authority (SRA) to improve the quality of London's over ground rail trains through an SRA investment programme. Initiatives have included the introduction of frequent metro-style operations on four key commuter routes in south London and include a minimum of four trains an hour on Mondays to Fridays, and moves towards an integrated and a simplified fares structure.
- 83 In addition to providing mass transport services, TfL either directly provides or funds a range of smaller, local transport initiatives. Overall, existing conditions for walking and cycling are not good, as confirmed by a recent report produced for TfL. For example, the condition of footways (pavements) is poor. In 2002/03, 28 per cent of footways were in need of repair, which is worse than average for highway authorities.
- 84 TfL has published 19 good quality cycling guides, covering all of London. These are free to members of the public. The average four-mile journey in Central London takes just 22 minutes by bicycle compared to around 40 minutes in a car. Free cycle parking facilities are provided and cyclists are exempt from paying the congestion charge. Most people who cycle in London do so to and from their place of work.

An accessible and safer London

- 85 Accessibility to the bus system is good. Most buses are modern and 92 per cent are accessible to people with disabilities (July 2004), making London buses the largest accessible fleet in the world. However, some wheelchair users still report problems using accessible buses. Groups representing people with mobility difficulties find that bus drivers are not always sufficiently helpful to disabled passengers. All DLR trains have step-free access and Victoria coach station offers free mobility assistance to all passengers. There are now 41 accessible stations on the underground but it remains largely inaccessible for many people due to unavoidable stairs and escalators. Only 54 per cent of TLRN pedestrian crossings have facilities for people with disabilities. This was is in the worst 25 per cent for transport authorities in 2002/03.
- 86 More than 61,000 Londoners were registered to use the dial-a-ride service in 2003/04, 24 per cent of whom use wheelchairs. These registered users completed around 1.3 million trips with an average trip distance of 1.7 miles. Satisfaction with dial-a-ride is high (93 per cent in 2003/04). TfL's website meets accessibility standards thus ensuring that information about services is accessible.
- 87 The Oyster card is effective as a cashless payment system and its roll out to buses went smoothly. However, the Oyster card system is not totally inclusive – it requires payment of a deposit and a photo-ID card, both of which are barriers to some people. Seven-day travel cards for buses and the underground do not require a photo-ID but do require a deposit and may not be the most economical option for some passengers.
- 88 The scale and integration of public transport services, including ticketing, information and service integration compares favourably with other transport systems in the UK and abroad. London Underground stations are kept clean and underground trains are largely free of graffiti. On the DLR, satisfaction with train and station cleanliness at December 2003 was 92 per cent and 91 per cent were satisfied with safety and security. There are 2,100 licensed minicab operators and there are help points at a number of bus stations with remote CCTV monitoring at some bus stands; 4,500 buses are fitted with CCTV cameras. In addition, there are over 900 staff in the TOCU, around 450 of whom are transport police community support officers.
- 89 Access to information about services is good, including that available through the journey planner system. TfL's website is also good. TfL is currently piloting 'individualised marketing' to encourage people who do not use public transport to do so.
- 90 However, the current lack of ticket integration with Network Rail diminishes the customer experience. In London and the South East in 2003, only 63 per cent of passengers were satisfied with their experience of ticket buying compared to 75 per cent satisfaction in Scotland and for the passenger transport executives in England. This is outside TfLs direct control but it has been working with others to try to facilitate improvements.

A cleaner greener London and non-transport priorities

- 91 TfL is not actively pursuing the London Plan objective of reducing the need for travel on a significant scale. Its focus is on the infrastructure and quality of service provided. However, it does have a range of objectives aimed at reducing travel demand and has worked with the GLA to ensure that plans for new developments include work place travel plans. It has promoted several schemes, many in conjunction with London Boroughs, such as 'safe routes to school', bike week' and 'car free day'. TfL's actions in introducing the congestion charge and the modernisation of the bus fleet, introducing more efficient engines with lower emissions, has had a positive impact on air quality but London's air remains more polluted than any other UK city and amongst the worst in Europe. A significant proportion of energy consumed by TfL is from renewable sources.
- 92 TfL is also addressing non-transport mayoral priorities. For example, TOCU is contributing to general crime reduction, not just transport-related crime. Bus service improvements are a positive factor in reducing social exclusion.

Conclusion

- 93 The level of quality across TfL's services is realistic in light of the context and constraints. The major constraint on TfL and the quality of service received by the public is the condition of the infrastructure, its age and its lack of spare capacity, particularly the London Underground system. TfL is actively managing those elements of the system that are within its control, in order to deliver good services.
- 94 The level of quality achieved is in line with the high priority set for transport by the Mayor and TfL. The Mayor's Transport Strategy particularly emphasises the importance of improving and expanding bus services and this has been achieved. TfL sets targets for key operational performance and is meeting them in most cases. In 2002/03 TfL met 25 (74 per cent) of its key operating targets for surface transport, street management and the DLR.

Achievement of improvement

- 95 TfL is strong in this area with few identifiable weaknesses.
- 96 TfL has delivered significant improvements in London's transport system. There are a number of large-scale, high profile projects that have contributed to delivering key aspects of the Mayor's Transport Strategy and TfL's business plan. These include the implementation of congestion charging, the development and implementation of the Oyster card and significant improvements to bus services. The congestion charging scheme, bus improvements and other measures have combined to produce a 4 per cent absolute reduction in car use across London. Congestion charging has reduced congestion in central London by 30 per cent with no significant adverse impacts on traffic outside the zone. These are unique achievements by both UK and world standards.

- 97 Key improvements that contribute to the delivery of the Mayor's Transport Strategy and to an improved quality of life for those who live in or visit London include:
- ◆ early evidence suggests that accidents have reduced and air quality has improved within the congestion charging zone;
 - ◆ bus service reliability and usage have increased:
 - ◆ the average bus travel speed has increased from 10.4 kilometres per hour to 12 kilometres per hour. Boarding and reliability has been improved through the introduction of 'bendy' or articulated cashless buses and an increase in the number of passengers using pre-paid tickets. Excess waiting times have reduced by 40 per cent;
 - ◆ the number of bus passengers has increased to six million per day, its highest level since 1969. The growth is the fastest experienced since 1945. Bus usage increased by 7.3 per cent between 2001/02 and 2002/03. The number of people who have not used a bus within the past year has reduced from 29 per cent to 21 per cent. Bus use is growing amongst all social groups, including groups A and B. (By contrast, bus use is falling across parts of England.) Passenger satisfaction scores have improved consistently since early 2001 from 74 to 78 (out of 100);
 - ◆ cycling levels on the TLRN have increased. The increase is most significant in the congestion charging zone (30 per cent) but the increase on other TLRN roads is also considerable at 18 per cent;
 - ◆ using transport, including as a pedestrian or cyclist, is safer than previously:
 - ◆ serious and fatal accidents have reduced London-wide by 25 per cent compared with the late 1990s. This is on course to meet the government's target of 40 per cent reduction by 2010 and is ahead of the national average of 20 per cent reduction. The number of serious and fatal injuries on the TLRN has also reduced from 1,645 in 2000 to 1,418 in 2003. Slight injuries have also declined by 10 per cent;
 - ◆ the condition of the road and footways network is now improving, and the percentage of crossings with facilities or disabled people has also slightly increased;
 - ◆ security on 20 key public transport routes has improved through the introduction of TOCU; and
 - ◆ 16 per cent more people use night buses following the addition of 15 new routes, and crime on the underground is down by 55 per cent since 2001/02. Taxi touting in central London is down and the numbers of people using illegal minicabs has reduced from 14 per cent to 8 per cent, as a result of TfL publicity and the introduction of minicab licensing.

- 98 TfL has improved some aspects of London Underground's service. More of the underground's schedule was operated in 2003/04 than in 2002/03 and fewer trains were cancelled due to operator non-availability. Escalator and lift availability at stations has improved. Graffiti on trains has been substantially reduced.
- 99 TfL has improved the accessibility of its transport system. For example, in 2002/03 an additional 200,000 trips were provided for people with disabilities as a result of TfL funding to the Association of London Government (ALG) borough taxicard scheme and there has been an increase of 2 per cent in accessible underground stations. In 1999 only 35 per cent of buses were accessible to people with physical disabilities. This has steadily improved to 92 per cent in 2004. TfL has improved its travel information for London buses and journey planner. However, people with physical disabilities continue to find using the underground and Routemaster buses difficult.
- 100 Overall, TfL has delivered a range of high profile and key improvements in London's transport systems. Improvements are in line with priorities and contribute to improving the quality of life of service users. The areas that are not improving at the same rate include the infrastructure of the underground which will take 30 years to fully upgrade, walking and cycling, reducing travel needs, the quality of pavements, and personal safety.

BVPs and other PIs

- 101 Of the 18 transport best value performance indicators for 2003/04 where comparisons can be made with the previous year, all improved except one. (This was the number of pedestrians killed or seriously injured, which worsened only slightly and is still on target to be reduced by 40 per cent by 2010). Of the other 80 transport key performance indicators that TfL monitors, such as safety, customer satisfaction and operating efficiency, some 85 per cent improved.

Non-transport priorities

- 102 In its four years of existence TfL has achieved a great deal in key target areas. This includes improvements in line with the Mayor's non-transport priorities such as:
- ◆ planning for London's growth – improving the transport infrastructure and reducing congestion in the context of a growing population are key components of the Mayor's economic policies;
 - ◆ helping to address social exclusion – through the expansion of bus services which are most important for people on low incomes because of low fares; and the introduction of reduced fares for children, older people and students;
 - ◆ improving environmental quality – through cleaner buses and absolute reductions in the number of car trips;
 - ◆ reducing crime and the fear of crime – transport-related actions, such as TOCU, have had a wider impact;

- ◆ affordable housing – improving the transport infrastructure and frequency of services means that more housing in less expensive outlying areas is accessible (although conversely house prices tend to increase near improved transport links); and
- ◆ cultural and creative diversity – improved accessibility to cultural areas such as the South Bank, plus schemes like 'Platform for Art'.

Investment

- 103 Strengths outweigh weaknesses.
- 104 TfL is putting into place many of the building blocks it needs to enable future improvement. These range from investments such as the efficiencies programme and the implementation of an integrated business system, to improving the capacity of the traffic management unit, to delivering more effective road traffic control systems, road asset management systems and road safety campaigns.
- 105 A number of investments are not yet fully embedded but are starting to deliver improvement and savings. For example, the investments being made in changing the way that TfL procures materials and services realised £14.9 million savings in 2003/04. This is predicted to increase to £37 million in 2004/05 as the change programme is delivered.
- 106 Plans for the HR shared services centre are well developed but it will not 'go live' until January 2005. The predecessor organisations that now make up TfL had different approaches to HR. This has led to inconsistency in the new organisation and potentially places TfL at risk by not having consistent approaches to disciplinary and grievance procedures and recruitment. TfL recognises the need for a consistent approach and the provision of consistent specialist expertise to managers. However this approach has yet to be fully implemented and relies on the application of the integrated business system to HR processes.
- 107 The introduction of the integrated business system is key to embedding the vision of becoming 'one TfL'. It has been implemented in all business units and TfL is starting to reap the benefits through tighter checks and balances, consistent approaches to purchasing and more consistent and efficient performance reporting.
- 108 TfL has invested in its partnership working, particularly with the borough councils. This has led to some improvement but some boroughs are still not satisfied that their views are listened to and that their value is understood by TfL. A consultation toolkit has been developed to enable TfL to better consult on its small, medium and large schemes with the appropriate partners. The equalities and inclusion team supports the use of the consultation toolkit by helping to identify which community groups need to be consulted.

- 109 TfL has invested in areas where service improvements are needed. In particular it has invested substantially in:
- ◆ the Transport Operational Command Unit to improve enforcement and to reduce crime associated with transport;
 - ◆ the London Traffic Control Centre, to improve traffic flows, capacity and safety; and
 - ◆ training for bus drivers to improve standards of customer care, leading to a BTEC qualification.
- 110 TfL has secured significant additional resources to deliver its ambitions. The results of SR2004 also give it a longer than normal settlement period providing a more solid foundation on which to plan its investments. TfL ensures that it invests its income from schemes such as congestion charging in priority areas. It has flexible expenditure plans that enable it to take advantage of income that is above the projected level. It is managing significant investments in the underground through a PPP, and numerous PFI projects. TfL's business plan acts as the organisation's medium term financial plan and is robust.
- 111 TfL has a track record for opening itself up to challenge in some areas. For example it has made much use of consultants to review existing structures and processes and recommend new ways of working. This has contributed to the ability of the organisation to deliver. It carries out a number of best value and other internal reviews each year. The board, panels and committees provide effective internal scrutiny by reviewing and challenging projects and decisions. However, the fact that panels and committees are held in private limits public accountability and transparency. Internal scrutiny is supplemented by effective challenge from GLA officers and the Mayor's office.
- 112 The London Assembly was consulted on and provided an input to the development of the Mayor's Transport Strategy. The GLA also has effective processes for scrutinising TfL's budget and spending plans. However, overall scrutiny by the London Assembly has had limited impact on TfL. Areas subject to scrutiny, include the Chancery Lane derailment, the Crossrail project and the Government's proposals in its White Paper for rail in London. The impact on TfL of scrutiny is limited because the scrutiny programme is not closely aligned with the Mayor's transport priorities and TfL's business plans.

In the light of what TfL has learned to date, what does it plan to do next?

Learning

- 113 Strengths outweigh weaknesses.
- 114 TfL is a self-aware organisation. It is aware both of what it has achieved and of the areas that need to be addressed, such as completely fulfilling its vision of becoming 'one TfL'. Its internal processes, such as business management reviews, contribute to this self awareness and lead to changes being made to address issues. It is also aware of what needs to be done to address London's transport infrastructure issues and development needs. There are examples of learning within London Underground on safety and of using the learning from managing complex contracts in renegotiating and letting new ones. The TfL board has extensive expertise on transport issues. This is a valuable source of learning, advice and challenge.
- 115 TfL is a complex organisation that is made up of what were 15 different predecessor bodies. In its relatively short life TfL has made efforts to put a range of effective learning mechanisms into place. There are examples of cross-business learning, such as in relation to risk and project management. However, learning has yet to become systematic. A systematic approach to identifying learning from across the organisation will play a key role in further developing 'one TfL'. Knowledge about the business as a whole and how different parts relate is extensive at senior management levels, but is much more limited at operating levels. This leads to multiple representatives attending meetings with partners, some of whom see TfL as uncoordinated and over-staffed as a result.
- 116 TfL has learned from other world cities. For example it has benchmarked fares and operating costs and has visited other transport systems operating similar schemes to the Oyster card. However, less attention is paid to more local learning and comparison. While it is true to say that in the UK, TfL is a unique organisation in terms of its scale and range of transport responsibilities, there are areas where it could learn from other bodies. It has carried out some comparisons with other passenger transport authorities in England. TfL's approach to working with and learning from the London boroughs is improving but it has not taken full advantage from the knowledge and experience that London borough councils have on areas such as community consultation, preferring to place more reliance on its own experience.
- 117 There is some evidence of learning from the GLA's other functional bodies but this is limited. The group has joint bodies in some areas but lacks effective systems to ensure good practice is routinely spread. For example, TfL has been slow to learn from the GLA's performance on equalities and diversity issues. However, there are examples of TfL sharing information with other public services, such as the Metropolitan Police Service as part of joint projects.

Future plans

- 118 TfL is strong in this area with few identifiable weaknesses.
- 119 TfL has a range of robust future plans that support the Mayor's Transport Strategy and wider plans for London. Strategies are in place for non-motorised modes such as cycling and walking, as well as passenger transport and car traffic. TfL's plans are robust and linked to resource projections. The post SR2004 Business Plan (2005/06 – 2009/10) sets out very clearly what TfL will achieve over the next five years and how the additional funding and longer-term settlement, together with money from the prudential borrowing scheme will be used to improve London's transport infrastructure. The business plan has been developed in partnership with a range of stakeholders who also supported TfL in lobbying government for the settlement which they have received. However, the Mayor's Transport Strategy was produced before the London Plan and it is not clear through the 2005/06 – 2009/10 business plan how TfL intends to address its strategic role regarding the ambition in the London Plan for reduced travel demand.
- 120 TfL has plans in place to address the major weaknesses in London's transport infrastructure such as the plan for renewal and expansion of the city's underground system. It has a draft five-year investment plan which sets out TfL's investment programmes across the full range of TfL's responsibilities including the projects it intends to fund the London boroughs to deliver. The areas of weakness identified in this report are largely addressed by TfL's future plans.
- 121 TfL is constantly reviewing its organisational capacity to address issues and meet changing demands. It is pro-active in planning for its future organisational needs. For example it has begun a restructure to enable it to deliver its remit under the Traffic Management Act 2004. It is an organisation that is not afraid of taking difficult steps or tough decisions in order to deliver the vision. It has plans to build on the investments it has already made such as the implementation of its integrated business system to fully realise the benefits.
- 122 TfL engages managers in developing future plans but there is limited ownership from staff and partners. There have been efforts made to involve partners in planning and the SR2004 and the business planning process that followed have improved partner involvement.
- 123 Most plans are re-assessed as circumstances change. An example is TfL's race equality scheme, a statutory requirement under the Race Relations (Amendment) Act 2000. The revised scheme covers the whole of TfL, whereas the previous scheme pre-dated London Underground joining TfL.
- 124 TfL has plans to make its services more accessible in line with the Disability Discrimination Act which requires service providers to make reasonable provision for people with disabilities. For TfL this means ensuring that people with disabilities do not find it unreasonably difficult to use stations, bus stops and boarding points, ticket booths, sanitary provision and cafes and restaurants. The most expensive plan is to have 100 London Underground stations with step-free access by 2020. TfL, like other organisations, is potentially open to legal challenge if people consider that access arrangements to facilities, such as London Underground stations, are unreasonably difficult.

- 125 It is uncertain whether under the terms of the PPP, TfL will be able to deliver the required improvement to the underground's track, tunnels, rolling stock, signalling systems and stations whilst at the same time maintaining service quality. TfL inherited the agreement and experience of its operation has identified a number of issues; for example, late return of infrastructure following weekend maintenance impacting adversely on service availability. TfL is endeavouring to overcome these difficulties but is not confident that the present contract arrangements are in the best interests of service users.
- 126 There are effective liaison arrangements across the GLA group on financial and budget issues and these are linked to ambitions and priorities through the GLA's business planning process. TfL's business plan for 2005/06 – 2009/10 takes the Mayor's 2004 election manifesto into account.

Summary of theme scores and strengths/weaknesses

Theme	Grade	Strengths	Weaknesses
Ambition	4	<p>Clear and ambitious vision for transport in London reflecting wider national and mayoral priorities</p> <p>TfL has a good understanding of the problems and opportunities affecting transport in London</p> <p>TfL understands its impact on issues such as crime reduction and equality of opportunity and has plans in place for these areas</p> <p>Vision of an integrated transport system is shared across TfL</p> <p>Strong business plan</p>	<p>Ambition not fully supported by all stakeholders; for example, some London boroughs</p>
Prioritisation	3	<p>Clear transport priorities for London</p> <p>Clear basis for priorities reflecting national and London need</p> <p>Financial planning enables effective targeting of available resources to priorities</p>	<p>Savings are re-allocated to priorities within but not across modes</p> <p>Some stakeholders do not see their influence on, or the rationale for, some important priorities</p>
Focus	4	<p>TfL has demonstrated that it is able to focus on the delivery of key projects such as the congestion charge and bus improvements</p> <p>Strong mechanisms in place to ensure focus on priorities including the business planning process and monthly business management reviews</p> <p>TfL’s meetings and decision making structure are clear, well planned and recorded</p> <p>The inclusion of London Underground has not distracted TfL from its work in other modes</p>	

Theme	Grade	Strengths	Weaknesses
Capacity	3	<p>Strong leadership and effective management</p> <p>TfL has the capacity and skills it needs to deliver good quality services</p> <p>Strong financial and business planning processes</p> <p>Increased capacity to manage complex contracts such as the PPP and PFI schemes</p> <p>Clear decision-making and accountability framework</p>	<p>One TfL not yet achieved</p> <p>Human resources and equalities are under-developed</p> <p>Cannot demonstrate whether use of consultants has improved internal capacity</p>
Performance management	3	<p>Planning and performance management systems driven by ambitions and priorities</p> <p>Good risk management processes</p> <p>Some mechanisms in place to measure value for money especially for new projects or services</p> <p>Effective mechanisms to ensure delivery of mayoral priorities</p>	<p>Performance appraisal processes not consistent</p> <p>Not consistently demonstrating value for money across full range of activities</p>
Achievement in quality of service	3	<p>TfL's service quality is good overall in the context in which it operates and in comparison with others</p> <p>Quality of service is in line with TfL priorities</p>	<p>Some areas require improvement; for example, the underground and accessible bus stops</p>

Theme	Grade	Strengths	Weaknesses
Achievement of improvement	4	<p>Range of high profile key improvements in London’s transport systems have been delivered</p> <p>Areas that are not improving significantly are in line with lower priorities</p> <p>Performance against BVPIs is improving</p> <p>Improvements have been made that contribute to non-transport priorities</p>	Reducing the need to travel not adequately addressed
Investment	3	<p>Putting key building blocks into place internally; for example, the implementation of integrated business systems</p> <p>Investments in areas that will make a direct impact on the quality of life of Londoners such as the introduction of TOCU</p> <p>Key internal investments starting to deliver improvement</p> <p>The board, panels and committees provide effective internal challenge</p>	Scrutiny is not sufficiently aligned to priorities and plans and has had limited impact
Learning	3	<p>TfL is a self-aware organisation</p> <p>Range of learning opportunities taken – both internally and externally</p> <p>Service and process improvements made as a result of learning</p>	<p>Limited learning between the functional bodies and the GLA</p> <p>Learning is not shared systematically</p>

Theme	Grade	Strengths	Weaknesses
Future plans	4	<p>Range of robust future plans that support the Mayor’s Transport Strategy and wider plans for London</p> <p>SR2004 has enabled TfL to develop resourced plans to deliver significant improvements to transport in London</p> <p>Most plans are reassessed as circumstances change</p> <p>Plans in place to address areas where projects have not been completely successful</p> <p>Not afraid of taking difficult steps or tough decisions in order to deliver the ambition</p>	<p>Unclear how TfL will address London Plan aim to reduce travel demand</p>

Scoring key:

- 1 - Weak
- 2 - Weaknesses outweigh strengths
- 3 - Strengths outweigh weaknesses
- 4 - Strong

Appendix – Framework for Initial Performance Assessment

- 127 This Initial Performance Assessment was carried out under the Local Government Act 1999. Bodies that are best value authorities for the purposes of the Local Government Act 1999 have a general duty under Section 3 of that Act to secure continuous improvement in the exercise of their functions. Section 10 gives the Audit Commission the power to inspect authorities' performance of the general duty of improvement.
- 128 The assessment for TfL was undertaken by a team from the Audit Commission and took place over the period 10-21 May 2004.
- 129 This report has been discussed with TfL, which has been given the opportunity to examine the Audit Commission's assessment. This report will be used as the basis for improvement planning by the authority.

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: Report from Finance Committee

MEETING DATE: 1 December 2004

1. PURPOSE

- 1.1 To report to the Board on matters discussed at the Finance Committee on 12 November 2004.

2. BACKGROUND

- 2.1 The principal item considered by the Committee was a paper concerning the A406 North Circular Road at Bounds Green, which was discussed at some length. The Committee agreed to recommend to the Board the course of action proposed in the paper. These proposals will come to the Board at a later date.
- 2.2 The Committee received a supplementary Second Quarter Finance Report providing information on staff numbers and workforce composition that was not available at the time the report to the last Board meeting was prepared. This information is incorporated in the Finance and Performance Report considered elsewhere in the agenda. Arising from discussion on this item, a commitment was made to return to the Committee with proposals for a rigorous approach to the planning and progressing of projects in the Investment Programme, the management of communications and feedback loops to ensure intervention with projects at an early enough stage if necessary.
- 2.3 A Quarterly Report on the progress with the delivery of projects was noted. The Committee was assured that the work currently being carried out on the West London Tram project will bring the project to a point where the Finance Committee and Board will be able to make a reasonable judgement on whether to proceed or not.
- 2.4 Finally, the Finance Committee noted a report which is submitted to each of its meetings informing it of any project approvals given since its last meeting by the Commissioner (or in his absence, the Managing Director, Finance and Planning) for projects budgeted to cost between £25m and £100m. One project was reported – the letting of a contract for the provision of Data Communications, Services and Support to the TfL Group.

2.5 The next regular meeting of the Finance Committee will take place on 20 January 2005.

3. RECOMMENDATION

3.1 The Board is asked to NOTE the contents of this report.

TRANSPORT FOR LONDON

STAFF SUMMARY

TfL BOARD

SUBJECT: Report from Safety Health and Environment Committee –
18th Nov 2004

MEETING DATE: 1 December 2004

1. INTRODUCTION

1.1 To update the Board on Health, Safety and Environmental (HSE) matters.

2. BACKGROUND

2.1 The main matters at the meeting were a review of the Q2 performance of the businesses, consideration of aspects of Road Safety (Road Safety performance data, the draft updated Road Safety Plan and the 2005/06 Road Safety budget) and Sickness Absence.

3. RECOMMENDATION

3.1 The Board is asked to NOTE the content of the report

Further details on the content of the report can be obtained from:
Richard Stephenson (Tel: 0207 941 4905)
Director Group HSE

*Report to TfL Board from 18th November 2004
Safety Health and Environment Committee meeting*

Q2 HSE reports from the businesses were reviewed

Rail:

In noting the reported lack of staff occupational illness and/or sickness issues within Docklands Light Railway there was discussion of the benefits of well conducted interviews with staff on their return to work.

Surface Transport:

An improvement in bus operator driver quality monitoring scores, reversing a previously deteriorating trend, was noted.

The Committee was updated on the audit programme for trams which is now moving ahead. The Committee noted that the HSE management system for London Trams is delayed, awaiting clarification of their role in relation to new tram schemes.

The improved road safety performance during the first 6 months of 2004 was noted but concern was expressed over the number of accidents involving powered two wheelers.

LUL:

It was noted that the fall in the number of physical assaults in the east was the results of increased policing effort in that area. It was also noted that there had been a general increase in the number of verbal assaults reported but this is believed to be largely a result of improved reporting.

The fact that the level of Signals Passed At Danger (SPAD) incidents is showing signs of improvement was discussed. Tim O'Toole outlined the extensive work being undertaken to understand and address the root causes of this issue.

It was noted that the number of environmental complaints is increasing and LUL has a work stream to address this. LUL will report to SHEC once the workstream is sufficiently complete.

Corporate directorates:

There were no issues of note.

'Effectiveness review' of SHEC

The Committee supported an effectiveness review of SHEC being conducted at an appropriate time in 2005.

Security and Resilience Review update

As requested at the last SHEC meeting Richard Stephenson updated the Committee on security and resilience matters. In particular, the Committee noted the progress made on the 4 'cross-cutting' issues being addressed under the resilience review.

- security contacts and information flow
- communications at the time of a major incident
- leveraging of capital resources needed for recovery
- managing our interfaces with London Resilience optimally.

It was confirmed that resilience of IT systems is being addressed as part of the ongoing 'resilience review'.

Road Safety - Road Safety performance data, the draft updated Road Safety Plan and the 2005/06 Road Safety budget

Chris Lines, Head of the London Road safety Unit gave a presentation on Road Safety performance for the first 6 months of 2004, including progress against targets, the draft updated Road Safety Plan and the 2005/06 Road Safety budget. Road Safety performance in the first half of 2004 indicates that all of the London targets for 2010, bar that for killed and seriously injured on powered two wheelers, are currently indicated to be likely to be met. Costs of road traffic accidents in London for 2003 totalled £1,630 million. The London Road Safety Unit budget for 2004/05 is £53.4 million. First year rates of return for the various elements of the road safety engineering investment in 2004/05, £41.2 million, is expected to average around 80%. Safety cameras reduce killed or seriously injured by over 30% in London and TfL has budgeted £7.5 million for the London Safety Camera Partnership for 2004/05 (these costs are recovered). The remainder of the budget is for education, training and publicity, £4.7 million.

Sickness absence – results from 2003/04

Olivia Carlton, Head of the Occupational Health Unit, gave a presentation of the sickness absence data for 2003/04 and reviewed the ongoing work to address work-related stress. Average time lost to absence across TfL was 12.0 days, similar to the figure of 11.8 days for the previous year.

The four principal causes of absence were mental ill health, musculo skeletal, colds/flu and gastrointestinal. Nearly all the absence due to mental ill health is caused by stress, anxiety and depression. These can all be affected by work, both positively or negatively. Stress is particularly important because it has recently become the focus of further Health and Safety Executive's attention with the publication of their new management standards for work-related stress.

First indications from the introduction of stress reduction groups in LUL for those off work with stress, anxiety or depression is that absence is being significantly reduced.

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: Administrative Issues Under Standing Orders

DATE: 1 December 2004

1. PURPOSE

- 1.1 This paper deals with a number of minor procedural issues arising from TfL's Standing Orders.

2. INTRODUCTION

- 2.1 As was reported at the last Board Meeting Fiona Smith has commenced six months' leave of absence. An interim General Counsel, Jackie Wright, has been selected to cover in Fiona's absence. While the appointment of an interim General Counsel is not a matter expressly reserved to the TfL Board under Standing Orders it is considered appropriate for the Board to confirm the appointment of the interim General Counsel and to confirm that she can exercise all functions given to General Counsel by the Board under Standing Orders or by specific delegation. Jackie will also carry out the function of Secretary to the TfL Board while she is interim General Counsel.
- 2.2 The role of TfL Director of Corporate Governance and Deputy Company Secretary has not been filled. Under Standing Orders various functions are carried out by this role. This paper confirms that the Assistant Company Secretary (from time to time) can fulfil the functions of this role as outlined in the Standing Orders and any action already taken by her is as if she were the Director of Corporate Governance and Deputy Company Secretary.
- 2.3 TfL Standing Order No. 1, appendices 5, 6 and 7 provide that the Advisory Panels "shall not meet less than 6 times a year or at such other frequency as determined from time to time by the Chair". It is recommended that the frequency be reduced to 5 "or at such other frequency as determined from time to time by the Chair". This will allow greater focus to be placed on the TfL Business Plan and Investment Programme at the TfL Board and Finance Committee during what would have been the fourth cycle of the year.
- 2.4 On 19 November 2004, Kirsten Hearn, due to work commitments, has resigned from the Finance Committee. Kirsten continues as member of the Safety, Health and Environment Committee; Rail Transport Advisory Panel; Underground Advisory Panel and the Surface Advisory Panel.

3. RECOMMENDATIONS

3.1 The Board is asked to –

- CONFIRM the appointment of Jackie Wright as interim General Counsel and Secretary in the absence of Fiona Smith.
- CONFIRM that Jackie Wright can exercise all functions of General Counsel and Secretary under Standing Orders or as otherwise delegated.
- CONFIRM that the Assistant Company Secretary (from time to time) is authorised to carry out the functions of the Director of Corporate Governance and Deputy Company Secretary under Standing Orders or as otherwise delegated and CONFIRM that all actions taken or to be taken by the Assistant Company Secretary in exercising any of the functions of the Director of Corporate Governance and Deputy Company Secretary are as if she were the Director of Corporate Governance and Deputy Company Secretary.
- APPROVE the amendment to TfL Standing Order No. 1 appendices 5, 6 and 7 to reflect that the Rail, Underground and Surface Advisory Panels will be held not less than 5 times per year or at such other frequency as determined from time to time by the Chair.
- NOTE the resignation of Kirsten Hearn from the Finance Committee.

**DOCUMENTS SEALED ON BEHALF OF TRANSPORT FOR LONDON FROM
12th October 2004 – 17th November 2004**

Property Transactions

- 1 TR1 Land Registry Form
- 2 Licence's
- 1 Transfer
- 1 Tenancy Agreement
- 1 Deed of Surrender

Highway Agreements

- 2 Agreements, Section 8 of the Highway Act 1980

Cross Rail

- 1 Deed of Novation

Agreements with London Boroughs

- 2 Section 106 Town and Country Planning Act 1990
- 1 Agreement
- 1 Licence

Power of Attorney

- 8 Power of Attorneys

East London Line

13 Deeds of Novation

1 Transfer Deed

Metropolitan Police

1 Variation Agreement

South West Trains

2 Financial Agreements

The TfL Seal Register will be available for inspection by Board Members at the meeting.