

TRANSPORT FOR LONDON

AGENDA

BOARD MEETING

**TO BE HELD IN ROOM AG16
ROMNEY HOUSE, MARSHAM STREET, LONDON SW1P 3PY
ON TUESDAY, 11th JUNE 2002, STARTING AT 10.00 A.M.**

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. Please note that members of the press should use the Tufton Street Entrance.

1. Apologies for absence
2. Minutes of the previous meeting held on 12th April
3. Matters arising, not covered elsewhere
4. Commissioner's Report Paper by TjL
5. Finance and Performance Report Paper by TjL
6. Best Value Performance Plan Paper by TjL
7. Social Inclusion Action Plan Paper by TjL
8. Corporate Governance
 - 8.1 Review of Board Arrangements and Standing Orders Paper by TjL
 - 8.2 Corporate Governance Reporting Paper by TjL
9. Safety, Health and Environment Committee Report Paper by TjL
10. DLR Woolwich Arsenal Extension application Paper by TjL
11. Procedural Items
 - 11.1 Treasury Management Policy Statement Paper by TjL
 - 11.2 Items for endorsement Oral item
12. Any Other Business

Transport *for* London

Minutes of a meeting of the Board
held on Tuesday 12th April 2002, commencing at 10.07 a.m.
in Room AG16, Romney House, Marsham Street, London SW1P 3PY

Present: Dave Wetzel (Chair)
Board Members: David Begg
Professor Stephen Glaister (Items 22/02 to 30/02)
Noël Harwerth (Items 22/02 to 30/02)
Kirsten Hearn
Susan Kramer
Paul Moore
David Quarmby (Items 27/02 to 32/02)
Tony West

**Special Advisor
in attendance:** Lynn Sloman

**Others
in attendance:** Robert Kiley
Stephen Critchely
Peter Hendy
Betty Morgan
Lesley McLeod
Maureen Nolan
Derek Turner
Jay Walder
Jeroen Weimar
Nicky Gavron

23/02 APOLOGIES FOR ABSENCE

Apologies for absence had been received from Ken Livingstone, Mike Hodgkinson, Oli Jackson, Murziline Parchment, and Bryan Heiser. Apologies for absence from Ian Brown and Michael Swiggs were noted.

24/02 DECLARATION OF INTERESTS

The Chair reminded Board Members of the requirement to declare any interests in matters under discussion. No interests were declared.

25/02 MINUTES OF PREVIOUS MEETINGS

The minutes of the meetings held on 5th February and 19th March 2002 were **agreed** as a true record.

26/02 **MATTERS ARISING**

There were no matters arising.

27/02 **COMMISSIONER'S REPORT**

There were no questions on the Commissioner's report and the report was **noted**.

28/02 **FINANCE AND PERFORMANCE REPORT**

Jay Walder gave a presentation supporting and updating his written Finance and Performance Report to cover the ten months to January 2002, and other significant items discussed at the Finance and Audit Committee meeting on 19th March 2002.

During discussion, it was **noted** that:

- Factors affecting the underlying growth of bus patronage included the Mayor's fares policy, and the frequency and reliability of bus services;
- Accurate forecasting and the delivery of the budget were priorities for the future;
- Work was in progress to develop partnerships with the Boroughs which would involve a change in the current method of interaction with the Boroughs. TfL should be in a position to announce a new Director for Borough Partnerships shortly;
- Guidance had not yet been issued to the Boroughs in respect of local implementation plans. Discussions with the Boroughs were taking place and it was estimated that the three year programme would be agreed by the end of the Summer;

It was **agreed** that:

- A report on the position with regard to initiatives to recruit from non-mainstream communities and proposed actions will be provided to Board Members;
- An analysis would be undertaken to seek to disaggregate the various elements of the cost of passenger journeys;

The report was **noted**.

29/02 **JOINT ARRANGEMENT WITH THE LONDON BOROUGH OF CROYDON**

Derek Turner introduced the paper, which had been considered by the Street Management Advisory Panel on 15th March. The current agreement for the delivery of penalty notice-processing service in respect of bus lane enforcement had expired and a new agreement was required. The Street Management Advisory Panel recommended to the Board that the current arrangement be renewed on a temporary basis and the situation will be reviewed. Under the TfL Standing Orders, the approval of the Board is required.

It was **agreed** that TfL enter into a Joint Arrangement with the London Borough of Croydon for the operation of a Penalty Charge Notice processing and recovery system until 30 September 2003.

30/02 **JOINT ARRANGEMENTS WITH LONDON BOROUGH**

Derek Turner introduced the paper, seeking the Board's approval to enter into Joint Arrangements with the London Boroughs to enforce bus lane contraventions using cameras. It was noted that the matter had been considered at the Street Management Advisory Panel on 15th March.

It was **agreed** that:

- TfL enter into Joint Arrangements with other London Boroughs in respect of enforcing their Bus Lane contraventions identified using bus-mounted cameras and static cameras on their roads.
- The authority to enter such Joint Arrangements with Boroughs as they arise be delegated to the Managing Director of Street Management.

31/02 **SAFETY, HEALTH AND ENVIRONMENT COMMITTEE REPORT**

David Quarmby introduced a report of the meeting of the Committee held on 22nd March 2002, including a report on anticipated changes in road traffic accidents resulting from the introduction of the proposed congestion charging scheme. The Committee was pleased to note that the evaluation showed a small transfer from cars to motorcycles and powered two wheelers, which would result in a net reduction in the overall number of accidents.

It was noted that the accident levels involving cyclists and powered two wheelers had been a continuing concern for the Committee. The level of accidents involving those who drive motorcycles for a living (for example couriers, pizza deliverers) was significantly higher than for those using motorcycles for recreational purposes. Other contributory factors of significance included: the lack of visibility of motorcyclists and cyclists; the lack of attention and care in the driving behaviour of cyclists and motorcyclists; and the contributory behaviour of other road users.

Following discussion on the desirability of making statistics on motorcycle accident rates more widely available, it was **agreed** that the issue would be investigated by the Committee and a report made to the Board in the Autumn.

The report was **noted**. Board Members requested that future reports from SHEC would contain more detail.

32/02 ANY OTHER BUSINESS: APPOINTMENTS

32.1/02 Advisory Panels and Committees

The Commissioner introduced a paper which asked the Board to approve the current membership of the Committees and Advisory Panels. The Terms of Reference of the Committees and Advisory Panels, as outlined in TfL's Standing Orders, require that the membership of the Committees and Panels should be approved by the Board. It was noted that further changes might result from the ongoing review of Board arrangements and Standing Orders. The Commissioner confirmed that he would be seeking the views of Board Members on the present Board arrangements during May, and would report back to the Board at the next cycle of Panel and Board meetings.

The Board **confirmed** existing appointments and approve new appointments, as outlined below:

Finance and Audit Committee

Mike Hodgkinson (Chair)
Stephen Glaister
Noël Harwerth
Oli Jackson
Susan Kramer
Dave Wetzel

Remuneration Committee

Ken Livingstone (Chair)
Noël Harwerth
Mike Hodgkinson

Safety, Health and Environment Committee

David Quarmby (Chair)
Kirsten Hearn
Murziline Parchment
Dave Wetzel

External Advisers eligible to attend:

Richard Booth
Stuart Natrass

Rail Transport Advisory Panel

Bob Kiley (Chair)
Susan Kramer (Vice Chair)
David Begg
Stephen Glaister
Kirsten Hearn
David Quarmby
Tony West

In attendance:

Bryan Heiser

Surface Transport Advisory Panel

Bob Kiley (Chair)
Dave Wetzel (Vice Chair)
David Begg
Stephen Glaister

In attendance:

Bryan Heiser

Street Management Advisory Panel

Bob Kiley (Chair)
Paul Moore (Vice Chair)
David Begg
Noël Harwerth
Oli Jackson
Murziline Parchment

In attendance:

Bryan Heiser
Lynn Sloman

32.2/02 Board of LTIG

The Board was asked to approve the appointment of Stephen Critchley, Chief Finance Officer, to the board of London Transport Insurance Guernsey Ltd. (LTIG). It was noted that the appointment requires the prior consent of the Guernsey Financial Services Commission and also that under the articles of association of LTIG, the board of LTIG may appoint directors.

It was **agreed** that Stephen Critchley be appointed as a director of the Board of LTIG, noting that such appointment is subject to the consent of the Guernsey Financial Services Commission. It was **noted** that upon receipt of the consent of the Guernsey Financial Services Commission, the appointment of Stephen Critchley will be effected by the Board of LTIG at its next meeting.

There being no further business, the meeting closed at 11.10 a.m.

Chair

Date

COMMISSIONER'S REPORT FOR JUNE 2002

1. PURPOSE

This is the Commissioner's written report for June 2002. This report:

- Provides an overview of issues and developments since the April board meeting;
- Informs the Board of major projects and initiatives being undertaken by TfL; and
- Updates the Board on actions that the management team is taking.

2. INTRODUCTION

There have been a number of significant developments since our last Board meeting on 12 April. Two major issues are coming to a head with London Transport reaching commercial close of the PPP contracts and the decision by Westminster City Council to seek a Judicial Review of the Congestion Charging Scheme. In the meantime, the implementation of the Congestion Charging Scheme is progressing at a rapid pace and we are bringing significant pressure to bear on the delivery of bus priority measures on both the TLRN and Borough roads.

Board members will also be aware that Mike Swiggs has now left TfL. Mike played a key role in the establishment of TfL and his knowledge and experience were instrumental in getting the organisation started. I am grateful to him for his contribution to TfL and wish him well for the future.

3. TfL OPERATIONS

An overview of our operations is included in the separate finance and performance report. There are some particular issues to draw to your attention.

3.1 Bus performance

Bus performance has continued to improve. Despite various road works and road closures, performance of high frequency services improved by 8% over the same period in 2000/01 as measured using Excess Wait Time. In addition to the continuing programme of introducing additional running time, Quality Incentive Contracts and enhanced supervision of services are also starting to deliver improvements in reliability.

Three-door articulated buses with cashless operation were introduced on the Red Arrow routes (507/521) on 5 June. This builds on some of earlier pilots and we plan to roll-out several further routes during this year.

By the time the Board meets, London Buses will have run an enhanced bus service over the Golden Jubilee weekend. In the 27 hours from 5pm on Monday 3 June through to 8pm on Tuesday 4 June, London's buses will have been able to move over 750,000 people from the central London departure points. This will have involved over 9,000 bus departures. An integrated multi-modal information campaign was in place for the event.

3.2 *Bus priorities*

The top priority schemes are those related to Congestion Charging and World Squares. These are being pursued relentlessly.

The new monitoring system for Borough works is being set up now, following which schemes will be more easily monitored both financially and on the ground. Significant pressure is being exerted to ensure further bus priority implementation including the release of LBI2/LBPN funds for the design, preparation and implementation work for the physical bus priority on Central and Outer routes.

Included within these schemes are essential bus priority measures to support the significant bus service improvements in Inner and Central London.

3.3 *Tramlink.*

The Tramlink drivers dispute was settled after one day's strike, by agreement facilitated by ACAS. Subsequently a strike by drivers also in ASLEF was abandoned, before it took place, after intervention by the TUC.

4. TfL PRIORITIES

I would like to draw your attention to the following.

4.1 *PPP*

The LT Board took the decision on the 8th May to proceed to commercial close on the Public Private Partnership for the Underground by authorizing LUL to sign the Share Purchase Agreements. This is despite our concerns that the contracts have deteriorated significantly while the risks transferred to the infracos have been reduced to a nominal level. There is still a statutory consultation continuing as of today. In addition, our legal advisors in Brussels have been meeting with staff and Delegates of the European Commission on State Aid and Procurement where there is an ongoing investigation. There needs to be state aid clearance before the contracts can go to financial close.

HSE indicated to us last week that they are still reviewing the safety case.

4.2 *Congestion charging*

The main issue was the decision of Westminster Council to launch a judicial review application against the Mayor's decision to confirm the Order.

Lawyers from both sides met in court on Tuesday 21st May to agree a timetable for the case. It is in the interests of TfL and the scheme that the case is dealt with quickly. We have agreed a timetable that will see a hearing, expected to last 4 or 5 days, beginning on 15th July.

Westminster had made clear their demand for a 90% discount for all their residents and business (including those outside the zone) as well as an Environmental Impact Assessment in exchange for not commencing litigation. Although a meeting with the Mayor took place, it was not possible to dissuade Westminster from issuing proceedings.

We are confident that the process that TfL undertook to allow the Mayor to make his decision was the right one and is not legally flawed in any way.

4.3 *Crossrail*

The joint TfL/SRA company has now issued its stakeholder consultation document for Crossrail Line 1 in the form of the shortlist of routes. A copy of this is available for Board members.

4.4 *East London Line*

The business case for the extension of the East London Line as a metro service is currently under evaluation at the SRA. A range of service options are being tested from a 4 car self contained underground service (not exercising the Southern powers) to an 8 car metro service providing regular services from south London stations to Dalston and Highbury & Islington. TfL is contributing material to this exercise. The review is expected to be complete within 3 months.

4.5 *Taxi fares*

The Mayor, as chair of TfL, authorized an increase in taxi tariffs covering the daytime period (Monday-Sunday, 6am – 8pm) by an average amount of 4.8% effective from 6 July. This reflected the increase in drivers' costs since the last daytime tariffs revision in April 2001. Night tariffs were already increased (by up to 50%) in November 2001 and have not been revised further. The overall average increase in taxi fares is therefore 3.2%.

The telephone booking fee for taxis will also be increased to £2.00 from £1.20. This increase will be sufficient to allow the radio circuits to accept telephone bookings from cash paying passengers.

Over the next few months the Public Carriage Office will consult on more radical reforms to the taxi tariffs to better meet customer and driver needs.

4.6 *London Safety Camera Partnership*

The London Safety Camera Partnership was launched on 17 April 2002 at the London Ambulance Service HQ with the goal of reducing deaths and serious injuries on London's roads by 1125 over the next five years. The LSCP will use the existing network of speed and red light cameras to reduce speeds. The partnership comprises of TfL, the Association of London Government, the Metropolitan and City of London Police and the Greater London Magistrates Courts Authority.

A publicity campaign will drive home the dangers of speeding and red light running to motorists. This will include NHS facilities assisting the partnership in the distribution of publicity material.

4.7 *Streetworks task force*

The Streetworks task force was formed at the end of last year. The aims of the taskforce are to promote good practice and new ideas, engage external influential bodies/stakeholders into a forum to improve the way the streetworks are handled across London, initiate publicity and

press releases, including "naming and shaming" of the poor performers, and to lobby central government for a change in legislation governing street works. The taskforce will have a team of inspectors to monitor the activities of utility companies in London and the performance of our own contractors and stewards in managing and monitoring the street/highway works on the TLRN.

On unauthorised highway obstructions Street Management's task is to guide and co-ordinate the actions of the Area Teams and their stewards to ensure a consistent and synchronised approach to the removal of obstructions from the TLRN. Progress has been slow due to the need for the taskforce to concentrate initially on Street Works issues (particularly our inclusion in the lane rental pilot scheme in Camden).

We have been seeking the agreement of legal advisors to the wording of the next round of warning letters to persistent offenders, and are now pursuing the possibility of entering into agreements for boroughs to take action on our behalf, following an offer from London Borough of Lambeth.

4.8 Thames Crossings

GLA/LDA and TfL are jointly reviewing the case for the two new road crossings inherited by TfL – the Thames Gateway Bridge and Silvertown Link - and further work is required before decisions can be made. We anticipate that substantial additional funding will be required to that identified in the Business Plan, even if tolls were to be applied on the new crossings. The recent announcement to continue Dartford tolls and hypothecating the revenues to transport potentially provides the most immediately available means of covering this shortfall. However, no money has yet been allocated specifically for the Thames crossings.

In addition, for major projects generally, including new-river crossings, TfL is also researching more innovative methods for financing. This research is targeted at capturing the increased property values that new transport projects usually bring. The research has shown that the potential sums of money that could be raised through these means are significant and TfL will be working with Government to ascertain how they could support it.

A separate Board paper sets out position on the proposed DLR extension to Woolwich.

4.9 Social inclusion

The Board agenda includes TfL's first Social Inclusion Action Plan. This has been discussed at all the Panel meetings during this cycle.

We are in the final stages of interviewing for a Head of Social Inclusion.

4.10 Transport policing initiative

When the Board meets, the Transport OCU (Operational Command Unit) will have started on the first two routes. The Metropolitan Police Authority (MPA) have agreed the TfL/MPA contract setting out the services to be provided by the MPS to TfL. Chair's action has been secured to enable TfL to approve the contract before the go live date of 10 June.

The Transport OCU has the following objectives

- 1) To make the staff and public feel safe using bus services and stops on the agreed bus corridors
- 2) To assist the effective movement of buses on the agreed corridors
- 3) To enforce the law relating to taxi and private hire vehicles.

Many aspects of the initiative are ground breaking; for example, the joint working together of police officers and traffic wardens, the joint control centre staffed with MPS and London Buses staff, and the use of real-time intelligence data to inform deployment decisions.

We will update the Board regularly on progress with this initiative as it rolls out to the full 20 corridors during the year.

5. STRATEGIC ISSUES

5.1 Integration of LUL

McKinsey work on Integration is progressing. The initial focus on Human Resources and Communications has now expanded to other support areas of TFL and LUL. We had a successful Senior Management Forum where we shared the aspirations for the new TFL and are in the process of getting feedback from our senior managers. We will set a board briefing in about three weeks to bring you all up to date on the project.

We have received a draft funding proposal from the Government, which has a considerable financial shortfall and other shortcomings. We have responded to DTLR in detail and are awaiting follow up meetings.

Robert R. Kiley
Commissioner for Transport
June 2002

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT: FINANCE AND PERFORMANCE REPORT : MARCH 2002

MEETING DATE: 11 JUNE 2002

1. PURPOSE

1.1 To inform the TfL Board of the (unaudited) position on TfL's financial and operational performance for the year ended 31 March 2002, and other significant items discussed at the Finance & Audit Committee at its 21 May 2002 meeting.

2. FINANCIAL SUMMARY

2.1 TfL's value of work done during March totalled £141m, some £59m over budget and £7m above the forecast for the month. This compares with an average monthly value of £50m in the previous 11 months. The March performance has reduced the cumulative underspend to £136m (17%).

	March 2002		Full Year		
	Actual	Variance to Budget	Actual	Variance to Budget	Variance to Feb Forecast
	£m	£m	£m	£m	£m
Net revenue expenditure	103	(45)	512	82	(19)
Net capital expenditure	38	(14)	173	54	12
Transfer to reserves	15	(5)	15	(5)	26
Net Accrued Spend	156	(64)	700	131	19
Funded by :-					
Working capital	(45)	2	(28)	9	31
Grants & precept	(40)	6	(731)	14	
External borrowing		(25)		(88)	
(Increase) in cash balances	71	(81)	(59)	66	50

2.2 The higher than expected value of work carried out in March has reduced the amount to be transferred to reserves to £15m, a decrease of £26m compared to the February forecast primarily due to the higher spend on ITP Borough work and road maintenance within Street Management. The volatility around this number, caused by uncertainties around the levels of work to be performed in March, had been highlighted in last month's report.

3. REVENUES & INCOME

- 3.1 Revenues in March totalled £53m, exceeding both budget and last month's forecast by £5m (10%). The favourable performance was in Buses (£2m from higher traffic revenues), Streets (£2m enforcement and other income) and TfL Centre (£1m charge to CLRL for professional services).
- 3.2 TfL's revenues for the year totalled £529m, some £3m (0.6%) below budget. As previously reported the variance combines a shortfall in ticket revenues at London Buses and DLR (£13m) offset by higher recharges to Boroughs and enforcement income within Street Management (£3m), increased bank interest income (£3m), and higher trading revenues in the other TfL business units (£2m in the Centre for Rail Services and Communications, £0.5m in the PCO for private hire licencing with the remainder spread across a number of TTL units).

Revenue Account

	March 2002		
	Year to 31 March	Variance to Budget	Variance to Feb Forecast
	£m	£m	£m
Expenditure			
London Buses	647	26	(4)
Docklands Light Railway	13	1	
Street Management	173	13	(9)
Borough ITP's	91	19	(11)
TfL Central directorates	57	31	1
Cross London Rail Links	3	(3)	
Other Services	31	(2)	
	1,015	85	(23)
Income			
London Buses	472	(12)	2
Docklands Light Railway	9	(1)	
Street Management	19	3	2
Other Services	29	7	1
	529	(3)	5
Net Cost of Services	486	82	(18)
PFI Capital & Interest Charges	26		(1)
TfL Net Revenue Costs	512	82	(19)

4. REVENUE EXPENDITURE

4.1 TfL's revenue expenditure for the year totalled £1,015m and this was £85m (7%) less than budget for the same period. This variance comprises :-

Actions taken in the early part of the year to reduce expenditure (£41m)

- deferral of staff recruitment in Central Directorates (£2m)
- re-assessment of interchange planning and major project development as part of the 2001 business plan round (£32m)
- deferral of additional conductors for buses with doors pending the results of a pilot study on Route 55 (£7m)

Other underspends during 2001/02 (£62m)

- local transport work carried out by the Borough's (£19m). (It is expected that £10m of this variance will be carried forward into 2002-03).
- the settlement of Part 1 claims (£6m) and the re-profiling of work on the A13 DBFO (£2m)
- bus lane enforcement and other work within the LBI programme due in part to the delay in setting-up SLA's with Boroughs (£6m)
- Street Management strategic initiative costs (£5m)
- revised phasing and savings achieved in the cost of introductory bus service improvements (£24m)

Work already carried forward and included in the 2002/03 budget (£13m)

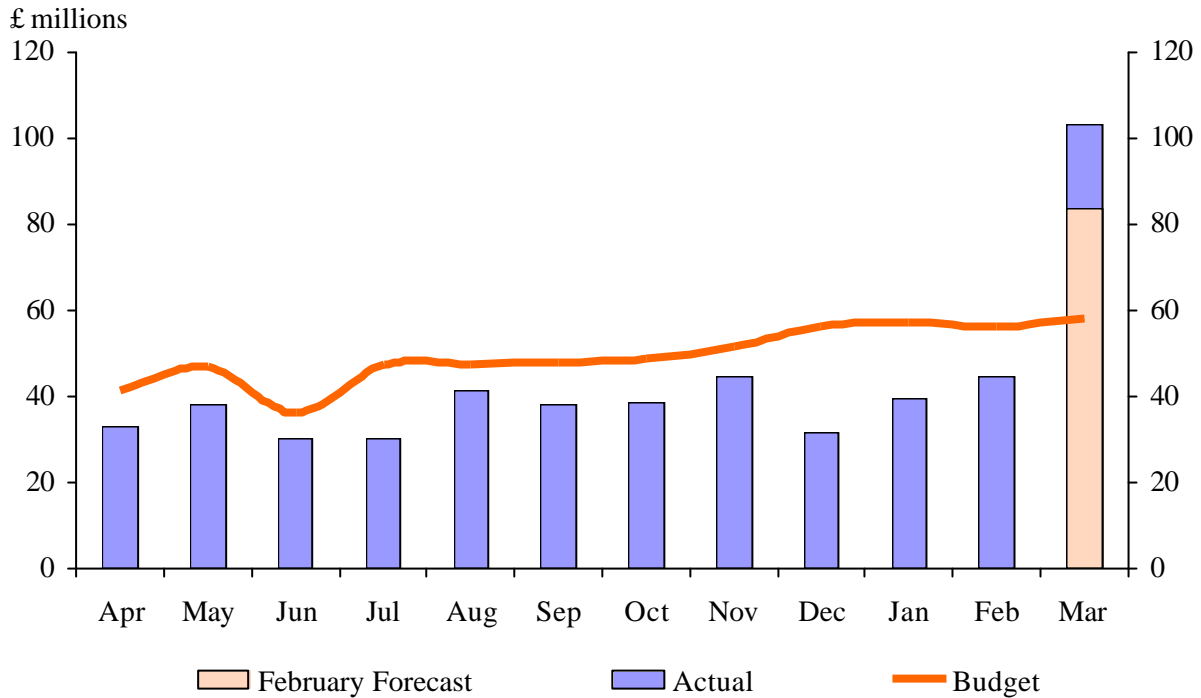
- street and bus lane improvements within the London Bus initiative (£5m)
- traffic management work within the congestion charging scheme (£8m)

Higher spend and additional unbudgeted items (£31m)

- Increased TLRN road maintenance agreed during the year to offset underspends elsewhere (£18m)
- TfL's share of CLRL expenditure and LUL integration work (£8m)
- Increased Bus marketing research and service supervision costs (£5m)

4.2 Full year actual net revenue spend was £23m higher than the February forecast position. There were two key factors contributing to this variance. The first was the high levels of spend on Borough ITP, where £44m (49%) of the full year spend occurred in the last month. This was as a result of concerted efforts by the partnership team to ensure that Boroughs submitted invoices and statements of work performed to enable robust accruals to be made. The second was a higher than expected spend of £9m in Street Management. Of this, £6m was for TLRN maintenance, with a further £2m for the A13 DBFO scheme and £1m for congestion charging set up costs.

TfL Net Revenue Costs - 2001/02



5. CAPITAL EXPENDITURE

5.1 TfL's capital expenditure totalled £182m for the year, some £74m (29%) less than budget for the same period. As with revenue expenditure this variance is the result of a number of reasons including :-

Projects with below budget spend in 2001/02 (£45m)

- street and bus improvements within LBI 1 (£2m)
- bus improvements included within LBI 2 work (£5m)
- red route implementation (£4m)
- the start of the Blackwell Tunnel refurbishment (£4m)
- traffic management work within the Congestion Charging scheme (£7m)
- TLRN road improvements and other Streets' Management projects (£7m)
- the start of mid-life refurbishment for DLR rail cars (£3m)
- major road improvements inherited from the Highway Agency and, although included in this year's budget, were in fact completed during 2000/01 (£10m)
- the DLR Canning Town sidings project, which was also completed before the beginning of the year (£1m)
- new DLR rail cars (£2m) due to problems with construction of the car's bogies, which has delayed further payments

Underspends already carried forward and included in the 2002/03 budget (£37m)

- street and bus lane improvements within the London Bus Initiative (£8m)
- DLR's City Airport extension (£25m)
- Purchase of new DLR railcars (£3m)
- Blackwall Tunnel (£1m)

Overspends and additional unbudgeted items (£8m)

- purchase of land in Hounslow to allow the construction of a new bus garage (£2m)
- the refurbishment of Routemaster buses and other bus infrastructure and environment projects (£4m)
- the purchase of new buses for East Thames Buses (£2m)

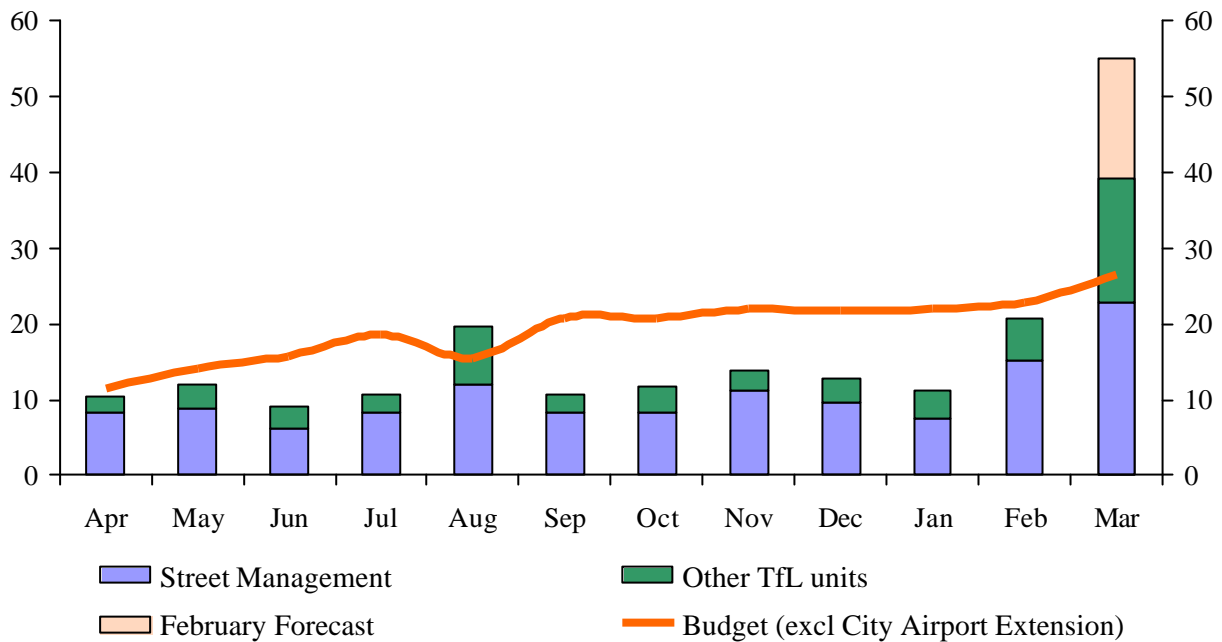
Capital Expenditure Summary

	March 2002		
	Year to 31 March	Variance to Budget	Variance to Feb Forecast
	£m	£m	£m
Street Management	127	48	14
Docklands Light Railway	17	36	1
London Buses	23	(8)	
Other Services	15	(2)	1
Total capital expenditure	182	74	16
Capital receipts	(4)	(11)	
Third party contributions	(5)	(9)	(4)
Net Spend on Capital	173	54	12

5.4 Capital spending in the March was significantly lower than forecast in February (£39m actual compared with £55m forecast in February). Of this £16m shortfall, £1m is for various DLR projects, £1m is for TfL centre and some £14m is in Street Management. Key areas of underspend within Streets include £5m for the congestion charging scheme, £5m for TLRN capital maintenance, £1m for LBI and enforcement, and £3m on various traffic management projects. Discussions are taking place between Streets Management and TfL Finance & Planning to ensure that the impact of this further slippage on 2002/03 is fully understood, and that the problems with forecasting expenditure are addressed.

£ millions

TfL Capital Expenditure - 2001/02



6. CASH SPEND

- 6.1 During the year, cash payments totalled £657m (£464m on operational activity and £193m on capital work), and this was some £145m (18%) less than the budget for the same period. Transport grant and precept funding of £731m was received during the year, including unbudgeted grant funding for the Cross-London Rail Project and Private Hire Licensing (£8m). This represented the total cash inflow from financing since TfL did not need recourse to external borrowings (£63m), or GLA grant (£25m) due to the cumulative revenue and capital underspends.
- 6.2 March cash outflows were £24m less than expected in February, with a £30m favourable variance on operational activity off set by a £6m adverse variance on capital. In addition it can be seen from the table below that significant movements in working capital, both favourable and adverse, contributed to these variances, mainly representing the late receipt of invoices from the Boroughs and back-ending of work into March, along with the reclassification of work as capital rather than revenue, particularly in Street Management.

Cash Summary

	March 2002		
	Year to 31 March	Variance to Budget	Variance to Feb Forecast
	£m	£m	£m
Net revenue costs	(512)	82	(19)
Movement in working capital	48	29	49
Cash spend on operating activities	(464)	111	30
Net spend on capital	(173)	54	12
Movement in working capital	(20)	(20)	(18)
Cash spend on capital activities	(193)	34	(6)
Transport grant	713	6	
CLRL grant	7	7	
GLA grants		(25)	
DTLR start-up grants	1	1	
Precept funding	10		
External borrowing		(63)	
Cash inflow from financing	731	(74)	
Movement in Cash Balances	74	71	24

7. STAFF NUMBERS

7.1 TfL staff numbers (defined as the full time equivalent number of permanent and temporary agency staff and consultants covering for on-going positions) increased by a net 9 during February to 2,925. Staff numbers for the Group remained below budget at year-end by 35, with the majority of budget vacancies in: -

- Central directorates (net 42) due to the decision to defer Travel Information expansion plans during the last month of last year (offset by the transfer of the LUL Cross-Rail team to TfL in January)
- Public Carriage Office (10) due to the delayed set-up of private hire licensing, offset by
- Higher than expected operational staff at London Buses and East Thames Buses (28)

Staff Employed

31 March 2001		31st March 2002	
		Actual	Variance to Budget
	TfL Corporation		
261	TfL Centre	357	(42)
126	Public Carriage Office	152	10
604	Street Management	794	6
991		1,303	(26)
	Transport Trading Ltd		
724	London Buses	774	(17)
235	East Thames Buses	237	(11)
32	Docklands Light Railway	31	5
120	Victoria Coach Station	126	(5)
86	Museum	92	6
18	London River Services	18	
4	Dial-a-Ride	5	(1)
314	Group Transport Services	339	84
1,533		1,622	61
2,524	Total TfL Staff Employed	2,925	35
2,130	Permanent	2,468	160
394	Agency	399	(67)
	Consultancy	58	(58)
2,524		2,925	35

8. FINANCE & AUDIT COMMITTEE : 21 MAY 2002

- 8.1 At its meeting on 21 May, the Committee firstly considered a recommendation as to the disclosures on Corporate Governance to be made in the 2001/02 Accounts. The paper noted that although TfL is not obliged to make disclosures this year, such disclosures will become mandatory for Local Authorities in the coming year. The Committee also considered the work plan prepared by KPMG for the 2001/02 external audit.
- 8.2 The Committee then received its regular report on TfL and separately LUL's financial performance against budget during 2001/02, noting the significant increase in the base level of LUL's operating costs compared to the previous year and increased headcount in LUL's operating divisions.

- 8.3 There was considerable discussion on the progress of obtaining agreement with the Government on the funding of the Underground following its transfer to TfL. This paper highlighted that TfL has responded to the issue of an 'illustrative funding statement' by DTLR, by submitting an alternative funding proposal that addresses TfL's concerns over the inadequacies of the statement in meeting LUL's business plan requirements or the many risks LUL faces during the next few years.
- 8.4 The Committee reviewed a paper on the progress of the Congestion Charging scheme, with particular reference to the projects cost risks and reviewed the Business Improvement Programme business case.
- 8.5 Finally, the Committee endorsed for the TfL Board's approval the submission of an application under the Transport & Works Act for powers to build the DLR extension to Woolwich Arsenal; a revised policy on Treasury Management; and the Best Value Performance Plan.

9. SERVICE PERFORMANCE

- 9.1 Service performance for the main operational business units for the year to March 2002 is shown on the following pages. This information is summarised under the following headings:-
1. Trends in the economy and ridership
 2. Service provision
 3. Service reliability
 4. Safety
 5. Customer satisfaction
 6. Service performance for other TfL business units
- 9.2 At the 19 March 2002 meeting, the TfL Board approved a new performance framework and performance targets for 2002/03. A key feature of the new performance framework is greater consistency of reporting across the modes, particularly for customer satisfaction. Future performance reports to the Board will be based on the new framework and will be provided on a quarterly basis.

10. RECOMMENDATION

- 10.1 The Board is asked to **note** the financial and operational performance against the 2001/02 Budget and the content of this report.

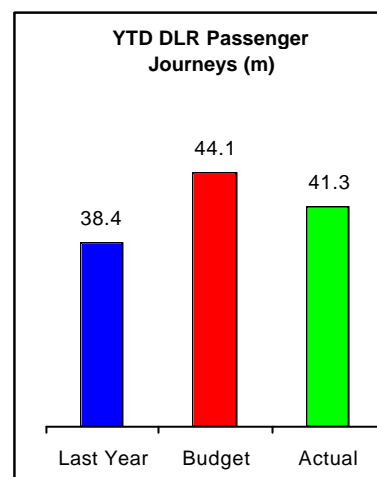
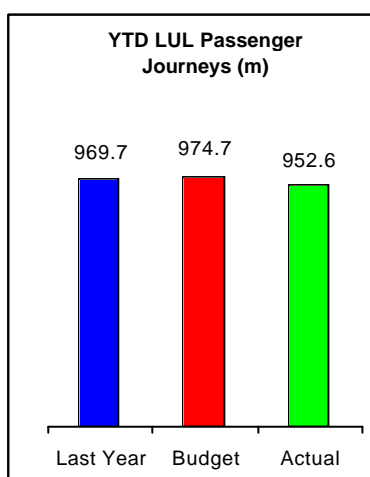
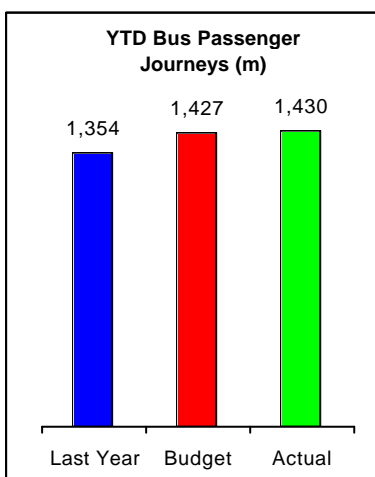
1. Trends in the Economy and Patronage on TfL's Main Services

General Economic Indicators reported in March 2002

Annual RPI (headline) monthly	Base Rates 4 weekly	GDP Growth quarterly	Retail Sales monthly	Avg Earnings in Service sector monthly	Central London FT Employment quarterly	Central London PT Employment quarterly	Tourist Visitor Nights % year on year	London Population annual
1.3%	4.0%	1.0%	5.6%	1.6%	-1.8%	5.5%	-6.9%	0.7%
Comparative figures for prior period								
0.7%	4.0%	1.7%	5.9%	2.6%	3.3%	-5.3%	-7.0%	0.7%

In March, headline and underlying inflation grew by 1.3% and 2.3% respectively, up from 0.7% and 2.2% in February. The upward pressure came from changes in housing costs. The growth in retail sales volume growth slowed slightly with a rise of 5.6% year on year in March. Service sector average earnings growth slowed for the third successive month with an increase of 1.6% year on year in February. The decline in tourism improved slightly in February as tourist visitor nights in London fell by 6.9% year on year compared to a fall of 7.0% in January year on year.

The Government expects the UK economy to grow by 2-2.5% this year and 2.5% in the long term. The Government also announced a large increase in health spending over the next 5 years to be largely financed by a 1% rise in both employee and employer national insurance (NI) contributions.

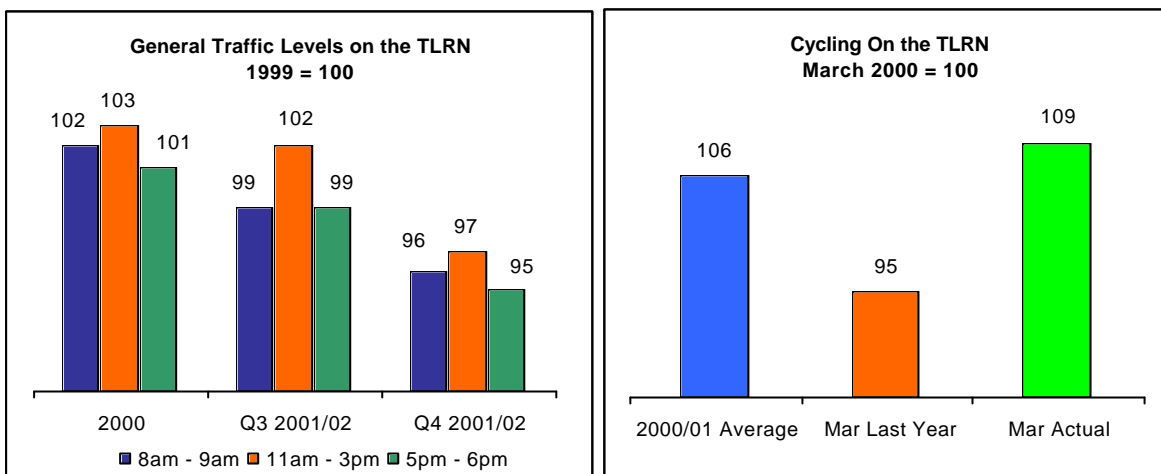


Bus passenger journeys for 2001/02 totalled 1430m and were 5.6% higher than last year, reflecting the policies of expanding mileage, improving reliability and cheaper fares.

LUL passenger journeys in period 13 totalled 78.4 million. Without the effect of last year's one-day strike and the different timing of the Easter holiday, the total was unchanged from the same four weeks last year. This comparison suggests that demand was at its strongest since September 11th, the main source of the improvement being ordinary fares and day travelcards. The annual total of 953 million journeys was 22 million below budget and 17 million (1.75%) lower than in 2000/01. At the start of the year season ticket volumes were strong, offsetting weakening tourism caused by the foot and mouth outbreak. However the situation of season tickets then deteriorated, as employment became less buoyant. Journeys on daily tickets fell sharply in the immediate aftermath of September 11th but have subsequently recovered.

Net passenger journeys on the DLR total 41.3 million in the year ended 31 March 2002. Passenger journeys rose from 3.1 million in Period 11 to just under 3.4 million in Period 12 and remained at the same level in the 29 day Period 13. This left the total for the whole year 2.8 million under budget, due to various major works on the railway affecting weekend numbers, as well as lower tourism and employment figures in the Docklands area. The year's figure is however over 7.5% higher than the total achieved last year.

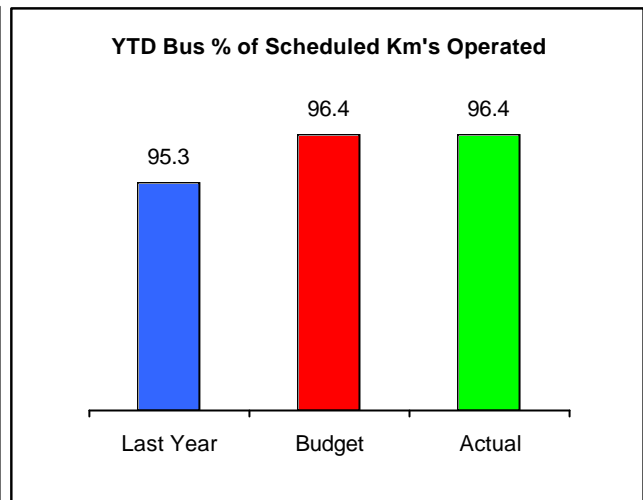
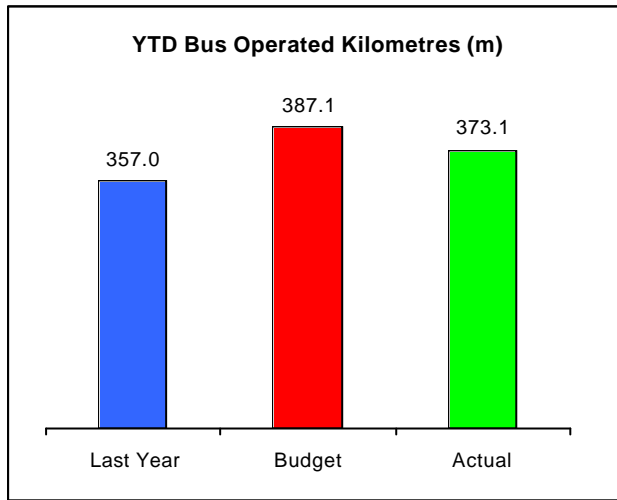
1. Trends in the Economy and Patronage on TfL's Main Services



The index of general traffic levels records the average vehicles per hour per lane weighted by lane. The figures are derived from 23 automatic traffic counters representative of all road types on the TLRN. Sites have only been included where data was available in both 1998 and 1999. Compared to the previous quarter, the fourth quarter (Jan - Mar 2002) shows a decrease of 2.7% in the AM peak (8am - 9am), 4.8% in the Inter Peak (11am - 3pm) and 4.2% in the PM peak (5pm - 6pm).

The index of total cycle flow is derived from 51 automatic cycle counters spread over the TLRN. The base line figure of 100 relates to March 2000. The March value of 109 indicates an increase in cycling of approximately 14.7% compared to that for March last year. Monthly comparisons continue to exceed last years figures, highlighted by the rolling annual average for March 2002 now being 13.9% higher than it was in March 2001.

2. Service Provision



Reasons for lost mileage in

Traffic congestion
Staffing
Mechanical

March 2001

2.1%
2.0%
0.6%

4.7%

March 2002

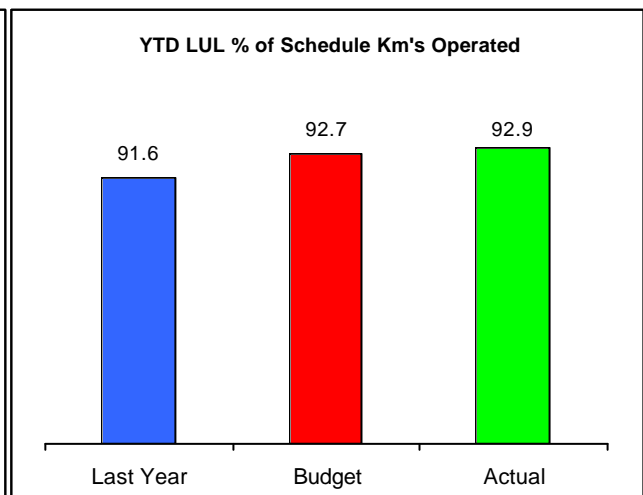
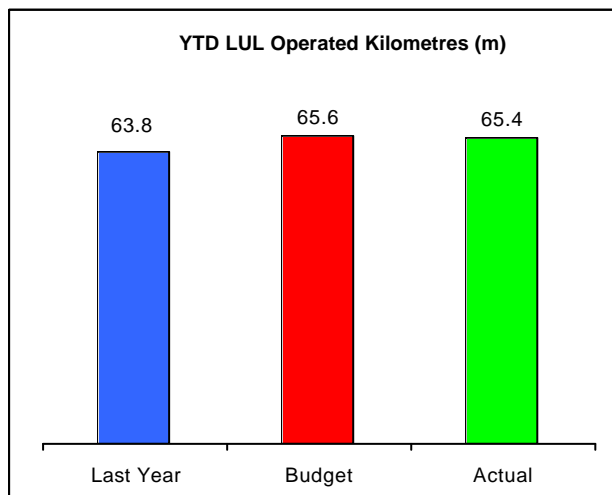
1.9%
1.0%
0.7%

3.6%

Bus operated kilometres during the year to March totalled 373.1 million, 3.6% less than budget, however, it represents a 4.5% increase on last year. Initiatives taken by operators and London Buses, combined with the "TfL Bonus", enabled a substantial improvement in the staffing position this year. Overall proportion of mileage lost for this reason was reduced by almost half compared with the level of the preceding year. This is despite an ongoing increase in the requirement for bus drivers due to further network expansion.

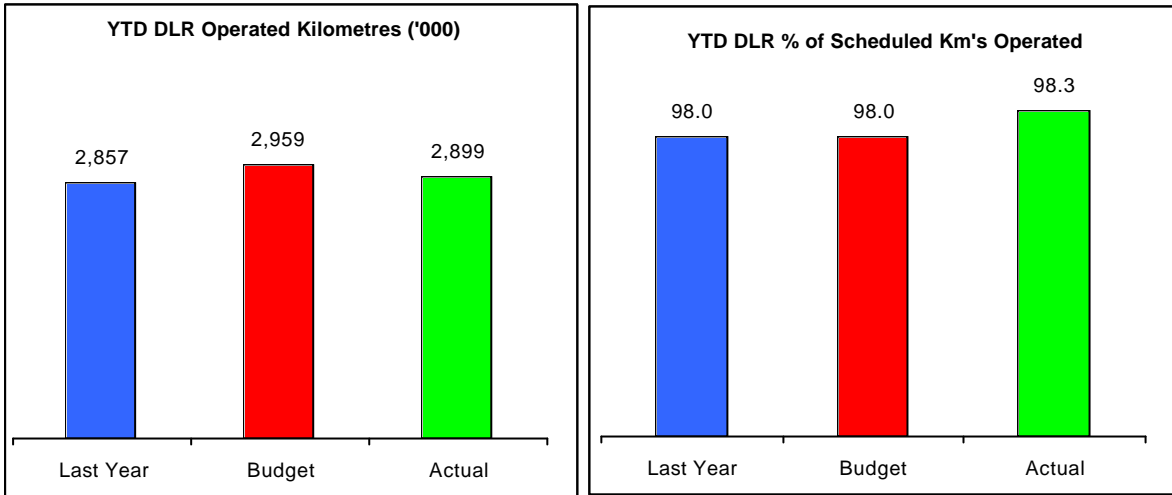
Better supervision of bus services has enabled improvements in quality despite traffic congestion. Incidences of disruption due to security alerts over the year as a whole were slightly lower than in 2000/01, despite the activities of the Real IRA during the earlier part of the year and heightened tension in the couple of months following the September 11th incident.

Reliability of Night Buses improved significantly in 2001/02. The ongoing programme of service enhancements to reduce overcrowding (both higher frequencies on existing services and new routes) is believed to be one contributory factor, with further benefits attributable to faster boarding following introduction of a simpler fare structure during the year.



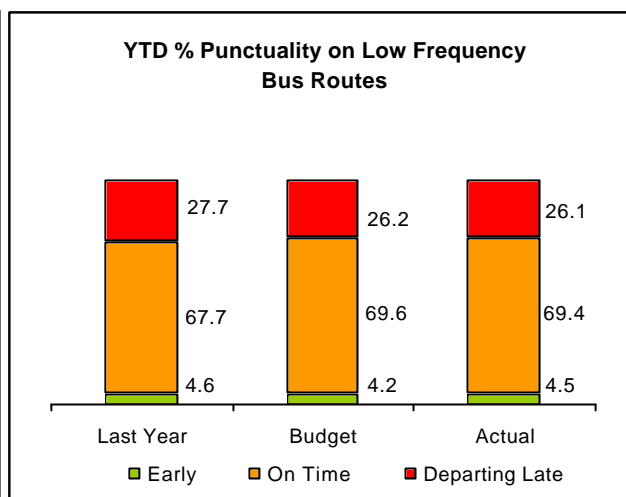
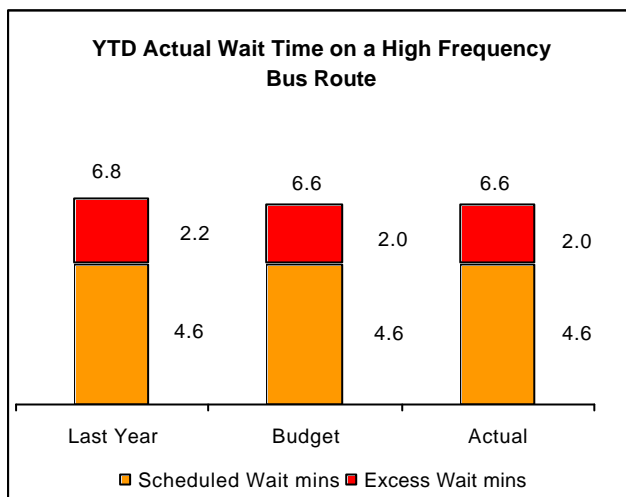
The highest percentage of schedule operated in the year (95.2%) was achieved in period 12, and the total of 5.25 million kilometres was the highest ever operated in a normal 4-week period. The Jubilee line at 97.9% of schedule exceeded its previous best post-extension result by 1%. In period 13 the percentage of schedule operated dropped by 0.9%, but only one line – the Piccadilly – operated less than 90% of schedule. The line suffered a high number of cancellations for rolling stock reasons throughout the period, and the first week in particular was affected by several signal and track circuit failures. The much improved network performance over the last three periods of the year resulted in train kilometres operated in the year reaching 65.4 million, just 0.2 million below the Government target, the shortfall being due to industrial action in September/October over the issue of remote booking on and off. The Northern was the best performing line in the year, operating 98.2% of schedule, followed by the Waterloo & City at 98.1% and the Central at 97.3%.

2. Service Provision



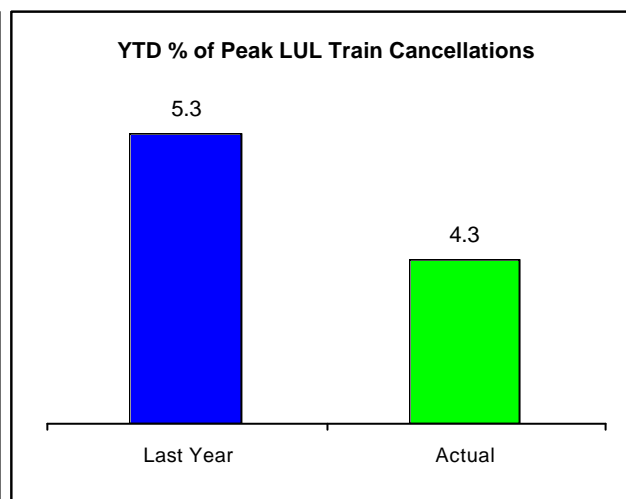
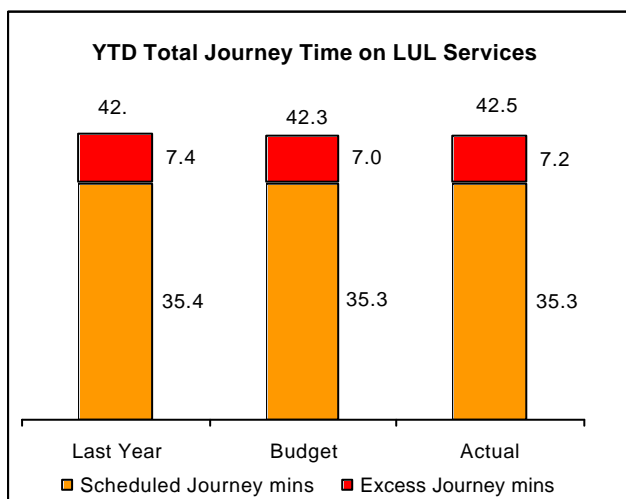
Operated kilometres on DLR services for the full 2001/02 year totalled 2,899,000 and was 60,000 below budget, due to the budget assuming a much earlier agreement on the franchise extension, and hence an earlier start to the service increases contained therein. The percentage of scheduled service operated exceeded budget by 0.3% at 98.3%. High performance levels and few major delays, except for those caused by external factors, ensure that this target has been either met or beaten every period.

3. Service Reliability



Actual wait time on high frequency bus routes between April 2001 and March 2002 averaged 6.6 minutes compared with 6.8 minutes for the same period last year. Reliability of high frequency routes as measured by Excess Waiting Time improved by 9% this year. In addition to London Buses ongoing programme of introducing additional running time and other measures to improved reliability, Quality Incentive Contracts and schemes providing for enhanced supervision of services started to have a positive impact towards the end of the year.

A modest improvement in the proportion of low frequency buses running on time was achieved, accompanied by a slight reduction in early running. The issues affecting high frequency services also apply to low frequency services, with an improved staff situation having a greater influence on the percentage punctuality on low frequency routes than the impact of traffic congestion. This is reflected in the percentage of on time services to 69.4% for the March year from 67.7% over the same period last year.



Cause of Excess Journey Time :

	YTD 00/01	YTD 01/02
Station	2.37	2.53
Train	4.54	4.32
Closure	0.52	0.3
Total Excess	7.43	7.15

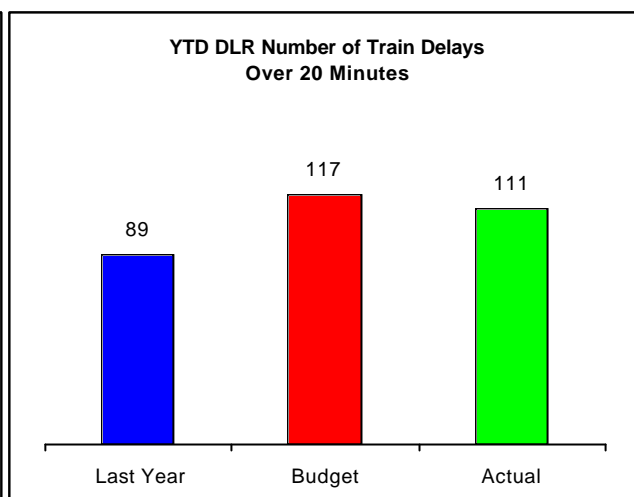
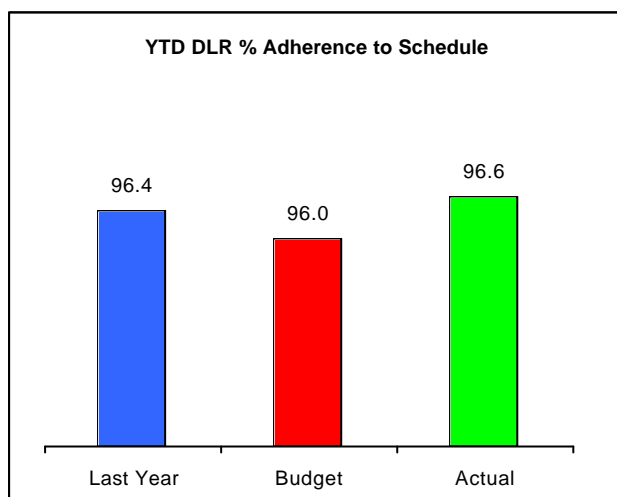
Cause of Peak Train Cancellation :

	YTD 00/01	YTD 01/02
Operator not available	16%	10%
Defective or no rolling stock	13%	58%
Signal or track defect	7%	22%
Other	64%	10%

The period 12 total journey time of 41.85 minutes was the best recorded for almost two years. Trains excess time fell by a further 0.22 minutes to 3.91 minutes, only the second time this year that the combined platform wait and on train excess has been under 4 minutes. For the second period running, and for only the third time this year, total journey time in period 13 was less than 42 minutes. Excess journey time was 6.77 minutes, the third successive period that it has been below 7 minutes. The average excess of 7.15 minutes for 2001/02 was 0.16 minutes above target but represents a 0.3 minute improvement on last year's outturn. Excess trains time and closures each recorded a 0.22-minute improvement compared to last year and excess ticket purchase time showed a 0.04 minute improvement on last year despite rising over the last few periods. Only excess access, egress & interchange (AEI) has deteriorated, showing a 0.18 minute increase on last year's outturn.

The overall percentages of trains in peak service in periods 12 and 13 were 96.6% and 95.6% respectively. Rolling stock was the main cause of peak train cancellations through both periods with the Piccadilly line being hardest hit. The number of spare trains available on the line is currently reduced while cab air conditioning is fitted and reliability modifications are made. The District and Hammersmith and City lines together suffered 61 peak train cancellations as a result of a protracted signal problem in the Bromley by Bow area on 25th/26th March. Despite a temporary increase in the number of peak cancellations due to operator not available (ONA) in the middle of period 13 the average over the two periods remained well below 2 per peak.

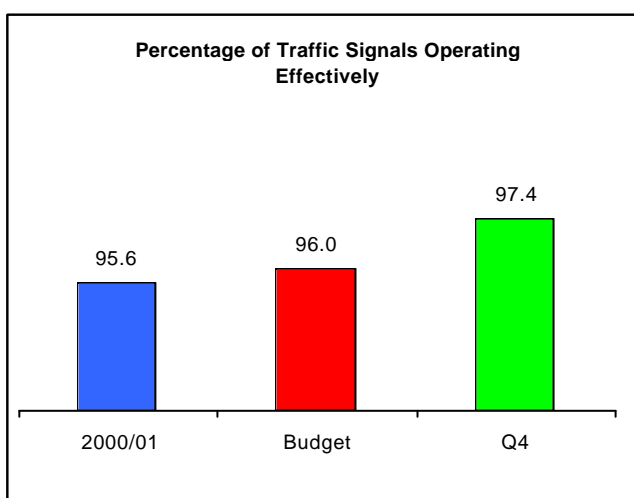
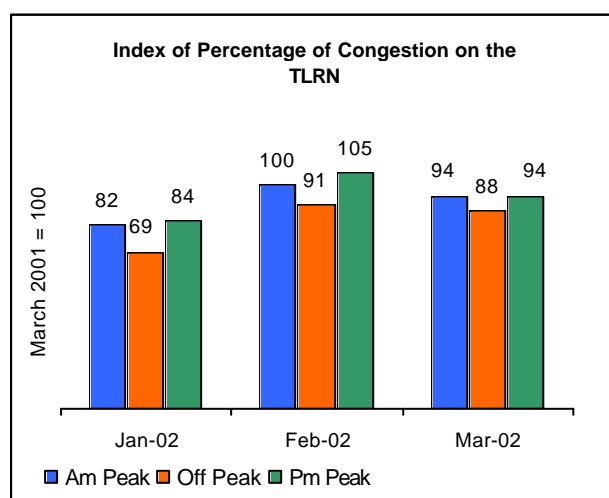
3. Service Reliability



Causes of Delays :-	YT pd 13 00/01	YT pd 13 01/02
Vehicle	16	15
Track	22	25
External	51	71

For the whole year, adherence to schedule recorded 96.6%, 0.6% above budget and 0.2% better than the previous year's figure. Recent periods have seen a return to more normal levels of performance, with Period 12's figure 0.2% above target and Period 13 even better at 0.3% above target. There has been no need for contractual Quality Exclusions over the last two periods and the overall achievement for the year was very impressive.

The total numbers of delays over 20 minutes for the year was 111. The number of delays rose to 9 in Period 12 and stayed at this level in Period 13. Four delays in Period 12 and six in Period 13 were outside the railway's control. The overall figure for the year was six lower than budget albeit 22 higher than last year, reflecting the increase in operated kilometres and increasing patronage over the railway as a whole and the number of external factors such as security alerts occurring during the year.



The indicator of Congestion on the TLRN measures the percentage of four second intervals during a green period when a detector is occupied by stationary traffic. The data is indicative in nature (not absolute) and is intended to reflect changes in congestion, for this reason the data has been indexed to March 2001, (a neutral month for traffic flows) . The results show that in March congestion remained lower in all periods than February, when it had risen from the seasonal low during January. A further performance indicator for traffic journey time reliability is currently being investigated which should allow a better indicator of reliability to be produced.

Having exceeded the target of 95% for the previous year, the target for traffic signals operating effectively was raised at the beginning of 2001/02 to 96%. Since this time, performance has remained above target for the whole of the year. It should be noted that signals that are out, stuck, have no or a short or long right-of-way or have detector faults are reported as not operating effectively.

4. Safety

London Buses Fatalities and Injuries									
	Fatality			Major Injury			Total		
	2000/01	Last Yr YTD	Actual YTD	2000/01	Last Yr YTD	Actual YTD	2000/01	Last Yr YTD	Actual YTD
Passengers			3	37	37	60	37	37	63
Staff				141	141	160	141	141	160
Public	15	15	20	87	87	93	102	102	113
Total	15	15	23	265	265	313	280	280	336

London Underground Fatalities and Injuries									
	Fatality			Major Injury			Total		
	2000/01	Last Yr YTD	Actual YTD	2000/01	Last Yr YTD	Actual YTD	2000/01	Last Yr YTD	Actual YTD
Passengers	7	7	8	137	137	111	144	144	119
Staff	1	1		10	10	4	11	11	4
Total	8	8	8	147	147	115	155	155	123

TLRN Roads Fatalities and Injuries									
	Fatality			Major Injury			Total		
	2000/01	Last Yr YTD	Actual YTD	2000/01	Last Yr YTD	Actual YTD	2000/01	Last Yr YTD	Actual YTD
Pedestrian	33	27	23	377	286	264	410	313	287
Cyclist	7	6	2	115	86	94	122	92	96
Motorcyclist	20	16	25	373	272	270	393	288	295
Car User	22	15	17	588	444	396	610	459	413
Other	4	4	4	114	85	94	118	89	98
Total	86	68	71	1,567	1,173	1,118	1,653	1,241	1,189

London Buses - The upward trend for passenger / public major injuries on Bus services compared to last year, can in part be attributed to the provision of AICS (Accident Incident Collection System) refresher training to Bus Operators during the latter half of 2000. This helped reinforce correct procedures in recording major injuries statistics. Trained operatives subsequently visited garages to retrieve a backlog of injury statistics and there is an ongoing review of reporting criteria as well as a re-issue of guidelines to Bus Operators during 2001. Also, access to CIRS (Centrecomm Information Retrieval System) allows improved monitoring of incidents and subsequent follow up with Bus Operators. The facility has identified incidents which were not otherwise reported.

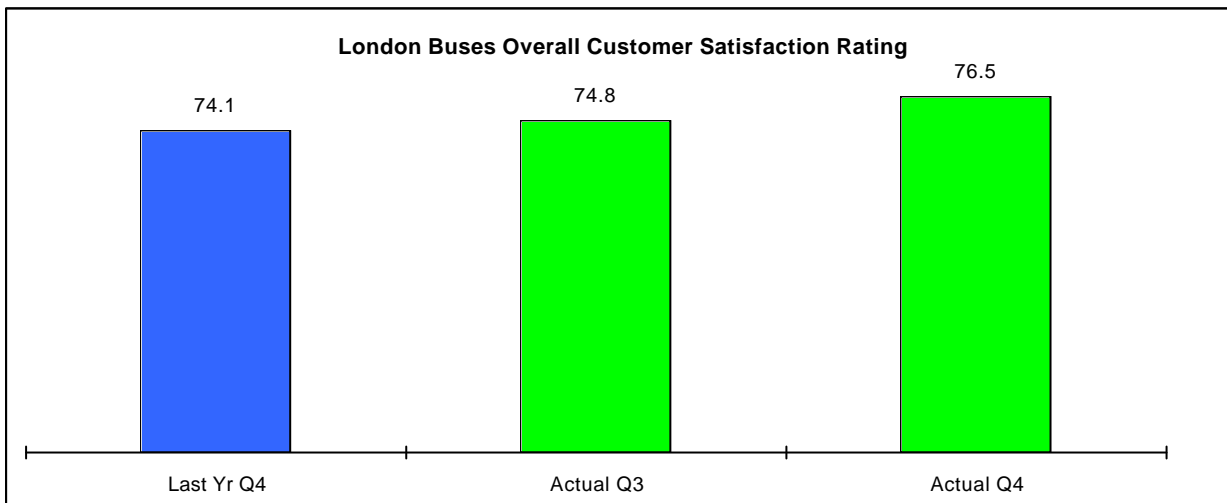
London Underground - There were two customer accidental fatalities during the eight weeks covered by this report. On 8th March, a male attempting to travel in the gap between cars of a northbound Jubilee line train between Queensbury and Canons Park fell and was killed. On 14th March, following an incident on Moor Park station platform, the Station Supervisor found the body of a male person on the northbound fast line. There is no suggestion that any train was in contact with the person, or that he was attempting to board any train. In addition, a verdict of accidental death has been recorded against an incident that occurred at Paddington in July 2001 which was previously thought to be a suicide. These incidents brought the total number of accidental fatalities on the Underground in 2001/02 to 8.

There were 8 accidental major injuries to members of the public during periods 12-13, and in addition the period 11 result has been amended to include 3 previously unreported major injuries. As a result the total number of major injuries in 2001/02 was 111, which represents a marked improvement on 2000/01 when there were 137 major injuries.

There have been no major injuries to LUL employees since the last report. However an ankle injury suffered by a Station Supervisor earlier in the year has been reclassified from minor to major, increasing the total to 4. Nevertheless this is still a big improvement on the previous year when there were 10 major injuries to LUL staff.

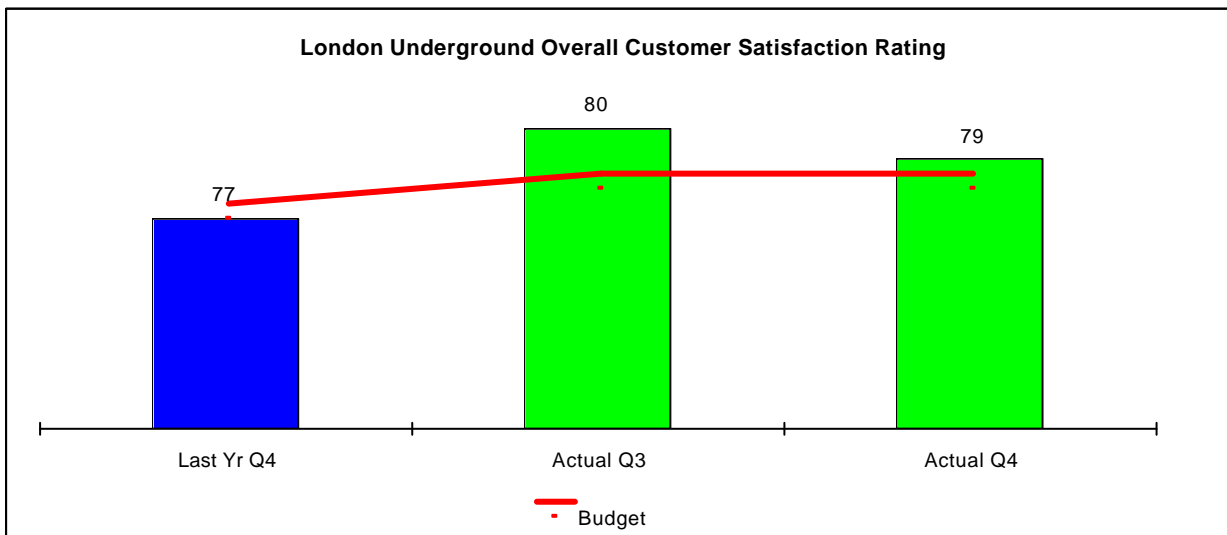
TLRN Roads - Accident figures are reported in arrears, last YTD is therefore April 00 to December 00 and actual YTD is April 01 to December 01. The year to date figures for casualties on the TLRN have shown great improvements in pedestrian safety, especially regarding serious injuries, and for the number of cyclist killed. However there are still areas of concern, most notably the increase in Motorcyclist fatalities, 25% up on the total for last year in only 9 months of this year.

5. Customer Satisfaction



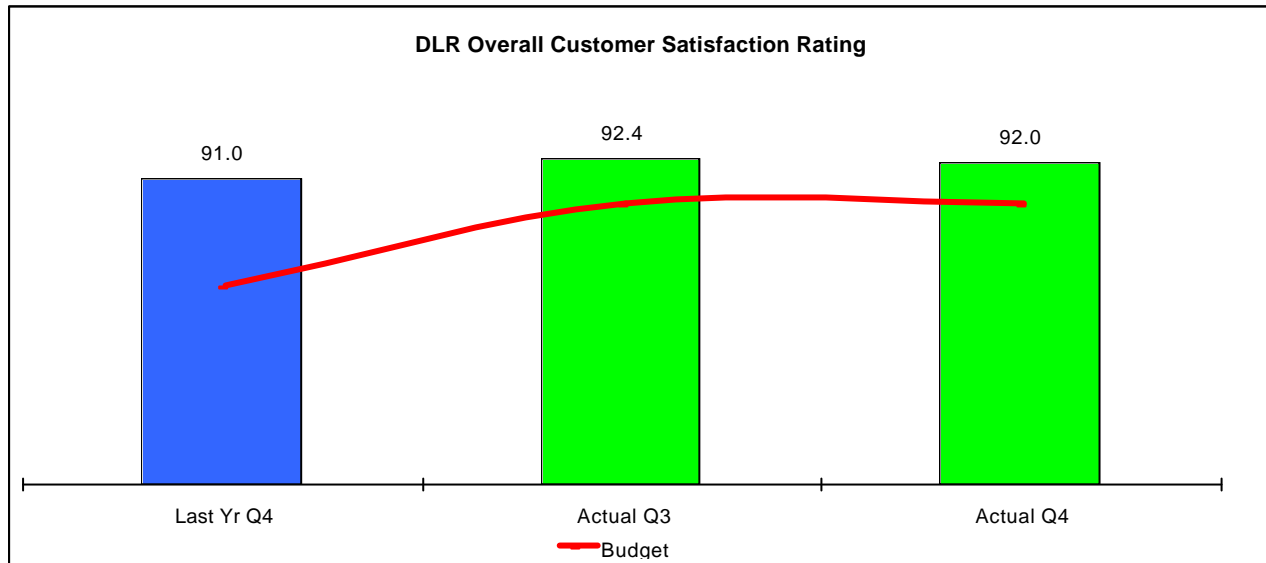
Between Quarter 3 and Quarter 4 of 2001/02 there has been a 1.7% increase in the overall average customer satisfaction rating, with an underlying 3% increase in the proportion of passengers who are very satisfied with the bus service they received overall. This appears to be driven by improved satisfaction with journey time and service reliability. The overall average rating compared to last year shows an increase of 2.4%.

Definition - Level of satisfaction (as rated on a scale of 0 to 10) with the overall service experienced on a bus journey starting from the bus stop. Zero being extremely unsatisfied and 10 extremely satisfied. The overall satisfaction measured above is the mean percentage of those scores.



The Overall CSS Evaluation (79) decreased by one point this quarter, after peaking at 80 in Quarter 3. However, it is still two points higher than the corresponding quarter last year. The score for the Train Service grouping increased by a further point this quarter to stand at 76 compared with 73 in quarter 1. This reflects the steady improvement in performance that has been achieved through the year. The score for Cleanliness finished the year two points higher than a year ago while the other three service groups – Safety & Security, Staff Helpfulness and Information – each ended one point higher.

5. Customer Satisfaction



Customer satisfaction in the fourth quarter of 2001-2002 showed good results in all areas, with overall service performance ranking 92.0% against the previous quarter's 92.4%. This was almost 8.6% above the fixed target level.

The three aspects making up the overall measure are Comfort of Journey, Speed of Journey and Reliability of the DLR Service. Comfort of journey was just 0.1% lower than last time at 89.6%, Speed of journey fell by 0.8% to 91.2% while Reliability of the DLR service fell by only 0.1% to 95.4%.

Definition - A rolling quarterly survey throughout the system asking passengers to rate twelve categories as Very High, High, Satisfactory, Low or Very Low. Around 3,000 respondents are surveyed every quarter and the measure above is the percentage sum of the Very High, High and Satisfactory scores. The overall satisfaction figure is the weighted average of three categories comfort of journey, speed of journey and reliability of the DLR service.

6. Modal Performance Indicators for other TfL Business Unts

2000/01 Actual	2001/02 Budget	Monthly Indicators			February Actual	March Actual	March Budget
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PATRONAGE							
13,300	-	Croydon Tramlink	Passenger Journeys	000's	2,040	1,750	-
190.6	185.1	Victoria Coach Station	Coach Departures	000's	15.3	14.7	14.6
2,200	1,800	London River Services	Passenger Journeys	000's	54.0	68.0	60.0
1,223	1,299	Dial A Ride	Trips	000's	102.6	104.5	109.5
20.9	20.8	Public Carriage Office	Taxi's Licensed	000's	20.7	20.6	20.7
231.1	186.3	London's Transport Museum	Visitors	000's	21.9	16.8	13.5

SERVICE PROVISION							
99.2	-	Croydon Tramlink	Percentage of Schedule	%	99.3	99.6	-
97.5	98.5	London River Services	Journeys operated	%	95.0	95.0	98.5
23.9	24.2	Public Carriage Office	Taxi drivers licensed	000's	24.3	24.3	24.2
0.0	1.5	Public Carriage Office	Private operators licensed	000's	0.9	1.1	1.3

SERVICE RELIABILITY							
99.0	-	Croydon Tramlink	Headways Achieved	%	99.2	99.2	-

2000/01 Actual	2001/02 Budget	Quarterly Indicators			3rd Qtr Actual	4th Qtr Actual	4th Qtr Budget
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CUSTOMER SATISFACTION							
88.0	-	Croydon Tramlink		%	87.0	88.0	-
71.0	-	Victoria Coach Station			67.0	73.0	-
80.0	77.0	London's Transport Museum		%	77.0	77.0	77.0

Croydon Tramlink

Passenger numbers in March were adversely affected by the strike action on the 26th March and by technical failures on 4th and 15th March. Passenger numbers were also reduced in the month by the Good Friday holiday. Overall customer satisfaction with the system remains stable.

Recent inspections have shown considerable wear to seating, continuing problems with vinyl notices and poor external cleanliness. These matters have all been raised with TCL. The decrease in the state of repair of tram score is of most concern.

London River Services

London River Services Passenger numbers have continued to hold up in recent months, partly as a result of Travelcard usage and partly as a result of good weather in March. London River Services reliability figures are still below budget as a result of the shortfall in scheduled service operated by Catamaran Cruisers. This is a consequence of a continuing shortage of piloting staff.

TRANSPORT FOR LONDON

TfL Board

SUBJECT: BEST VALUE PERFORMANCE PLAN (BVPP)

MEETING DATE: 11 June 2002

1. INTRODUCTION

- 1.1. TfL is developing its second Best Value Performance Plan (BVPP) which it is required to publish by 30th June 2002. For the first time, the BVPP has been produced and will be published as an integral part of TfL's six-year Business Plan. This accords with the external auditor's recommendation from the 2001 audit that the new business planning process is used to embed best value throughout TfL.
- 1.2. The draft content of the BVPP was reported to the 19 March meeting of the Board, and it was agreed that an update would be presented to the Finance and Audit Committee, and the TfL Board, to approve the BVPP content, prior to formal publication.

2. BEST VALUE PERFORMANCE PLAN (BVPP) UPDATE

- 2.1 It should be noted that the draft BVPP was included in the published TfL Business Plan 2002/03 - 2007/08. Committee Members should read this update in conjunction with the TfL Business Plan, a copy of which was recently circulated to all Board Members.
- 2.2 The finalised BVPP will be produced as an update to the Business Plan and placed on the TfL web-site. A copy will be provided to our Auditors by 30th June 2002 in line with the latest Government guidelines.
- 2.3 The updates to the draft BVPP as reported to the 19 March meeting are in respect of:
 - Updating the efficiency savings achieved during 2001/02 (Section 5, Paragraphs 5.10 to 5.12).
 - The outcome from the best value inspection of the Dial-a-Ride review (Section 5, Paragraph 5.22)
 - Confirming the programme of best value inspections by the Audit Commission for 2002/03 (Section 5, Paragraphs 5.23 to 5.25).
 - Where possible, reporting out-turn figures for the 2001/02 transport related best value performance indicators (Appendix A, Table A1.2), and corporate health best value performance measures (Appendix A, Table A2).
 - Publishing the proposed 2002/03 best value review programme (Appendix C, table C2).

- Minor amendments to the document following discussions with our Auditors, KPMG;
 - Commentary on the level of resources devoted to the undertaking of best value reviews (Section 5, Paragraph 5.16),
 - An assessment of the critical issues that might affect the future best value review timetable (Section 5, Paragraph 5.16).

2.4 Sections of the Business Plan that have been updated are attached as the following appendices:

- **Annex 1**; the best value specific content of the TfL Business Plan (Section 5)
- **Annex 2**; transport related and corporate health best value performance indicators are contained within (Appendix A, Tables A1.2 and A2 respectively of the Business Plan).
- **Annex 3**; the best value review programme (Appendix C).

2.5 For ease of reference, the areas subject to change have been cross-referenced to the relevant parts of the Business Plan.

3. RECOMMENDATIONS

3.1 The TfL Board is asked to:

- (i) APPROVE the revisions of - TfL's Best Value Performance Plan, as attached, and
- (ii) DELEGATE to the Managing Director, Finance and Planning the authority to make the final changes to the BVPP prior to its publication on 30th June 2002.

5. Improving efficiency and effectiveness

Introduction

- 5.1 TfL is designated as a 'best value' authority under the Local Government Act 1999. Best value has been treated as an integral part of the TfL business planning process. The Business Plan, with its focus on economy, efficiency and effectiveness, incorporates the requirements of a Best Value Performance Plan.
- 5.2 Best value is designed to make authorities such as TfL more accountable to people who live in, work in and visit London. TfL is committed to the principles of best value, and to securing continuous improvement in the way it delivers its services.
- 5.3 Efficiency gains are essential if TfL is to achieve its aims and objectives within the resources it has available, and meet the 3% efficiency target set by the Mayor for the GLA and the functional bodies. TfL's challenge is to do more with the same, or the same for less. This can only be met through improving the way TfL manages its business.

Best value

- 5.4 The legislative aspects of best value are set out in the Local Government Act 1999 and related statutory instruments and DETR guidance notes. The requirements of the original legislation have been amended by Statutory Instrument 2002/3005 published in February 2002.
- 5.4 The key changes to the requirements for best value are:
- from 2002, the date for publication of the full annual plan will be June 30 rather than March 31. This enables actual year-end performance data to be included rather than projected out-turn figures.
 - authorities will be subject to a comprehensive performance assessment by the Audit Commission to see whether they are considered to be a high performing, striving, coasting or poor performing authority.
 - top tier authorities are to be assessed by October 2002, with assessment of second tier authorities by October 2003.
 - the requirement to review all activities by March 2005 and every five years thereafter has been dropped. Better performing authorities will have more discretion over their review programme, whereas poor performing authorities will receive a more directive approach to implementing best value and undertaking reviews.
 - The deadline for the audit report has changed from June 30 to December 31. This is due to change on the publication deadline for the performance plan and the introduction of the new corporate assessments.
- 5.6 There are a number of questions that remain unanswered. The most important being whether TfL is seen as a first or second tier authority, and how the corporate assessment framework will be applied to a single purpose

authority. Current indications are that TfL will not be subject to the Comprehensive Performance Assessment until summer 2003. Further guidance for the future on the performance plan content, its audit and the statutory response to the audit is to be published in summer 2002.

Efficiency savings and business improvement reviews

- 5.7 When TfL was established in July 2000, it brought together a number of agencies and organisations, and so inherited a variety of disparate administrative and business processes. These have yet to be the subject of any detailed review and the proposal is to undertake a number of business improvement reviews. These will focus on specific parts of the business and will be either service-based or organisation-wide reviews. Each of these will, however, be undertaken to best value principles. One of the main purposes of the reviews is to identify efficiencies and improve effectiveness.
- 5.8 The benefits of the business improvement reviews will be facilitated by the Business Improvement Project. This project will replace existing or introduce new computer systems – with the implementation of a single business software application across TfL. This will create a single process for the collation and management of information for all corporate activities across TfL such as finance, human resources and procurement.
- 5.9 It is recognised that there needs to be evaluation of corporate systems and processes to ascertain what TfL does now, what it should be doing, and where there are gaps in service delivery. This will lead to actions for improvement being identified, prioritised and costed prior to development and implementation. Consultants have been appointed to carry out a scoping exercise to identify TfL-wide issues that need to be addressed, and the outputs from their work will form the cross-cutting best value reviews for 2002/03 (Section 2.14). This work will facilitate the integration of LUL and this creates an opportunity to identify cross-cutting efficiencies.
- 5.10 The GLA has set TfL an efficiency savings target of 3% of current controllable expenditure per annum. TfL's target for the financial year 2001/02 was to deliver £10 million of efficiencies.
- 5.11 Forecast projections indicate that savings in excess of £10 million (*figure to be checked*) has been achieved. This is as a direct consequence of management actions to stop expenditure in marginal programme areas. These actions mean that TfL's existing resources are being used in a more focused and effective manner.
- 5.12 Savings have resulted from the following:
- **Central Services**
 - TfL has slowed recruitment in central directorates with posts remaining unfilled. Estimated savings £2.5 million (*figure to be checked*).
 - TfL has reduced its reliance on consultancy in the central directorates, is reducing its reliance on printed communications and reassessing the use of the Internet. Estimated savings £10 million (*figure to be checked*).

Programme of reviews

- 5.13 A four-year programme of reviews was prepared and included in the 2001 Best Value Performance Plan. A copy of the 2001 published schedule of reviews is attached (Appendix C, Table C1).
- 5.14 However, there have been changes to the 2001/02 best value review programme:
- as TfL was only established in July 2000, it has been going through a transition period where organisational priorities have changed
 - the Mayor's transport priorities have been clarified in his Transport Strategy, published in July 2001
 - the proposed 2001/02 cross-cutting reviews were only designed in detail in early summer 2001
 - the development of the new business planning process has influenced both the areas subject to review and the timing of the reviews
 - outputs from the pilot reviews have led to further reviews to focus on specific issues that were identified and included in the prioritised action plans
 - as a consequence of identified shortcomings in some activities; additional service reviews have been introduced into the programme.
- 5.15 Good progress has been made on a number of reviews. An outline of each review is contained in Appendix C. Some of the reviews will take longer than a year to complete.
- 5.16 In addition to the reasons outlined in Section 5.14, the following have also resulted in changes to the originally proposed 2002/03 programme (Appendix C, Table C2):
- some reviews have slipped whereas others have been brought forward.
 - TfL is keen to see corporate business improvement reviews (Section 5.7 – 5.9) being undertaken which will have a wide-ranging impact over the whole or significant parts of the organisation.
 - there have been recent changes to best value requirements, particularly there is no longer a requirement to review all of our activities within a five-year cycle.

It is recognised that a critical issue which might affect the best value timetable is the transfer of London Underground to TfL, and the implications for the cross-cutting review programme relating to the business improvement reviews (appendix C, table C2).

Although the reviews identified in the 2001/02 BVPP for 2003/04 and beyond remain in the programme, these will be assessed as part of the business planning process, as a result of the changes to best value requirements, following the transfer of London Underground.

The level of resources devoted to the undertaking of TfL's best value review programme will be kept under scrutiny.

Annual Audit of 2001 Best Value Performance Plan

- 5.17 TfL was required to publish its first Best Value Performance Plan prior to the statutory deadline of March 31 2001. Last year, the Plan was produced as a separate document but, as TfL's business planning process has now been established, The BVPP is now included as an integral part of the Business Plan.
- 5.18 KPMG, TfL's appointed auditors concluded that 'TfL has succeeded in producing a Plan which contains all the required information, and which is accessible to readers looking for detailed information on its performance and plans for the future'.
- 5.19 However, KPMG made several recommendations to strengthen the arrangements for securing best value, to which TfL responded. These are as follows, with TfL's response to the Auditors shown in italics:

Recommendation 1: Put in place appropriate systems to collect and compile the information necessary to report all relevant best value performance indicators in the 2002/03 Best Value Performance Plan.

Arrangements have been put in place for the monitoring of best value performance indicators and all but one (Appendix A, Table A2) has been reported on for 2001/02. TfL has reached an agreement with the auditors that it will not be required to report on indicators presently not monitored and which have been dropped for 2002/03.

Recommendation 2: Define how TfL is to approach the challenge element of best value, and ensure it is implemented on all future reviews.

A defined approach to challenge has been included in the best value toolkit, and which will be used for each review.

Recommendation 3: Develop a framework whereby comparisons are made both with public and private sector organisations.

TfL's formal response to its Auditors advised it would be difficult to implement full benchmarking for the 2002/03 Best Value Performance Plan.

Recommendation 4: Develop a formal consultation strategy ensuring appropriate linkages are made between internal and external consultation exercises.

TfL has participated in the GLA wide review on consultation. This review has yet to be completed but where appropriate is expected to co-ordinate consultation activity across the GLA family group.

Recommendation 5: Develop an overarching procurement strategy for procuring services under best value.

TfL has a Standing Order on procurement in place. There has been a best value review of Street Management contract and procurement and the action plan is being implemented. A cross-cutting best value review is planned for 2002/03 but this will be dependent on the output from the Business Improvement Project.

Recommendation 6: Ensure the business planning process is implemented and used to embed best value throughout the organisation, and that action plans arising from reviews are resourced and implemented.

TfL's revised business planning process for 2002/03 was finalised with the publication of the TfL-wide Business Plan at the end of March 2002. The Business Plan incorporates the draft 2002 Best Value Performance Plan which will be updated and republished by June 30 2002 in accordance with the requirements of best value.

Recommendation 7: Board Members should ensure that their role in both performance management and best value is formalised in terms of their individual roles, their Committee/Advisory Panel responsibilities and their role on the TfL Board.

Board Members have been fully involved in the development of the Business Plan. Special Advisory Panels have been established which consider the action plans produced by the best value reviews.

- 5.20 TfL is committed to the concept of continuous improvement. It has sought to build best value into the overall business planning process, so that the principles and benefits of best value are embedded in the organisation's activities and plans.

A copy of both the Auditor's report and TfL's response is available on the TfL website.

Best value inspections 2001/02

- 5.21 The Audit Commission's best value inspectors have conducted independent inspections of the Dial-a-Ride and Maintaining the Streets reviews.
- 5.22 The final report on the Dial-a-Ride review was published at the end of May 2002. The Audit Commission's Best Value Inspectorate assessed Dial-a-Ride as a one star 'fair' service with uncertain prospects for improvement.

The Inspection highlighted a number of key strengths:

- General high level of user satisfaction,
- Drivers show a good understanding of user needs,
- Vehicles are generally well equipped to meet the needs of disabled users and comply with EU emission standards.

However, the Inspectors also found weaknesses. These concurred with the findings of the review and which led to the adopted action plan, (Appendix C, C1.2.2 Surface Transport).

The reason for the uncertain prospects for improvement was that at the time of the inspection, the transfer of management functions had not yet taken place. Until this happened, TfL had no direct control over Dial-a-Ride operations. The Inspectors acknowledged there is a commitment to make the changes, but at the time of the inspection, there was limited evidence to inform a more positive judgement.

- 5.23 The Maintaining the Streets review is being inspected in two stages. The Stage 1 report has been received. Although the best value inspectors did not score the service, a number of positive comments were made and it was noted that performance levels generally compare well with other authorities. Several recommendations focused on management and partnership issues. These will be incorporated into the action plan arising from the review. Stage 2 of the inspection will take place in autumn 2002.

- 5.24 The inspection of the Street Management contracts and procurement review is planned for autumn 2002.
- 5.25 The Audit Commission's best value inspectors will also look at the GLA-wide cross-cutting reviews of Equalities for All and Consultation (Listening to Londoners). These inspections are scheduled for December 2002 and February 2003 respectively.

Best Value Performance Indicators – Extract from Appendix A of the Business Plan

This appendix sets out the Best Value Performance Indicators (BVPI's) that have been prescribed by DETR for TfL in 2001/02. Also included are the performance out-turn figures for 2000/01 and 2001/02 (where available), the budgeted figures for 2001/02 and 2002/03.

Table A1.2 Transport Best Value Performance Indicators

Performance Indicators		2000/01 actual	2001/02		2002/03 budget
			budget	actual	
BV93	Cost of highway maintenance per 100km travelled by a vehicle on principal roads	N/A ¹	N/A ²	£0.99 ³	<i>Deleted for 2002/03</i>
BV94	Cost per passenger journey of subsidised bus services	£0.05	£0.13	£0.12	<i>Deleted for 2002/03</i>
BV95	Average cost of working streetlight	N/A ¹	N/A ²	£80.84 ³	<i>Deleted for 2002/03</i>
BV96	Condition of principal roads	N/A	N/A	11.4%	11.1%
BV99	Road Safety – number of road accident casualties	See separate table overleaf			
BV100	Number of days of temporary traffic controls or road closure on traffic sensitive roads caused by local authority road works per km of traffic sensitive roads	N/A	N/A	0.11	0.1
BV102	Local bus services – passenger journeys per year (millions)	1354	1424	1430	1478
BV105	Damage to roads and pavements	N/A ¹	N/A ²	94.5%	<i>Deleted for 2002/03</i>
BV165	The percentage of pedestrian crossings with facilities for disabled people	N/A	N/A	56.7%	62.0%
BV186	Roads not needing major repair	New indicator for 2002/03			4
BV187	Condition of footways	New indicator for 2002/03			4

Notes

- ¹ Information not available for these performance indicators.
- ² No targets set for 2001/02.
- ³ Information based on actuals for quarters 1 to 3 and estimates for quarter 4.
- ⁴ New indicators in development – targets still to be agreed.

**BV99 Road Safety – number of road accident casualties on
Transport for London Network (TLRN)**

Year	1999/00		2000/01		2001/02	
Date of Report	March 2000		March 2001		March 2002	
Period of Report (calender year ending 15 months prior to report date)	January – December 1998		January – December 1999		January – December 2000	
Road User Type	Killed & Seriously Injured (KSI)	Slightly Injured	Killed & Seriously Injured (KSI)	Slightly Injured	Killed & Seriously Injured (KSI)	Slightly Injured
Pedestrian	501	1336	401	1381	426	1384
Pedal Cyclist	147	882	125	913	115	760
Powered two wheeler rider or passenger	344	1921	357	2075	374	2109
Car driver or passenger	699	5151	569	5289	620	5687
Other vehicle driver or passenger	141	1068	116	1097	110	1149
Total	1832	10358	1568	10755	1645	11089

**BV99 Road Safety – number of road accident casualties on all roads in Greater
London (including TLRN, Borough and Highway Agency Roads)**

Year	1999/00		2000/01		2001/02	
Date of Report	March 2000		March 2001		March 2002	
Period of Report (calender year ending 15 months prior to report date)	January – December 1998		January – December 1999		January – December 2000	
Road User Type	Killed & Seriously Injured (KSI)	Slightly Injured	Killed & Seriously Injured (KSI)	Slightly Injured	Killed & Seriously Injured (KSI)	Slightly Injured
Pedestrian	2056	6979	1862	7139	1870	6753
Pedal Cyclist	614	3702	492	3682	422	3084
Powered two wheeler rider or passenger	1017	5824	1063	6235	1195	6507
Car driver or passenger	2698	18637	2129	19240	2250	19722
Other vehicle driver or passenger	476	3554	394	3561	380	3704
Total	6861	38696	5940	39857	6117	39770

Table A2 – Corporate Health Best Value Performance Indicators

Performance Measure		2000/01 actual	2001/02		2002/03 budget
			budget	actual	
BV2	The level (if any) of the Commission for Racial Equality's standard to which the authority conforms	N/A ¹	Level 2	Level 2	Level 3
BV5	The number of complaints to an Ombudsman classified as 'maladministration'	TfL was not required to measure during 2000/01, and the indicator has been dropped by DETR for 2002/03			
BV8	The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority	76%	85% ²	79%	85% ²
BV11	The percentage of senior management posts filled by women	14.2%	19.60%	18.0%	<i>Amended for 2002/03 - see 11a</i>
BV11a	The percentage of top 5% of earners that are women	Amended indicator for 2002/03			3
BV11b	The percentage of top 5% earners from black and minority ethnic communities.	New indicator for 2002/03			3
BV12	The number of working days / shifts lost due to sickness	7.50%	9.10%	9.92%	8.97%
BV13	Voluntary leavers as a percentage of staff in post	6.53%	8.10%	12.49%	<i>Deleted for 2002/03</i>
BV14	The percentage of employees retiring early (excluding ill-health retirements) as a percentage of the total workforce	0.31%	0.40%	0.32%	0.45%
BV15	The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce	0.13%	0.35%	0.69%	0.33%
BV16	The percentage of employees declaring they meet the Disability Discrimination Act 1995 disability definition compared with the percentage of economically active disabled in the authority area	3.00%	3.25%	2.7%	3.42%
BV17	The percentage of employees from minority ethnic communities compared with the percentage of economically active minority ethnic community population in the authority area	19.17%	21.00%	21.00%	23.00%
BV156	The percentage of authority buildings open to the public in which all areas are suitable for and accessible to disabled people	Indicator under development			

Performance Measure		2000/01	2001/02		2002/03
		actual	budget	actual	budget
BV157	The percentage of interactions with the public, by type which are capable of electronic service delivery and which are being delivered using internet protocols or other paperless methods	N/A ¹	25%	35%	Subject to a best value review in 2002/03

Notes

- ¹ Information not available for these performance indicators.
- ² BV8 – targets set by DTLR for 2000/01 and 2001/02 are 95% and 97.5% respectively. A target of 100% has been set for 2002/03.
- ³ New indicators for 2002/03 and are in development - targets still to be agreed.

Appendix C- Best Value Review programme

This Appendix reports progress on the current best value reviews, and sets out the programme (Appendices C1 and C2). It contains a mixture of individual service reviews and cross-cutting reviews (those which involve all TfL's businesses).

C1.1 Cross-cutting reviews

These reviews reflect the need to take a strategic approach to improving the overall business and not just specific service areas. They are also seen as a means to bring the business together, an important issue for such a new organisation, and to promote an integrated approach to transport.

Safety management – focusing on the promotion of more safe and efficient management practices across TfL's businesses. The review is covering safety standards, safety culture and the processes for ensuring safety objectives for customers and staff.

Two issues have led to a re-alignment of the proposed timescale. One, the implications arising from the events of September 11 2001. As a result of discussions with 'comparison' authorities, at least one (London area) major authority has deferred its best value review by 12 months to incorporate the output from the 'London Resilience' work programme.

The other is the delay in transferring responsibility for LUL to TfL and the need to include provision for LUL in the programme. The timetable is currently being restructured to enable work to be completed during 2002/03.

Risk management – seeking to examine the entire risk management process including a review of service providers. Areas being worked on currently are the appointment of insurance brokers/risk management advisers and claims managers.

The next stage of the review is the examination of how services are provided to the various directorates of TfL, and to look at options for delivery. It is expected that the review will be complete in early 2002/03.

Business planning and performance – this project looked at improving the business planning processes and systems within TfL including performance management and project appraisal techniques.

A revised business planning process was implemented which culminated in the publication of the 2002/03 Business Plan.

Although initially identified as a best value review, this project was more of an internal organisational process review to which the principles of best value did not readily apply.

Information Systems/Information Technology – a high level assessment of the information strategies and policies across TfL, seeking to introduce common standards and approaches which meet user requirements.

Interviews with stakeholders have taken place and a draft strategy is being developed. The review is expected to complete by spring 2002.

Financial systems and payroll services – both reviews have been postponed to be incorporated within the overall programme of Business Improvement Reviews (Section 5.7 – 5.9).

Asset management – focusing on how TfL manages its assets and property portfolio, including the processes for the identification and disposal of surplus assets – enhancing access to funding for other initiatives. A revised timetable is to be produced.

Travel information and customer services – focusing on two of the issues raised as an output from the Customer Service pilot best value review. The main areas for review are, travel information for all modes of transport, and complaints and customer services.

Stage 2, an assessment of the current position and options for future service delivery are being developed. It is expected that the review will be completed in spring 2002.

Listening to London – added to the programme as it was conducted in accordance with best value principles although was not a full best value review. The review looked at how TfL gathers information about the needs, experiences and views of the public, and uses it to inform policy and service delivery and provide feedback. Strategy and guidance documents and an action plan will be produced in spring 2002.

Consultation (GLA-wide) – led by the GLA with input from the functional bodies. The aim is to review TfL's activity in the area of consultation and ensure opportunities for effective working with the GLA family are fully exploited.

The start on this review was delayed until January 2002 due to GLA Assembly scrutiny on a similar subject. The review is due to be completed in spring 2002.

Equality(GLA-wide) – led by the GLA with input from the functional bodies. The scope of the review is to review TfL's activities in the area of equal opportunities, and ensure opportunities for effective working with the GLA family are fully exploited.

The evaluation and final reports are complete and the recommendations were signed off by the Mayor in March 2002.

C1.2 Service reviews

Service specific reviews provide focus on a particular activity and are intended to deliver efficiency, economy and effectiveness in these areas.

C1.2.1 Street Management

Contracts and procurement - focusing on the current arrangements, procedure and strategy to produce a single, consistent approach to procurement.

The following has been adopted as the vision for contracts and procurement for TfL Street Management:

‘To procure goods, services or works through defined processes and procedures that best manage risk and offer value for money in terms of cost, quality and lead time to deliver the Mayor's Strategies’.

To deliver this vision, it has been concluded that effective contracts and procurement in TfL Street Management must include:

- a clear and consistent procurement strategy linked to objectives
- a strong procurement culture
- clearly defined procurement routes that allow
 - quick easy and efficient purchase of low cost, low risk products giving a low administrative overhead
 - framework contracts
 - small tender/quotes
 - large tenders
- development of positive and strong relationships with key partners
- effective planning and decision making, enabled by clear guidelines and procedures
- appropriate skills and competencies devolved out into the organisation.

These constituent elements have been brought together into an action plan comprising 29 key proposals. The project board considered the detailed and costed action plan in January 2002, and signed it off for implementation.

Major tendered projects – a review of how individually tendered construction and civil engineering schemes are project managed from approval through to implementation.

There have been some minor delays in producing the initial service assessment. The review is due to complete in spring 2002.

Maintaining the streets – examining how the TfL Road Network (TLRN) is maintained including responsive and programmed maintenance to all aspects of the street scene.

Although the review would not be completed until spring 2002 it was the subject of a best value inspection process in February 2002. This was at the request of the Best Value Inspectors who wanted to carry out a ‘staged inspection approach’ of a service. The second part of the inspection will be carried out in autumn 2002.

Key action points from the review are:

- improve communication with the public and boroughs
- further develop the maintenance strategy for the TLRN, in line with the Mayor’s Transport and other strategies, to address user concerns
- improve co-ordination of street maintenance work, improvement schemes and streetworks throughout London – this is the subject of a best value review proposed for 2003, but some ‘quick win’ improvements on the TLRN will be implemented in 2002
- develop transparent, long-term methods for prioritising and funding maintenance work on the TLRN and borough principal roads
- produce and use performance information to aid business improvement and to monitor customer satisfaction
- raise staff awareness of, and involvement in, the strategic development of road maintenance.

Land and property management – a review of land management including acquisition, upkeep and disposal of assets; and an examination of TfL Street

Management's role as a landlord and neighbour. This review is due to complete in May 2002.

C1.2.2 Surface Transport

Dial-a-Ride services – added to the review programme as a result of growing dissatisfaction with the service, and the specific pledge to review the service in the Mayor's Transport Strategy.

The scope of the review was to undertake a thorough examination of the business performance, including its management and governance structures of the service and the six Dial-a-Ride charitable companies.

The review was completed on time in November 2001, and a Change Management Team has been put in place to take forward the agreed action plan. Key action points are:

- Clearly define the service, including who it intends to serve
- centralise management and administration
- review of strategies for operations
- produce and monitor meaningful performance measures
- examine the competition element.

The service has been the subject of a best value inspection and the final report was received in May 2002.

Public Carriage Office (PCO) – added to the programme to coincide with a period of significant change facing the PCO arising from the introduction of new private hire regulations. The new regulations have greatly expanded the responsibilities of the PCO. In addition, the Mayor's Transport Strategy highlights a number of objectives the PCO needs to address.

The review identifies how efficiently and effectively the PCO is tackling these new challenges and provides constructive recommendations and an outline action plan for continuous improvement. It was carried out through an analysis of documentary evidence submitted to the review team, and through interviews with a wide range of stakeholders, customers and comparable organisations.

The final review report and action plan is being finalised.

Private and mobile radio systems and associated services– added to the best value programme. It is associated with the evaluation and selection of appropriate technology in respect of bus radios, automated vehicle location, and the 'Countdown' project.

Progress has been made and a stakeholder workshop was held during January 2002. It is expected that the final report and action plan will be published in May 2002.

East Thames Buses – added to the best value programme, given that it was conducted in accordance with best value principles. It is not, however, a full best value review. East Thames Buses is the trading name for London Buses Limited and was established in order to operate a small number of bus services previously provided by an operator that went into administration.

East Thames Buses is seen as an insurance policy to provide London Buses with the capacity to ensure the continued delivery of bus operations at a reasonable cost in the

event of operator failure. The company should continue to operate provided it passes the 'best value' test.

An independent review was commissioned to ensure an open and unbiased assessment of the business in accordance with best value principles. The review team will report in spring 2002.

C.1.2.3 Other TfL services

Transport Museum– the operation and efficiency of London's Transport Museum in respect of management practices in the areas of collections, curatorship, communications, retailing tourism, education and cultural development.

The key action from the review is a four stage investment programme at the Museum in Covent Garden for the improvement of public presentations and the care of the collections through enhancements to the Flower Market building.

Table C1

IMPROVING EFFICIENCY AND EFFECTIVNESS

Programme of Best Value Reviews – Published 2001

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
<p>Cross Cutting Reviews</p> <p>1. Customer Services</p> <p>2. Service planning and integration</p>	<p>1. Service delivery – operations</p> <p>2. Accessibility</p> <p>3. Safety management</p> <p>4. Consultation (GLA-wide)</p> <p>5. Equality (GLA-wide)</p> <p>6. Business planning and performance</p> <p>7. Information Systems / Information Technology</p> <p>8. Payroll services</p>	<p>1. Service delivery – infrastructure maintenance and renewal</p> <p>2. Services delivery – customer services</p> <p>3. Service planning including bus and train frequency timetabling and reliability</p> <p>4. Network planning including bus priority & interchanges</p> <p>5. Borough integration and implementation</p> <p>6. Security including policing and travel at night</p> <p>7. Finance</p> <p>8. Procurement including contractual terms ¹</p>	<p>1.3.</p> <p>1. Service delivery – customer information</p> <p>2. Fares revenue generation including ticketing systems, fares, marketing and revenue protection ²</p> <p>3. Non-fares revenue generation including advertising income</p> <p>4. Environmental and health issues</p> <p>5. Human resources including training and recruitment</p> <p>6. Internal and external communications including staff, customer, press and public affairs</p> <p>7. Project management and development</p> <p>8. Finance – continuation</p> <p>9. Strategy and policy development</p>	<p>1.4.</p> <p>1. Planning and managing closures including emergency rail replacement</p> <p>2. Data collection and management including market research and analysis</p> <p>3. Property and facilities management including land management</p> <p>4. Central TjL support services including Lost Property Office, staff travel, archiving, design management, briefing, staff facilities</p> <p>5. Internal Audit</p> <p>6. Legal Services including Company Secretariat</p> <p>1.5.</p>

Notes:

¹ This review will not directly consider Street Management operations as it is subject to a separate review. However, Street Management would be involved in the review to ensure relevant interfaces are covered.

² The timing of this review is subject to the date for the introduction of Smartcards.

IMPROVING EFFICIENCY AND EFFECTIVENESS

Programme of Best Value Reviews – Published 2001

Service Reviews – Street Management

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
1. Street lighting maintenance 2. Traffic signs maintenance	1. Contracts and procurement 2. Major tendered projects 3. Maintaining the streets 4. Land management	1. Developing Street Management Services 2. Technical Support	1. Street Engineering 2. Street Systems and Operations Management	1. Key Policy Initiatives and their Implementation 2. Internal Business Support

Service Reviews – Surface Transport (London Buses)

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
1	1	1. Victoria Coach Station	1. Public Carriage Office 2. London River Services	1. East Thames Buses ²

Service Reviews – Docklands Light Railway (DLR)

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
1	1	1	1	1

Service Reviews – Other TfL Services

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
	1. Transport Museum	1. Lost Property Office		

Notes:

¹ In March 2001, London Buses and DLR considered the overall programme of cost-cutting reviews fully covered their businesses.

² Assumes East Thames Buses is subject to the best value legislation.

IMPROVING EFFICIENCY AND EFFECTIVENESS

Revised Programme of Best Value Reviews (starting in the year shown)

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
Cross Cutting Reviews 1. Customer services 2. Service planning and integration	1. Safety management 2. Risk management 3. Information Systems / Information Technology 4. Asset management 5. Travel information and customer relations 6. 'Listening to London' 7. Consultation (GLA-wide) 8. Equality (GLA-wide)	1. TfL wide Business Improvement Reviews ¹ 2. Consultation – continuation (GLA-wide) 3. E-Government (GLA-wide)	1. Fares revenue generation including ticketing systems, fares, marketing and revenue protection 2. Non-fares revenue Generation including advertising income 3. Environmental and health issues 4. Human resources including training and recruitment 5. Internal and external Communications including staff, customer, press and public affairs 6. Project management and development	1. Planning and managing closures including emergency rail replacement 2. Data collection and management including market research and analysis 3. Property and facilities management including land management 4. Central TfL support Services staff travel, archiving, design management, briefing, staff facilities 5. Internal Audit 6. Legal Services including Company Secretariat

Note:

¹ The definitive list of 2002/03 cross-cutting reviews will reflect the business improvement review activity, and the outputs from the consultants appointed to identify the organisational issues to be addressed in respect of the transfer of LUL to TfL.

IMPROVING EFFICIENCY AND EFFECTIVENESS

Revised Programme of Best Value Reviews (starting in the year shown)

Service Reviews – Street Management

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
<ol style="list-style-type: none"> 1. Street lighting maintenance 2. Traffic signs maintenance 	<ol style="list-style-type: none"> 1. Contracts and procurement 2. Major tendered projects 3. Maintaining the streets 4. Land and property management 	<ol style="list-style-type: none"> 1. Project identification and appraisal 2. Walking and cycling 3. Road safety 	<ol style="list-style-type: none"> 1. Street engineering 2. Street systems and operations management 	<ol style="list-style-type: none"> 1. Key policy initiatives and their implementation 2. Internal business support

Service Reviews – Surface Transport

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
	<ol style="list-style-type: none"> 1. Dial-a-Ride 2. Public Carriage Office 3. East Thames Buses 4. Private and mobile radio systems and associated services 	<ol style="list-style-type: none"> 1. Consultation on bus service changes 2. Bus shelter provision 3. Victoria Coach Station 4. Maintenance of bus service information 	<ol style="list-style-type: none"> 1. London River Services 	

Service Reviews – Other TjL Services

2000/01 Pilot Reviews	2001/02	2002/03	2003/04	2004/05
	<ol style="list-style-type: none"> 1. Transport Museum 	<ol style="list-style-type: none"> 1. Lost Property Office 		

TRANSPORT FOR LONDON
BOARD PAPER

SUBJECT: SOCIAL INCLUSION ACTION PLAN

MEETING DATE: 11 JUNE 2002

1. PURPOSE

Attached to this report is a copy of TfL'S first Social Inclusion Action Plan. This sets out how TfL will work towards a more inclusive transport system over the next two years, building on accessibility improvements already made.

2. BACKGROUND

In November 2001, the TfL Board agreed the recommendations of a report on Social Inclusion which proposed:

- The establishment of a small, strategic leadership function to drive the Social Inclusion agenda across TfL;
- The development of a Social Inclusion Action Plan.

3. HEAD OF SOCIAL INCLUSION

We are in the closing stages of a recruitment process for the Head of Social Inclusion. This position will be based in the Commissioner's office and lead a small team. Their role will be to support and enable the TfL operational and corporate businesses to deliver the Social Inclusion agenda.

4. SOCIAL INCLUSION ACTION PLAN

This has been developed with all TfL businesses and corporate units over the past four months. The Action Plan sets out:

- The context for Social Inclusion and transport;
- TfL's vision of an inclusive transport system;
- Proposed schemes and initiatives for the next 18-24 months;
- Priority research areas.

This first plan essentially highlights the work that TfL is doing to develop a more inclusive transport system. Most of the programme already features in

the TfL Business Plan. However, the next TfL Business Plan will integrate more clearly our Social Inclusion objectives with TfL's wider goals.

5. IMPACT ON FUNDING

The action plan confirms that most of the Social Inclusion initiatives it highlights have already been funded within the TfL Business Plan.

There are some proposed initiatives that would be additional to TfL's Business Plan, many of which are new or recent ideas. These will be further developed over the next few months and considered in the next business planning round or, if appropriate, as part of a mid-year budget review.

6. CONCLUSION

This action plan is a first attempt at setting out how TfL is working towards a more inclusive transport system. In future the Business Plan will reflect more fully our Social Inclusion remit.

Further work needs to be done in order to identify initiatives for inclusion in the next business planning round or those that might be brought forward in the current financial year.

7. RECOMMENDATIONS

The Board is asked to note the contents of this report for final approval.

Robert Kiley
Commissioner of Transport

Transport *for* London

**Social Inclusion Action Plan
2002 – 2004**

Draft for Panels

30th April 2002

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Executive Summary

This is TfL's first Social Inclusion Action Plan. It sets out what TfL is proposing to do over the next 18-24 months to combat social exclusion through the delivery of transport services to the Capital.

Social exclusion is a complex multi-dimensional phenomenon with two key aspects – economic disadvantage (resulting in poor housing, bad health, unemployment etc.) and social identity (such as older people, people from ethnic minorities, lone parents, women, and disabled people). Transport exclusion contributes to social exclusion where people are unable to use the transport system because of a failing in relation to one or more of the key criteria for transport inclusion:

- Accessibility (spatial and physical);
- Affordability; and
- Acceptability (e.g. personal security & safety, cultural barriers, staff and organisational attitudes).

TfL's vision is of a transport system that serves the needs of all those who live, work or visit London irrespective of economic status or social identity.

The plan is structured around the key transport inclusion criteria. For each of these criteria, a number of schemes have been identified that make an important contribution to transport inclusion. Agreed activities across all business and corporate units are listed for each scheme, with milestones in the course of the 18-24 month period covered by the plan and the funding allocated to the activity. For those activities that are not yet funded, a business case will be developed.

Accessibility

1. Improve the availability and relevance of journey planning information
2. Improve the availability and relevance of journey information en-route
3. Address physical and sensory barriers to the transport network
4. Improve spatial access to goods, services, facilities and social activities

Affordability

5. Keep fares affordable, simple and sensitive to different needs

Acceptability

6. Provide a safe and secure transport environment
7. Keep the transport environment clean and well-lit – including graffiti free
8. Ensure front line staff (direct and contract) are trained, motivated and equipped to deliver an acceptable service
9. Reduce accidental deaths and injuries across the transport environment

The Commissioner of Transport has made addressing the Social Inclusion agenda a priority for TfL. However, TfL's core operational businesses will deliver most of the

action plan. There will be a small, strategic team working across TfL to co-ordinate, enable and integrate initiatives and projects that can make a major contribution to addressing social exclusion. TfL's existing management processes will oversee mainstream service delivery and project implementation. The social inclusion team will provide advice or assistance as required by the business and corporate units.

A priority for the social inclusion team will be to find out what socially excluded people need in the way of transport provision, and what is actually being provided on the network. It will investigate, through both formal and informal research, the extent and impact of transport exclusion now and in the future. In addition, the team will build partnerships with other agencies that contribute to social inclusion, and work towards making TfL itself a more inclusive organisation.

Section1 - Introduction

Purpose

- 1.1 This is TfL's first Social Inclusion Action Plan. It sets out what TfL is proposing to do over the next 18-24 months to promote social inclusion through the delivery of transport services to the Capital.
- 1.2 TfL is already undertaking a number of initiatives across the business that increase social inclusion. Examples are:
 - A range of initiatives to make fares simpler and more affordable, which is key to increasing social inclusion
 - Improving the accessibility of London's bus fleet for people with reduced mobility
 - Getting the views of Londoners on transport issues through the Listening to Londoners programme, which has a strong focus on social inclusion
- 1.3 This Action Plan sets out to :
 - Highlight and prioritise those areas that TfL considers most important to taking forward the social inclusion agenda over the next 18-24 months;
 - Pull together existing strands of work on social inclusion issues across the organisation;
 - Identify gaps in activity, where greater impact could be achieved; and
 - Identify opportunities for linking activities across business and corporate units.
- 1.4 This action plan should be read in conjunction with TfL's business plan, which sets out the TfL programme to bring London's transport infrastructure and services back to a state of good repair.

What is social exclusion?

- 1.5 Social exclusion is a complex multi-dimensional phenomenon with two key aspects – economic disadvantage (resulting in poor housing, bad health, unemployment etc.) and social identity (such as older people, people from ethnic minorities, lone parents, women, and disabled people). These two aspects are often interlinked – i.e. groups who experience exclusion on grounds of social identity are quite likely to be more strongly represented amongst those experiencing exclusion on grounds of economic disadvantage.
- 1.6 TfL recognises that many people in London experience exclusion from key services, employment, leisure and social activities due to deficiencies in the transport system. Those who experience transport exclusion are those who are resident in, work in, or visit London and need to use a variety of means of transport but cannot, for reasons of:
 - Accessibility (spatial and physical);
 - Affordability; and

- Acceptability (e.g. personal security & safety, cultural barriers, staff and organisational attitudes).
- 1.7 Social exclusion is a significant issue for London. Non-white ethnic minorities make up 27% of the population, and this is projected to rise to 31% by 2011. Unemployment among minority ethnic communities is more than double the level of the white population. Two out of five Jobseekers say transport is a barrier to getting a job, and one in four that the cost of transport is a problem getting to interviews. Continued unemployment leads to greater exclusion because of an inability to afford common social activities.
- 1.8 Children in London's schools speak more than 300 languages. An estimated one in five of all secondary school children in London do not have English as their first language. English is the primary language used by the transport profession to communicate with customers. Many of these young people will experience exclusion in the transport system, and be unable to participate in work, social and leisure activities as a result.
- 1.9 Social exclusion through economic disadvantage is also high. Child poverty rates in London, after housing costs, are 43% - by far the highest in the UK. Low income households are more likely not to have cars, and to rely on other modes. They also spend a higher proportion of their household income on travel costs, and their ability to participate in work, social and leisure activities is curtailed as a result.
- 1.10 Although there is a range of available data such as this, there is still no comprehensive understanding of the relationship between social exclusion and transport in London. TfL needs to discover how Londoners and their communities are prevented from participating fully in all that London has to offer and what contribution it can make to dismantling the barriers.

Increasing inclusion in London

The Mayor's vision for London

- 1.11 In the Transport Strategy, the Mayor outlines his vision to develop London as an exemplary sustainable world city based on:
- Strong and diverse economic growth;
 - Social inclusivity to allow all Londoners to share in London's future success;
 - Fundamental improvements in environmental management and use of resources.
- 1.12 This social inclusion action plan has been developed to ensure that TfL supports the vision as set out in the Strategy.

TfL's vision of an inclusive transport system

- 1.13 TfL's vision is of a transport system that serves the needs of all those who live, work or visit London irrespective of economic status or social identity.

Over the long term, we are working towards a transport system in which anyone who wants to travel should be able, autonomously and without difficulty, to:

- Find out about services available
- Obtain a ticket to travel
- Get to their chosen point of departure, get on the service, and get off it where they need to, including making necessary service and mode changes
- Use any facilities provided at departure, on board, or on arrival
- Get to their final destination

1.14 TfL's contribution to achieving this vision will involve planning and developing its services (including door-to-door services) to optimise their availability for all sections of the community. The principles of inclusive design will be followed and a whole-journey approach will be taken to service delivery. This means a comprehensive network of frequent and reliable bus, DLR, Underground and river services together with a regulated taxi and private hire vehicle market. For those unable to use mainstream transport, appropriate alternative means of transport (eg door-to-door transport) will be available against defined eligibility criteria and an independent assessment of individual mobility and travel needs.

1.15 GLA projections indicate that London's population will rise from around 7.47m this year to 7.78m in 2008 and 8.15m by 2016¹. The population growth places increasing demand on infrastructure and services, and those who are already excluded, or who are on the margins, are likely to experience greater exclusion as a result. The sooner we learn how to address transport exclusion the better we will be able to cope with the increase in population growth and its impact on transport services.

TfL's commitment to an inclusive transport system

1.16 TfL's Board has made a commitment to social inclusion. TfL recognises that people who live in, work in and visit London are individuals, from diverse backgrounds, with different aspirations to be included in the community and, therefore, differing travel needs. In order to bring about inclusive transport in London, in our services and in our employment and business practices, we will make every effort to work in an inclusive way.

1.17 As part of our 'Listening to London' review, user consultation and involvement will have a high priority, ensuring a representative mix of users, and a fully accessible process. Continuing programmes of improvement will be in place to harness changes in technology and take account of changing user requirements.

¹ Planning for London's growth – GLA March 2002

- 1.18 Everyone involved in the planning or delivery of services will be educated and encouraged to think and act in an inclusive fashion.

How we will deliver this plan

- 1.19 The Commissioner of Transport has made addressing the Social Inclusion agenda a priority for TfL. There will be a small, strategic team working across TfL to co-ordinate, enable and integrate initiatives and projects that can make a major contribution to addressing social exclusion, and also identify gaps in TfL plans.
- 1.20 TfL's primary responsibility is social inclusion through service delivery and it will work closely with partners across London, including the GLA, LDA, MPA and other non-GLA agencies, who have responsibility for other elements of social inclusion.
- 1.21 TfL's core operational businesses will deliver most of this action plan. TfL's existing management processes will oversee mainstream service delivery and project implementation. Part of the performance management role will be to ensure that we maximise the potential of our mainstream activity to address transport exclusion. The social inclusion team will provide advice or assistance as required by the business and corporate units.
- 1.22 The social inclusion plan will be fully integrated with the TfL business plan during 2002/3. An important activity for the social inclusion team will be the development of performance indicators that align with business priorities but ensure a clear social inclusion focus is developed and maintained. Consistency will also be ensured with the other Mayoral strategies, and with the Equality and Diversity Action Plan.

How the plan is laid out

- 1.23 The plan is structured around the core transport inclusion criteria of accessibility, affordability and acceptability. For each of these headings, a number of schemes have been identified that are key to contributing to transport inclusion.
- 1.24 The plan lists the schemes together with the agreed activities across all business and corporate units for each scheme. In this first plan, the Underground has not been included. Once the Underground transfers from Government to TfL control, the Underground's activities in relation to social inclusion will be addressed. The plan identifies milestones in the course of the 18-24 month period covered by the plan and the funding allocated to the activity.
- 1.25 Some of the activities in the plan are not currently included within TfL's business plan, and no funding has yet been allocated. The business plan for these activities is yet to be developed. They are listed in the table below a double line, thus:

Section 2 – Addressing barriers to transport inclusion

2.1 This section explores the three criteria for transport inclusion, namely accessibility, affordability and acceptability. It identifies measures that will tackle each of these criteria, and is intended to assist TfL to relate individual projects to the key goal of social inclusion. Only some of the measures identified here are included in this social inclusion plan, and some of the measures will involve long term planning and co-ordination with other agencies.

2.2 The text below refers to ‘the transport environment’. This encompasses:

- all those areas over which TfL has direct control². This includes many of London’s major roads, but we are conscious that much of the London street network outside TfL’s direct control is crucial to gain access to London’s transport system;
- those areas over which TfL has indirect control through funding for the boroughs, who work to the objectives of the Transport Strategy and guidance issued by TfL;
- those areas where TfL can *influence* the activities that affect non-TfL areas such as those controlled by the SRA and other government bodies.

Accessibility

2.3 This criterion addresses barriers to movement for some transport users, and the way in which transport, combined with the proximity or otherwise of employment, goods and services, facilitates people’s ability to participate in, and contribute to, society. This criterion is largely about the external environment – i.e. factors external to the person themselves. It includes:

- Measures that improve travel for people currently prevented from easily using the transport system because of physical or sensory barriers and by the way the system is operated;
- Measures that increase the extent to which employment, goods and services are made available to people, either through close proximity, or through providing transport to locations where they are available. These measures should focus on areas of deprivation, which can impact particularly on helping tackle the high unemployment rates of London’s black and minority ethnic communities;

² TfL has direct control over:

The management of London Buses, Croydon Tramlink, Docklands Light Railway; the management of a network of major roads, the Transport for London Road Network (TLRN); the regulation of taxis and minicabs; the running of London River Services, and promoting the safe use of the Thames for passenger and freight movement; managing Dial-a-Ride and helping co-ordinate the Taxicard scheme for door-to-door services for transport users with mobility problems; traffic lights across London. London Underground will become part of TfL when control transfers to TfL from central government.

- Measures to provide consistent and high quality information, which reassures travellers, enables them to choose the route and ticket that best meets their needs, is clear and easy to understand, reliable and up-to-date, accessible both in format and location and is available both en route and for pre-planning;
- Measures that ensure that journeys involving public transport continuously improve the level of door-to-door convenience it offers, in particular by reducing barriers to network accessibility for passengers with impaired mobility, and providing safer and more secure journeys;
- Measures that enable people to access the public transport system by car where this is essential (for example for people with impaired mobility);
- Measures to ensure that proposed remedies to exclusion in one part of the system do not unwittingly perpetuate or increase exclusion in another;
- Measures to make London's streets easier to use for walking, cycling and using public transport;
- Measures to reduce journey times.

Affordability

2.4 This criterion addresses the affordability of the transport system. It includes:

- Measures based on the premise that high fares exclude a large proportion of people on low incomes from the transport system;
- Measures to simplify the structure of fares to make paying for travel easier;
- Measures to make fares more sensitive to different needs where they impact more heavily on certain social groups such as women and carers, who are more likely to be part-time workers;
- Measures to make fares more equitable for users of different transport modes (especially where choice may be limited e.g. door-to-door transport);
- Measures that ensure that the availability of ticketing products does not unwittingly exclude potential passengers, and that usage of cross-modal ticketing products is consistent across modes.

Acceptability

2.5 This criterion addresses those things that help people feel more confident, and more comfortable, about travelling. It is about people's identity and beliefs and the risks people are willing to take – what is acceptable to them - i.e. factors specific (internal) to the person themselves.

- Measures to address anti-social behaviour and crime, including harassment. The risks to frontline operating staff, and taxi and private hire vehicle drivers should also be recognised;

- Measures to improve the safety of London's streets given the large number of road accidents, with children and young people particularly at risk;
- Measures aimed at ensuring that transport workers, particularly frontline staff, are able to respond to the needs of people using the transport system, which will include appropriate training in diversity;
- Measures that seek to ensure that transport organisations' workforces at every level fully reflect London, particularly by increasing the employment of women, disabled people, and black and minority ethnic people at every level;
- Measures aimed at reducing harassment experienced by staff both from colleagues / managers and from the public;
- Measures aimed at addressing issues around personal security, which is a key issue for many groups including women, older people, children and young people.

Section 3 – Starting to deliver inclusive transport

3.1 This part lists the schemes that TfL is driving forward over the next 18-24 months. They are not a comprehensive response to all social inclusion issues. However, they are our early priorities for addressing the issues facing excluded and marginalised communities.

3.2 The schemes, as they relate to the transport exclusion criteria, are:

Accessibility

10. Improve the availability and relevance of journey planning information
11. Improve the availability and relevance of journey information en-route
12. Address physical and sensory barriers to the transport network
13. Improve spatial access to goods, services, facilities and social activities

Affordability

14. Keep fares affordable, simple and sensitive to different needs

Acceptability

15. Provide a safe and secure transport environment
16. Keep the transport environment clean and well-lit – including graffiti free
17. Ensure front line staff (direct and contract) are trained, motivated and equipped to deliver an acceptable service
18. Reduce accidental deaths and injuries across the transport environment

Scheme 1: Improve the availability and relevance of journey planning information				
Project	Business area	Milestones	Funding	Accountable
Journey Planner accessible on the web (and in support of the Travel Information Centres replacing 'Routes')	IT Corporate Communications	Delivery August 2002	Yes	Bill Limond Romek Knopp
Include walking in all mode travel planner	Street Management	Incorporate walking information by end March '03	Yes – existing budgets within Corporate Services	Mick Hickford (AD Service Development and Performance)
Improve design of local area transport guides to address accessibility barriers.	Surface Transport	Guides under review	Yes	Bob Crowther (Strategy & Policy Manager)
Make local area transport guides more widely available to target groups.	Surface Transport	Guides under review	Yes	Bob Crowther (Strategy & Policy Manager)
Pilot project on bus travel training for people with learning difficulties (Greenwich)	Surface Transport	Commence April 2002 Delivery October 2002	Yes	Bob Crowther (Strategy & Policy Manager)

Roll-out of bus travel training	Surface Transport	To begin after Greenwich project	Business plan TBD	Bob Crowther (Strategy & Policy Manager)
Transport training for other modes	HR	To begin after Greenwich project	Business plan TBD	Gregor Forde (Equalities & Diversity Manager)
All TfL web sites to take account of the needs of people with sensory impairments	IT / Marketing Communications & Corporate Design		Business plan TBD	Bill Limond Romek Knopp

Scheme 2: Improve the availability and relevance of journey information en-route				
Project	Business area	Milestones	Funding	Accountable
Countdown and Automatic Vehicle Location (AVL) overhaul programme	Surface Transport	Acceptable performance by 31/3/03	Yes	Melanie Alexander (Head of AVL/Countdown)
Improve street signage	Street Management	Pedestrian signing guidance to be produced by end 2002	Yes – base budget	Mick Hickford (AD Service Development and Performance)
Review signage on the DLR network.	Rail Services	TBD following acceptable performance of AVL	Yes	
Improve design of on-bus route and destination information	Surface Transport		Trial but not rollout	Melanie Alexander (Head of AVL/Countdown)
Improve information provision at bus stops: <ul style="list-style-type: none"> • Frequency tables; • Local maps; • Tactile/graphical info 	Surface Transport Marketing Communications and Corporate Design	From March 2002	Part	Bob Crowther (Strategy & Policy Manager) Mike King (Customer Information Development Manager)
Town centre improvement schemes	Street Management			

Next stop information on buses	Surface Transport	TBD	Business case TBD	
Customer Travel Information Strategy	Integrated Transport (Finance and Planning)	Being developed	Business plan TBD	Colin Mann (Head of Integrated Transport) / Lesley McLeod (Acting Director Comms & Public Affairs)

Scheme 3: Tackles physical and sensory barriers to the transport network				
Project	Business area	Milestones	Funding	Accountable
Rollout of accessible buses.	Surface Transport	77% of fleet by 31/3/03 87% by 31/3/04 90% by 31/3/05	Yes	Mike Weston (Head of Infrastructure)
Improve ease of boarding/ exiting buses through: <ul style="list-style-type: none"> • Street improvements at stops; • Better bus stop environment; • Ramp performance; • Driver training 	Street Management Surface Transport	Target of 40 accessible bus stops in 2002/03 excluding 43 LBI routes Develop forward programme for entire TLRN network and borough roads for 2003/04 onwards	Yes – from disability budgets and LBI budget	Mick Hickford (AD Service Development and Performance) Cynthia Grant (AD LBI and Enforcement) for LBI Mike Weston (Head of Infrastructure)
Enforcement against illegal use of bus lanes and parking at bus stops	Street Management	Renew ticket processing agreement with Croydon (May 2002) Enter joint arrangements with all boroughs Review Borough Parking Plan policies by end 2002	£1.69M per annum £1M per annum existing resources	Cynthia Grant (AD LBI and Enforcement) Mick Hickford (AD Service Development and Performance)
Develop walking programme, focusing esp on specific needs	Finance and Planning	Agree borough and partnership funding for 50+ projects (March	£13M in 2002/03	Andrew Weeden (Head of Borough Partnerships)

	Street Management	2002) Develop Walking Plan for London by end 2002		Mick Hickford (AD Service Development and Performance)
Address maintenance backlog on TLRN on footway.	Street Management	Asset condition survey complete 2002 Relay 100,000 sq.m of footway and 400,000 sq.m of carriageway by end March 03	£30m in 2002/3 £55m above base thereafter	Peter Brown (AD Street Management Services)
Improve streetscape to DDA standards including dropped, kerbs, tactile paving and side road entry treatments.	Street Management	Implement programme of improvements in 2002/03, including 16 entry treatments Develop flagship schemes by June 2002 Develop 10 year programme for 2003/4 onwards	£3.3M in 2002/03 £11M per annum from 2003/04	Mick Hickford (AD Service Development and Performance)
Control encroachments onto footway through enforcement and education	Street Management	Review enforcement programme mid 2002	Yes – base budget	Peter Brown (AD Street Management Services)
Provide at grade road crossings & remove subways/footbridges	Street Management	Target of 78 new signalled pedestrian crossings in 02/03 Close 2 subways at A40 Wood Green junction by October 02	Yes – base budget	Peter Brown (AD Street Management Services)
Improve signing and	Street Management	Adopt and enforce of	Yes	Les Wright (Street

protection of street works		new DTLR Code of Practice on safety of roadworks		Works Champion)
Review disabled parking facilities	Access & Mobility	Respond to DLTR consultation (March 2002) Initiate TfL review by September 2002	Yes	Andrew Braddock (Head of Access & Mobility)
Improve identification of wheelchair access onto DLR trains	Rail Services		Yes	
Funding accessibility projects in the boroughs	<i>Borough Partnerships</i>		Yes	Andrew Weeden (Head of Borough Partnerships)
Refurbishment of DLR rolling stock (taking account of RVAR requirements)	Rail Services		Yes	
Walking and cycling strategic review	Strategy and Policy (Finance and Planning) and Street Management		Yes	Chris Hyde (Strategy and Policy) and David Rowe (Street Management)
Bus priority accessibility improvements (small schemes)	Surface Transport	Delivery by Sept 2002	Yes	Kevin Gardner (Acting Bus Priorities Client Team)
NRN accessibility study, including West London Line Interchanges	Integrated Transport (Finance and Planning)		Yes	Colin Mann (Head of Integrated transport)
Interchange Programme including: redesigning the interchange at Victoria, Finsbury Park,	Integrated Transport (Finance and Planning)		Yes	Colin Mann (Head of Integrated transport)

Vauxhall, Camden Town, among many others and including 'de-cluttering', improving the public toilets and information improvements				
Increase the number and improve the design of bus shelters	Surface Transport	Additional 200 shelters by 31/3/03	Part	Mike Weston (Head of Infrastructure)

Assess needs of people with sensory impairments in the physical environment	Access & Mobility	Desk research complete 31/3/03	Business case TBD	Andrew Braddock (Head of Access & Mobility)
Improve lift provision at DLR stations	Rail Services		Business case TBD	
Accessibility audit of bus stations	Surface Transport	Complete by March 2003	Funded in '03 / '04	Bob Crowther

Scheme 4: Improve spatial access to jobs, services, facilities and social activities				
Project	Business areas	Milestones	Funding	Accountable
Extend DLR to bring improved access to jobs and services.			Yes	
Increase levels of service provision – timing and geographical area			Yes	Clare Kavanagh (Performance Director)
Improve road crossing facilities	Street Management	Investigate pedestrian crossings at 43 signal replacement schemes by end 2002 Undertake experiments to reduce the waiting time for pedestrians at pelicans (start in summer 2002)	£1.8m in 2002/3 £150k in 2002/03	Mick Hickford (AD Service Development and Performance)
Dial-a-Ride	Surface Transport	Implementation of new management structure from April 2002	Yes	Jeff Chamberlain (MD Dial-a-Ride)
Taxicard	Access & Mobility	Sign up majority of Boroughs to Mayor's top-up funding May/June 2002	Yes	Andrew Braddock (Head of Access & Mobility)
Review of eligibility criteria for door-to-door transport to include other socially excluded groups	Social Inclusion / Finance and Planning	Consultants engaged August 2002	Yes	Peter Livermore (Finance and Planning)

Funding regeneration area schemes	Borough Partnerships		Yes	Andrew Weeden (Head of Borough Partnerships)
Investigating light rail schemes.	<i>Integrated Transport (Finance and Planning)</i>		Yes – 1 light rail scheme	Colin Mann (Head of Integrated transport)
Investigating possible Tramlink extension	<i>Integrated Transport (Finance and Planning)</i>		Yes	Colin Mann (Head of Integrated transport)
London South Central Initiative	Strategy and Policy (Finance and Planning)		Yes	Peter Livermore (Head of Strategy and Policy)
Thames River Crossings Initiative	Strategy and Policy (Finance and Planning)		Yes – Feasibility study	Peter Livermore (Head of Strategy and Policy)
Thames Gateway/Lea Valley study	Strategy and Policy (Finance and Planning)		Yes	Peter Livermore (Head of Strategy and Policy)
DLR City Airport link			Yes	Peter Livermore (Head of Strategy and Policy)
Woolwich Arsenal extension	DLR		Yes – Planning stage	Howard Smith (DLR)
Improve modal interchanges	Rail Services	Finsbury Park and Vauxhall by? Limehouse by ?	Part	

Dial-a-ride new vehicles, training and expanded service provision	Surface Transport	TBD	Funded '03 / '04	Jeff Chamberlain (MD Dial-a-ride)
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Scheme 5: Keep fares affordable, simple and sensitive to different needs				
Project	Business area	Milestones	Funding	Accountable
Comprehensive fares policy review	Finance & Planning	<i>Medium term changes</i> Consultation with key stakeholders complete by September 2002 Decisions taken by November 2002 Implementation through 2003 <i>Longer term changes</i> Proposals developed by end 2003	Review funded	Charles Monheim (Finance & Planning)
Introduce Smartcards	Finance & Planning	Prestige roll out from Summer 2002	Part	Charles Monheim (Finance & Planning)
Cashless buses	Surface Transport	Red Arrow routes for conversion June 2002	Part	Dick Halle (Strategy Director)
<hr/> <hr/>				
Get saver tickets on sale in at least one supermarket chain	Surface Transport	September 2002	Business case TBD	Charles Monheim (Finance & Planning)
Remove the time restriction on freedom passes	Finance & Planning / External	Next February	Business case TBD	Charles Monheim (Finance & Planning)

Scheme 6: Provide a safe and secure transport environment				
Project	Business area	Milestones	Funding	Accountable
Roll out of Transport Policing Initiative to establish uniformed presence on key routes	Surface Transport	27 routes by April 03	Yes	Peter Hendy
CCTV cameras on and around buses	Surface Transport	Routemasters complete Summer 2002	Yes to 2002/3	Mike Weston (Head of Infrastructure)
Enhance CCTV coverage on DLR	Rail Services		Yes?? (includes £2.7m Home Office and £100k franchisee)	
Consider roll out of CCTV to key locations	Surface Transport Street Management	Bus stations, Passenger piers, Audit of TLRN.		
Funding town centre improvements. Walking and cycling projects	Borough Partnerships		Yes	Andrew Weeden (Head of Borough Partnerships)
Walking and cycling strategic review	Strategy and Policy (Finance and Planning) and Street Management		Yes	Chris Hyde (Strategy and Policy) and David Rowe (Street Mgmt)
Improve public understanding of real security situation	Media Relations			Dean Fell
Safe travel at night	Comms & Public Affairs		Yes	
Personal Security at Transport Interchanges.	Integrated Transport (Finance and Planning)		Yes	Colin Mann (Head of Integrated Transport)

City on Croydon tramlink	Surface Transport	TBD	Business Case TBD	Peter Hendy (Surface Transport)
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Scheme 7: Keep the transport environment clean and well-lit – including graffiti free				
Project	Business area	Milestones	Funding	Accountable
Graffiti cleaning arrangements in place	Surface Transport	New contract in October 2002 will allow greater focus on performance management	Yes	Clare Kavanagh (Performance Director) Mike Weston (Head of Infrastructure)
Reduce need for maintenance Anti-graffiti coatings for street furniture	Street Management	Develop Streetscape Guidance by end 2002 to include advice on materials and finishes Congestion charging boundary signs to have solvent resistant films	Yes – existing budgets	David Baker (Head of Technical Advice Team) Brian Lord (CCS Signing Manager)
Replace/repair and upgrade street lighting	Street Management	2000 street lights to be replaced/upgraded in 2002/03	Yes	Peter Brown (AD Street Management Services)
Increase number of litter bins, level of cleansing	External			Boroughs
Provide more public toilets				GLA/Boroughs
Trials of alternative power sources to light bus shelters Review lighting near bus stops	Surface Transport	Three solar powered shelters to be installed summer 2002.	Trial only	Mike Weston (Head of Infrastructure)
Bus cleaning at bus stations / stands	Surface Transport		Part	Clare Kavanagh (Performance Director)

SDL to negotiate new cleaning contract	Rail Services		Business case TBD	
Zero tolerance on graffiti pilot on 1 or 2 bus routes	Surface Transport		Business case TBD	Mike Weston (Head of Infrastructure) / Bob Crowther

Scheme 8: Ensure that frontline staff (direct and contract) are trained, motivated and equipped to deliver an acceptable service				
Project	Business area	Milestones	Funding	Accountable
Improve bus crew facilities	Surface Transport	Expansion of dedicated staff toilet and mess room facilities during 2002/3 and 2003/4.	Yes	Andrew Thompson (MD's office)
Equality briefing for police involved in Transport Policing Initiative	HR	Briefing paper by July 2002	Yes	Gregor Forde (Equalities & Diversity Manager)
Ensuring equality issues included in all training	HR	Review complete December 2003	Yes	Gregor Forde (Equalities & Diversity Manager)
Greater prominence to social inclusion in Job Descriptions	HR			
Improve response to harassment and bullying	HR	Pool of available investigators increased to sustainable level by June 2003	Yes	Gregor Forde (Equalities & Diversity Manager)
Improve training for bus drivers, conductors and service controllers	Surface Transport	New drivers from September 2002 to attain BTEC within one year. All service controllers to be qualified by December 2003	Part	Andrew Thompson (MD's office)
Improve recruitment of underrepresented groups	HR	Targets into recruiting managers objectives by December 2003	Part (not additional advertising costs)	Gregor Forde (Equalities & Diversity Manager)

Scheme 9: Reduce accidental deaths and injuries across the transport environment				
Project	Business area	Milestones	Funding	Accountable
Implement road safety improvements	Street Management	Implement 350 borough schemes and 50 TLRN schemes per annum	£3.2m in 2002/3	Jim Landles (AD Traffic Technology Services)
Achieve Road Safety Plan targets	Street Management	Reduce annual killed and seriously injured casualties by 14% by end of 2003/04 (compared with 1994-98 average)	£20.75m in 2001/2 £34.0m in 2002/3 £37.50m in 2003/4	Mick Hickford (AD Service Development and Performance)
Increase number of 20mph Zones	Street Management	Introduce 30 20mph zones in 2002/03	Yes including BSP funds from 2002	Mick Hickford (AD Service Development and Performance)
Undertake schemes to reduce severance	Street Management	Convert Shoreditch one-way system to two way with improved pedestrian measures by end 2002 Complete amelioration measures on A13 by September 2004 Implement World Squares by mid 2003	Yes DBFO Yes	Peter Brown (AD Street Management Services) Brian Thomas (A13 DBFO Manager) Paul Gardner (World Squares Project Manager)
Funding borough 20mph zones	Borough Partnerships		Yes	Andrew Weeden (Head of Borough Partnerships)
Funding borough Local safety schemes	Borough Partnerships		Yes	Andrew Weeden (Head of Borough Partnerships)
Funding Safer routes to	Borough Partnerships		Yes	Andrew Weeden (Head

school projects in the boroughs				of Borough Partnerships)
Develop guidance to ensure severance issues are taken into account for road schemes	Street Management	Include as part of Walking Plan for London	Yes – base budget	Mick Hickford (AD Service Development and Performance)
Undertake road safety campaigns	Street Management	Launch campaign programme starting with teenage campaign in April 2002, motorcycling campaign in May 2002 and cycling campaign in May 2002	£1.5m in 2002/3	Mick Hickford (AD Service Development and Performance)
Implement road safety initiative for ethnic minority children	HR	Launch of pilot programme June 2002	Business case TBD	Gregor Forde (Equalities & Diversity Manager)

Cross-cutting Projects

In addition the projects outlined below, there are a number of projects that have impacts across all nine headings. These include:

Equality Strategy – a programme of work being managed by Gregor Forde, Equalities & Diversity Manager to ensure that TfL becomes an exemplary employer and reflects the diversity of London in its employment and service provision. A key component is **Equality awareness training** which will raise employees awareness of their rights and responsibilities in relation to equality and diversity legislation and TfL policy. This will be launched in May 2002, for completion around August 2003.

Women's Travel needs initiative – a project being managed within Strategy and Policy, seeking to identify ways that TfL can address the travel needs of women. The project is currently in its third phase – the implementation stage, with projects being presented in a women's action plan, which is currently being developed.

Children and young people's action plan – also managed within Strategy and Policy, this project has just got underway. The action plan will be produced towards the end of 2002, with a related project on child safety and protection on public transport being completed in the summer.

Health projects – Strategy and Policy are currently working with the GLA on developing transport as a priority area in the London Health Commission. There has recently been a workshop on how to integrate Health Impact Assessment within TfL and this area will be developed further. Although there are clear links between social inclusion and health, the latter is currently being taken forward through TfL's Environmental Action Plan, which will be produced in May 2002.

Listening to Londoners project - a key objective of the Transport Strategy is the engagement of Londoners in a comprehensive programme of consultation on issues which affect their ability to use all forms of public transport. The 'Listening to Londoners' project, managed by Mike Bartram, Participation & Consultation Manager, will deliver this objective. It has a clear focus on the involvement of socially excluded people.

Ethical procurement – this programme is being managed by Mark Ellis. The aim is to ensure that the procurement process is inclusive for suppliers. There are three elements to the programme: reaching potential suppliers (planned activities complete by Dec 2002); packaging work to encourage potential supplier to bid (planned activities complete by January 2003); and enabling supplier to bid (planned activities complete by February 2003). The programme is funded, barring training TfL staff to specify inclusively.

Disability Equality Training – a project being managed by Gregor Forde, Equalities & Diversity Manager, to ensure that all employees understand the barriers to participation experienced by disabled people, and how they can remove those barriers through changing working practices. It is intended to invite tenders in

July 2002, select a training provider by October 2002 for December 2003 completion. **This project is not yet funded.**

Communications and Public Affairs – Across all activities in the Plan, there is a role for the various departments within Communications and Public Affairs. They respond to the requirements of other business and corporate units in increasing social inclusion.

Section 4 – Clarifying, supporting and ensuring delivery of the plan

The role of the social inclusion team

- 4.1. The social inclusion team exists to lead the social inclusion agenda, ensure TfL delivers the agenda, and support the business and corporate units to that end. It will coordinate, enable and integrate initiatives and projects that can make a major contribution to addressing social exclusion. The social inclusion team will provide advice or assistance as required by the business and corporate units.
- 4.2. It will enable operational businesses to deliver against the action plan using existing management processes to oversee mainstream service delivery and project implementation. Part of the performance management role will be to ensure that we maximise the potential of our mainstream activity to address transport exclusion.
- 4.3. Where activities are less clearly planned, currently unfunded, or have arisen as a result of the social inclusion planning process, the team will take a more active role. It will:
 - Assist business and corporate units to initiate projects that are not already under way;
 - Advise the business or corporate unit on how the social inclusion issues could be addressed through specific project,
 - Assist the business or corporate unit to develop a project plan; and
 - Monitor progress against the project plan through existing Finance & Planning mechanisms.
- 4.4. The team will work closely with the business and corporate units and with Finance and Planning to develop performance indicators for social inclusion issues that complement those indicators already within the business plan.
- 4.5. The team will actively seek to make links between business and corporate units working on specific projects, and between the different projects under way, so that best practice can be shared and synergies identified and exploited.

Improving our understanding of the link between transport and social exclusion

- 4.6. A priority for the team will be to find out what socially excluded people need in the way of transport provision, and what is actually being provided on the network. It will investigate, through both formal and informal research, the extent and impact of transport exclusion and good practice in creating inclusion. An important mechanism for achieving this will be the Listening to London work run by Communications and Public Affairs. Some further research will take place through the business or corporate units, building on work they may already have done. Some will take place through Strategy and Policy. The team's role will be to draw the various strands together and begin to build a coherent picture of social exclusion and the transport environment.
- 4.7. Specific research will be needed to:
 - understand what people in London are excluded from, and what part transport plays in this;

- identify barriers to public transport use – especially acceptability barriers;
 - develop maps on transport accessibility with links to areas of deprivation, and of particular social (e.g. racial or religious) groupings;
 - understand the scope and nature of information socially excluded people need to be able to use transport more effectively, how best to deliver that information including the languages and formats required, and the technology available to key groups. Links with other transport providers will be crucial to work towards seamless information provision;
 - understand whether and how cleanliness, graffiti, lighting exacerbate exclusion;
 - understand the impact of fare changes, including who benefits, and whether fare products or price constitute a barrier;
 - understand how customer service can be improved in the transport sector, including importing good practice from other cities and other industries.
 - assess the accuracy of accident statistics as they relate to socially excluded groups, with a view to dealing with under reporting if appropriate;
 - develop a personal security strategy across all modes and groups. This will include developing local interchange strategies with other relevant agencies, getting below the surface of issues such as safety and the perception of security, including understanding the value of CCTV, how security concerns can exclude.
- 4.8. The team will be responsible for understanding the dynamics of London's population and economic growth and change. Transport drives and responds to these dynamics; social inclusion issues will also evolve and change and the team must ensure that TfL's processes are flexible enough to respond to these changes. In recent years, the focus has been on physical accessibility. In the future we have to deal with a changing population with changing travel needs including a larger ethnic population.
- 4.9. In addition, the team will ensure that the different agencies in London that have a role in increasing social inclusion issues are proactively informed of TfL's activities, positively respond to TfL's needs, and willingly inform TfL of their own needs and activities. The principal objective of these partnerships will be improve the access socially excluded people have to key resources, services and facilities (e.g. health service provision),
- 4.10. Finally, but still very importantly, the team will work to ensure that TfL becomes an inclusive organisation, where all staff are valued and included, and social inclusion is an integral part of mainstream activities. In order to achieve this, the team will work closely with TfL's HR department.

Priorities

4.11. The table below outlines the priorities for the social inclusion team:

Priority	Key link business area	Timing
Assemble robust data to identify issues for key groups in relation to transport services (including users and non-users)	Strategy & Policy HR	June 02 – Sept 02 for first cut of existing data
Understand existing patterns of social exclusion and how transport contributes	Strategy & Policy HR	
Review eligibility criteria for door-to-door transport	Surface Transport Strategy & Policy	June 02 – Sept 03
Assess impact of fares on key groups (including input into fares policy review)	Finance & Planning	
Understand likely future patterns of exclusion	Strategy & Policy	
Build relationships across the GLA group		
Raise staff awareness of inclusion issues	HR Comms & PA	
Develop inclusive working practices within TfL	HR	
Develop an assessment framework for business plan proposals to ensure optimum social inclusion impact	Strategy & Policy Finance & Planning	
Develop monitoring and evaluation systems to measure progress	Finance & Planning (link to performance indicators)	

Appendix: Business Plan Operational Strategies from a social inclusion perspective

OS1 Improve system safety & customer security

Many people from socially excluded groups are more vulnerable road users. For example, children from ethnic minorities are involved in more road accidents than white children. In addition, many perceive themselves to be more vulnerable to crime and other forms of danger – in particular women, people from ethnic minorities and lesbians, gay men, bisexual and transgender people. The social inclusion plan must seek to make real improvements across the system, build people's confidence in those improvements, and their capacity to recognise and avoid danger.

OS2 Improve financial efficiency

Money must be spent fairly – and that may mean spending more on issues that are important to people who experience exclusion, or in areas that are deprived to achieve a better balance of provision. TfL needs to be aware of the needs of socially excluded groups, so that financial decisions can be effective as well as efficient. It is also important to be transparent, so that the impact of financial efficiency can be justified. Becoming more socially inclusive provides overall value for money for the taxpayer, with a reduction in expenditure in other areas, including benefits and specialist provision.

OS3 Reduce traffic congestion and increase public transport usage and network capacity

Traffic congestion affects the health of people from socially excluded groups, because they are less able to move out of areas affected by pollution. Efforts to reduce congestion should not ignore areas of social exclusion. Likewise, the issues important to socially excluded groups and the geographic areas that experience exclusion will need to be included in plans to increase public transport usage. This includes increasing access to jobs and services that people need to get to. Increasing network capacity can help those who currently do not use the network because it is too difficult or daunting to access on grounds of overcrowding. The needs of those who have to travel by car (on grounds of accessibility, or complex trip requirements) must not be overlooked.

OS4 Improve network reliability and service delivery quality

Many people from socially excluded groups depend on public transport. Improving the reliability of the network and the quality of service provision may be advantageous to them, provided that the improvements include those areas where they live, and those they want to access. Consideration must also be given to how people from marginalized groups would define service delivery quality, and TfL must ensure that their needs are taken into account.

OS5 *Improve network integration and support of local authority initiatives*

'Joined-up' planning is vital to people who experience social exclusion. If the journey is to be made at all, people must feel confident to make the whole journey. They must: know how to make the journey, feel confident to make the journey and be physically able to make the journey. The journey may be quite complex – many women, for example, 'chain' their trips to make the most effective use of time and other resources. TfL does not own the whole journey, and partnerships will have to be built if it is to ensure an unbroken journey chain. The value for money that social inclusion brings can only be gained through partnership working.

OS6 *Improve access to the transport system*

Improved access must remove the barriers that people encounter in using the transport system. This includes physical barriers, but also the lack of geographic accessibility (either getting onto, or off, at the desired point), lack of affordability, and lack of acceptability (see above). The needs of all socially excluded people – whether through economic disadvantage or social identity – have to be considered to do this effectively.

TRANSPORT FOR LONDON

BOARD PAPER

**SUBJECT: REVIEW OF BOARD ARRANGEMENTS AND
STANDING ORDERS**

MEETING DATE: 11th June 2002

1. INTRODUCTION

This submission sets out the Commissioner's recommendations arising from his recent review of the arrangements supporting the work of the TfL Board. It also incorporates revisions to the Standing Orders in support of the Commissioner's recommendations and arising out of a separate review of the Standing Orders which has been undertaken.

2. BACKGROUND

The Commissioner's review has been conducted through initial discussions at recent meetings of the Street Management, Surface Transport, and Rail Transport Advisory Panels and one to one meetings with all Board Members.

The review of TfL's Standing Orders has been undertaken as a requirement arising out of the Board's approval of the Standing Orders in March 2001. The aim of the review was to eliminate ambiguities and inconsistencies, reflect organisational changes since March 2001 and to accommodate changes identified through the Commissioner's review in the way TfL conducts its business. The summary of the changes to the Standing Orders, a full set of the revised Standing Orders and a list of the proposed memberships of the Committees and Advisory Panels, are attached as Appendices 1, 2 and 3 to this Board Paper.

In parallel, a Code of Corporate Governance for TfL is proposed, in anticipation of a mandatory requirement for local authorities within the coming year. The proposed Code is the subject of a separate paper (Agenda Item 8.2) and was submitted to the Finance and Audit Committee meeting on 21 May 2002.

The Board should be aware that the Commissioner has recently introduced a programme of internal monthly management meetings (Business Management Reviews) to focus on progress in delivering the Business Plan, including financial and operational performance. This should enable the Board to take a more strategic approach to performance management.

3. **PROPOSED ARRANGEMENTS FOR 2002/3**

Between March 2001 and April 2002, the Board met through six full cycles of Advisory Panel, Committee and Board meetings. In addition, there were four special Board meetings and three informal briefings.

The general feedback from Board Members was that the current arrangements work reasonably well. There are, however, some proposals for improvement that are set out below.

3.1 **Timing of Board meetings**

The current frequency of six full Panel, Committee and Board cycles per annum should be retained, with provision for special Board meetings and informal briefings. However, it is proposed that the timing of the cycle is adjusted in order to:

- Enable quarterly performance reviews of TfL operations in May, September, November and February;
- Enable Board input to the TfL Business Plan; and
- Ensure the Board annually agrees the proposed TfL Budget for submission to the GLA.

3.2 **Panel, Committee and Board papers**

A general concern has been raised about the volume of some of the Panel, Committee and Board reports. Management will endeavour to ensure the papers are brief and succinct.

In order to establish an effective link between Board (including Committee and Panel) discussions and TfL senior management's monthly review process, it is proposed that the agenda and papers for the Board, Advisory Panels, Committees and EMG will be distributed three working days before each meeting in place of the current five working days. This will enable the Panel, Committee and Board meetings for each cycle to take place within a fortnight, considerably streamlining the existing process.

3.3 **Board Awayday**

A number of Board Members suggested arranging a longer, informal session to discuss wider TfL policy and strategy issues. A Board Awayday in September/October is proposed and details will be sent to Board Members directly.

4. **REVIEW OF STANDING ORDERS**

A new decision-making framework and revised Standing Orders were agreed at the Board meeting held on 13th March 2001. It was further agreed that the Standing Orders would be reviewed formally in one year's time to ensure that they established a decision-making structure which allows TfL to fulfil its statutory responsibilities.

This review was initiated in March 2002 with the aim of remedying the inconsistencies and ambiguities that had been identified during the previous year. The main amendments have been summarised in Appendix 1 and cover the following areas:

- Provision for members to attend Board meetings by telephone or video link;
- The reduction in the distribution period for the agenda and papers for each meeting from 5 days to 3;
- Prohibition on tabling papers at meetings without the permission of the Chair;
- The ability to pass written resolutions;
- The separation of the Finance and Audit Committee.
It is proposed that the existing Finance & Audit Committee is separated to form two distinct Committees: a Finance Committee and an Audit Committee.

The Finance Committee will meet at least six times a year and will advise the Board on the development and achievement of TfL's Business Plan, its financial performance, preparation of accounts and other financial matters.

The Audit Committee will meet four times a year and the primary responsibility of its members will be to satisfy themselves that proper arrangements are in place for the governance and financial control of TfL.

The Terms of Reference of the two new Committees are included in the revised Standing Order No. 1, forming part of Appendix 2.

- The addition of new matters reserved to the Board including:
 - (i) The formation of joint ventures and the acquisition of companies by TfL or its subsidiaries and the disposal of such companies; and
 - (ii) Approval of the memoranda and articles of association of joint venture companies in which TfL or any subsidiary have a

shareholding and the approval of changes to any such memoranda and articles where the interest in the subsidiary is at least 50%.

- The following new delegations from the TfL Board providing that:
 - (i) London Bus Services Limited may carry out prosecutions for the Public Carriage Office and procurement activities for surface transport;
 - (ii) Various TfL officers may give the Mayor's Opinion in relation to the disposal of property and land which is not required for the purpose of TfL's functions (to take effect only if the power is delegated from the Mayor).

A set of the proposed revised Standing Orders is attached as Appendix 2. This includes the revised Terms of Reference of all the Committees and Advisory Panels.

Membership of Committees and Advisory Panels

To strengthen the composition of the Panels, it is proposed that the Managing Director, Finance & Planning and the responsible Chief Officer will be included in the membership of each Advisory Panel, in addition to the Commissioner. In addition, the restructuring of the Finance & Audit Committee into two separate Committees has resulted in proposed revisions to the membership of the Committees as set out in Appendix 3.

5. OUTSTANDING ISSUES

The implications of the transfer of London Underground to TfL have not been addressed in this review. There will be significant issues for LUL as aspects of their governance arrangements are integral to their Safety Case. However, as the process around the PPP and the timing of the transfer is unknown, the required changes to the overall corporate governance arrangements are being developed as part of the transition programme and will be submitted to the Board for approval at the appropriate time.

6. RECOMMENDATIONS

The Board is asked to:

- (i) AGREE the adjustment of the timing of the cycle of Board, Panel and Committee meetings to accommodate TfL's management processes;
- (ii) APPROVE the revised Standing Orders;
- (iii) APPROVE the membership of the new Audit Committee and Finance Committees, the Advisory Panels and the Executive Management

Group, and confirm the membership of the other Committees, as outlined in Appendix 3;

- (iv) DELEGATE to the Commissioner the power to make any minor drafting amendments to the Standing Orders;
- (v) DELEGATE the power to make appointments of members and officers to the subordinate bodies as described in Appendices 1-8 of Standing Order 1 to the Chair, in consultation with the Commissioner, such appointments to be endorsed by the Board at the next meeting following the appointment; and
- (vi) NOTE that a more comprehensive review of the Standing Orders in the context of LUL integration will be undertaken and will be put to the Board at the appropriate time.

ATTACHMENTS:

- Appendix 1 Summary of substantive changes made to TfL's Standing Orders
- Appendix 2 Revised set of TfL's Standing Orders
- Appendix 3 Proposed membership of the TfL Committees, Advisory Panels and the Executive Management Group

APPENDIX 1

SUMMARY OF SUBSTANTIVE CHANGES MADE TO TjL'S STANDING ORDERS

In addition to minor changes and re-ordering of paragraphs, a summary of the main proposed amendments is provided below.

All references to the Managing Director, Finance and Performance have been changed to Managing Director, Finance and Planning.

All interpretation sections in the Standing Orders have been removed to a separate Glossary to avoid repetition.

Standing Order 1 – Decision making Structure and Proceedings & Appendices 1 to 8 – Terms of Reference

Meetings held by telephone

A new provision has been added to allow Board meetings to be held by telephone or videolink (Paragraphs 20 and 21). A separate provision has been added to allow for a shorter notice period to be given for Board meetings held by telephone or videolink (Paragraph 29).

Tabling of papers

A new provision has been added which prohibits the tabling of papers at Board meetings without the permission of the Chair (Paragraph 30). The Terms of Reference of the subordinate bodies (Appendices 1 to 8) have also been amended in this way.

Resolutions in writing

Paragraph 35 has been added to allow for the passing of Board resolutions in writing. This is not intended to be used in place of Board meetings, but could be a useful mechanism for handling routine procedural matters. The signatures of four Board Members would be required for the resolution to be valid.

Joint Ventures

New paragraphs 57 and 58 provide that TjL and any subsidiary must approve the memoranda and articles of association of joint venture companies in which it has an interest and any changes to those memoranda and articles of association where TjL has more than 50% of the shareholding.

Standing Order 2 – Scheme of delegation

Matters reserved to the Board

The reference in paragraph 14(ii) to Revenue and Capital Budget proposals has been amended to refer to TfL's Budget Proposals as this more accurately reflects the manner in which the Budgets are sent to the Mayor for approval.

New matters reserved to the Board include the formation of joint ventures and the acquisition of the whole or part of companies by TfL or its subsidiaries (including the disposal of such companies).

Delegation to the Commissioner

Pursuant to paragraph 19 the Board delegates all TfL functions to the Commissioner excluding those listed. This list has been amended to include any matter delegated to the Committees under Standing Order 2.

Delegation to the Public Carriage Office

Previously, the Standing Orders specifically delegated certain functions to the Director responsible for the Public Carriage Office ("PCO"). There is now both a Managing Director and a newly appointed Director with responsibility for the PCO. Paragraph 27 clarifies that the functions are delegated to the Chief Officer with responsibility for the PCO and with his consent to the Senior Officers responsible to him.

The PCO has also requested an amendment to allow London Bus Services Limited ("LBSL") to be responsible for bringing prosecutions for breaches of the Private Hire Vehicles (London) Act 1998. There are two main reasons for this request relating to cost and expertise. Prosecutions brought by the PCO are initially likely to be few in number. LBSL has an existing system that is capable of dealing with the additional work generated by the PCO in a timely and cost effective manner. LBSL's system has proven to be effective in bringing prosecutions and to be acceptable to the courts. The PCO wishes to take advantage of this expertise and knowledge.

Accordingly, a new delegation has been included so that bringing prosecutions under the Private Hire Vehicles (London) Act 1998 is delegated to the Chief Officer with responsibility for the PCO and with the consent of this Chief Officer, to LBSL.

Delegation to Street Management

The delegation to the Director of Street Management covers the functions of TfL as highway authority, traffic authority, local authority and street authority. It is sufficient to refer to the relevant statutes where those functions are conferred without specifying particular sections within those statutes. The section references have been deleted.

The reference to local authority functions has been amended to clarify that it does not cover all of the functions carried out by TfL as a local authority.

Mayor's Opinion

Three further delegations are included to take account of the proposed delegation of the Mayor's Opinion that property is surplus to TfL's requirements. The delegations will only take effect if and when the function is delegated from the Mayor to TfL.

In respect of land it is proposed that the making of the opinion will be delegated from the TfL Board to any one of the following: the Commissioner; the Managing Director, Finance & Planning; or the Director, Corporate Services.

In respect of temporary disposals of land of up to 15 years where the land is not required by TfL for the discharge of its functions, it is proposed that relevant Chief Officers have the power to give the Mayor's Opinion.

In respect of non-land it is proposed that the making of the opinion will be delegated from the TfL Board to the same officers and subsidiaries that make the decision on the disposal itself under Standing Order 4.

Standing Order 3 – Financial Regulations

Finance and Audit Committee

Various amendments have been made in light of the separation of the Finance and Audit Committee.

Consultation by Chief Finance Officer

Under section 114(3D) of the Local Government Finance Act 1988 the Chief Finance Officer must consult a designated member or officer of TfL in preparing a report on unlawful expenditure. A new paragraph 8 identifies the Commissioner and in his absence the Managing Director, Finance and Planning or the Internal Audit Director for this purpose.

Budgets, Programmes and Plans

Paragraphs 10 to 13 have been amended to clarify that TfL Budget Proposals, after consideration by the Board, will be sent to the Mayor for approval. The Mayor then consolidates the Budgets for submission to the Assembly. TfL's Chief Officers are informed of their budgets for the forthcoming year following approval by the Board.

Standing Order 4 - Procurement and Disposal Transactions

Transactions

The definition of transaction has been amended so that certain activities such as the obtaining of informal or low value quotations in accordance with applicable procedures are not caught by the authorisation requirements.

Standing Order 5 - Land Transactions

Land

Amendments are proposed to take into account the proposed delegation of the Mayor's Opinion that property is surplus to TfL's requirements.

In cases where the Mayor's Opinion is required, the proposed disposal will first be referred to TfL's Property Consultant, who will consider whether and if so, who, needs to be consulted before the application for Mayor's Opinion is made. The Property Consultant will carry out the necessary consultation and will then submit the application to one of the three officers referred to to make the actual decision as to whether or not the property is surplus to TfL's needs.

Non land property

The disposal of property other than land is covered by SO4 and this has been amended to take into account the fact that the Mayor's Opinion may be delegated.

APPENDIX 2

TfL STANDING ORDERS

- No. 1 Decision-making, Structure and Proceedings
 Appendices 1-8 Terms of Reference
- No. 2 Scheme of Delegation
- No. 3 Financial Regulations
- No. 4 Procurement and Disposal Transactions
- No. 5 Land Transactions

- Glossary

TRANSPORT *for* LONDON

STANDING ORDER NO 1: DECISION-MAKING STRUCTURE AND PROCEEDINGS

INTRODUCTION

1. TfL came into being under the provisions of the Greater London Authority Act 1999 (“the 1999 Act”) which, together with other legislation, sets out TfL's duties and powers.
2. This Standing Order shall, where applicable, be read and interpreted together with the provisions of the 1999 Act, and other relevant legislation, and any amendment to or re-enactment of those provisions. The powers of TfL and its subsidiaries (and their subsidiaries) are restricted to powers conferred by the 1999 Act and other legislation.
3. In this Standing Order, words and phrases set out in the Glossary shall have the meanings set out opposite them.

PURPOSE

4. TfL is required to exercise its functions to secure and facilitate the implementation of the Mayor's Transport Strategy and the provision of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London.
5. In exercising its functions, TfL is required to co-operate with London Regional Transport, for transitional purposes under section 298 of the 1999 Act.
6. TfL is required to exercise its functions in accordance with guidance and directions issued to it by the Mayor under section 155 of the 1999 Act. Any such guidance and directions received by the Commissioner, as the nominated official for receipt of such guidance and directions, shall be kept by the Secretary and notified to the next meeting of the Board; the Secretary is required forthwith to communicate them to such officers of the TfL Group as he/she thinks appropriate.

PROCEEDINGS

Open Government

7. Meetings of the Board shall be open to the public except where the Board determines that all or part of a meeting shall be held in closed session.
8. Where a meeting or part of a meeting is open to the public, all agendas and papers relating to the public part of the meeting shall be made available to the public, except where the Commissioner in consultation with the Chair otherwise determines.
9. Documents, including documents to be disclosed to the Authority, which contain commercially or otherwise sensitive information relating to the TfL Group, and which are not therefore to be made available to the public, shall be marked appropriately.

Membership

10. Membership of the Board is required to consist of not less than 8 nor more than 15 members appointed by the Mayor. Where the Mayor chooses to be a member of the Board, the Mayor is required to appoint not less than 7 nor more than 14 other members of the Board.
11. A member appointed by the Mayor shall cease to be a member of the Board in the event that he/she becomes a member of any body listed in paragraph 2(4) of Schedule 10 to the 1999 Act. The Mayor may remove a member of the Board from office by notice in writing. A member may also resign by giving written notice to the Secretary.
12. A list of the membership of the Board shall be kept by the Secretary. Appointments and removals from office made by the Mayor and resignations by members shall be notified to the next meeting of the Board after notification has been received.

Chair/Vice Chair

13. The Mayor is required to designate one of the members of the Board to be Chair and another of the members to be Vice Chair of the Board. Where the Mayor is a member of the Board, he/she is the Chair of the Board.
14. In the absence of the Chair, the Vice Chair will chair meetings of TfL. When neither the Chair nor the Vice Chair are present, those members present shall elect a chair from amongst themselves.

Quorum

15. The quorum of the Board shall be 4 members. For the avoidance of doubt, members participating in the meeting by way of telephone or video conferencing facilities count towards the quorum.
16. A member shall not be counted in the quorum present at a meeting in relation to a resolution on which he or she is not entitled to vote.
17. No business may be transacted at a meeting of the Board unless a quorum is present.

Attendance by non-members

18. The Commissioner, the Solicitor and Head of Legal Services (or a representative of the Solicitor and Head of Legal Services), the Managing Director, Finance and Planning, the Chief Finance Officer and the Secretary shall be present at Board meetings to provide advice.
19. Other officers, consultants, advisers and any other person may, with the agreement of the Chair, attend meetings of the Board in order to provide advice or guidance.

Meetings held by telephone or by videoconferencing facilities

20. Members of the Board may attend Board meetings by telephone or by the use of videoconferencing facilities where this would enable members to hold a meeting over long distances provided that all members can hear one another and participate in the proceedings. Alternative arrangements may be made where a member cannot participate in this way by reason of a disability.
21. All Board meetings held by telephone or via the use of videoconferencing facilities will be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, in London.

Frequency of meetings and special meetings

22. Board meetings will be held every 2 months or at such other frequency as determined by the Board.
23. All ordinary meetings of the Board shall be convened by the Secretary.
24. A special meeting of the Board may be convened at any time by the Chair or by the Secretary, after consultation with the Chair (or in his/her absence the Vice Chair).
25. A special meeting of the Board may also be called by the Secretary on the requisition of any 4 members of the Board, delivered in writing to the Secretary, the requisitioned meeting to be held within 10 days of receipt of that requisition by the Secretary.

Agenda items

26. The Agenda for a meeting of the Board shall set out the business to be considered at the meeting. No business other than that set out in the Agenda shall be considered at the meeting save that, at the Chair's discretion, items of urgent business not included on the Agenda for a meeting may be considered at that meeting, provided that reasonable notice has been given to all members of the Board that the item in question is to be considered at that meeting.

27. A member of the Board may place items on the Agenda for a meeting of the Board. Written notice of items to be included on the Agenda for a meeting must be submitted to the Secretary at least 14 days before the meeting. Members' items notified after that time will only be considered at the meeting if the Chair agrees they are urgent.

Distribution of papers

28. The Agenda and papers for a Board meeting shall normally be sent out 3 working days before any meeting of the Board and will be deemed to have been received on the following day. Shorter notice periods for meetings held by telephone or videolink, in accordance with paragraphs 20 and 21 above, may be determined by the Secretary.
29. Papers may be distributed using e-mail with the specific agreement of the respective members. The non receipt by any member of the Agenda and papers for a meeting shall not invalidate the business transacted at that meeting.
30. Papers may not be tabled at a Board meeting without permission of the Chair.

Items not considered at a meeting

31. Agenda items which are not considered at a meeting of the Board shall be carried forward for consideration at the next ordinary meeting of the Board unless previously considered at a special meeting of the Board.

Voting

32. Decisions may be taken by the Board by common consent. Failing common consent, the agreement of more than half of the whole number of voting members present is required. This may be determined by oral expression or a show of hands.
33. If the voting on any question is tied, the chair of the meeting shall have a second or casting vote.

34. The names and votes of members voting shall not normally be recorded in the minutes, but any member may require that his or her vote be recorded and any 4 members may require that the names of those that voted, how they voted and the names of those that abstained be recorded.

Written resolutions of the Board

35. A resolution in writing passed by a minimum of 4 members shall be as valid and effectual as if it had been passed at a meeting of the Board, provided that the number of members who support the resolution is greater than those who have expressly opposed the resolution or, where equal in number, the Chair has supported the resolution. Such written resolution may comprise several documents in like form, each indicating the approval by one or more members.

Minutes

36. The draft of the minutes of meetings of the Board, including the minutes of any special meeting, shall be circulated with the Agenda for the next scheduled meeting of the Board. Where the previous meeting was a private Board meeting, draft minutes will be circulated by the Secretary within one month of the meeting, or with the papers of the next private Board meeting if earlier.
37. Minutes shall be kept of all proceedings at meetings of the Board, including the names of the members present at each such meeting.
38. Minutes of all meetings of the Board shall be signed by the person acting as chair of the proceedings to which the minutes relate or any subsequent proceedings in the course of which the minutes were approved as a correct record.

Members' interests

39. If a member of the Board has any interest, whether direct or indirect and whether pecuniary or not, in any matter that is brought up for consideration at a meeting of the Board, or any of its committees, sub-committees, bodies of members and officers or

bodies of members, he/she shall disclose the nature of the interest to the meeting.

40. A member may make any such disclosure by writing to the Secretary, disclosing the nature of the interest and asking that the disclosure is read and considered at the meeting.
41. Where any such disclosure is made:
 - (a) the disclosure shall be recorded in the minutes of the meeting; and
 - (b) unless the Mayor, pursuant to paragraph 13(3) of Schedule 10 to the 1999 Act, removes the disability, the member shall not take any part in any deliberation or decision of the Board or any of its committees, sub-committees, bodies of members and officers or bodies of members with respect to that matter.
42. Where the Mayor exercises his/her power under sub-paragraph 13(3) of Schedule 10 to the 1999 Act to remove a disability, the removal of the disability and the Mayor's reasons for doing so shall be recorded in the minutes of the meeting.
43. Unless the meeting decides otherwise, a member who has made a disclosure will be excluded from that part of any meeting that any contract, proposed contract or other matter in which he or she has such an interest is under consideration.
44. A register of all interests disclosed by members of the Board shall be maintained by the Secretary.

Reporting by officers

45. The Commissioner, the Chief Finance Officer, the Solicitor and Head of Legal Services, the Internal Audit Director and the External Auditors shall be entitled to report directly to the Board and/or to the Chair of TjL on any matter within their professional jurisdiction.
46. The Commissioner will submit a report to each ordinary meeting of the Board.

ORGANISATION – GENERAL PROVISIONS

Subordinate bodies

47. The above provisions shall apply to subordinate bodies, with the necessary changes, subject to contrary provision in their terms of reference.
48. The Board may establish subordinate bodies from time to time. Where the Board establishes a subordinate body, the Board may establish terms of reference, membership, chairship, quorum, frequency of meetings, reporting arrangements and secretarial arrangements.
49. Committees and sub-committees may sub-delegate or set up subordinate bodies, subject to any conditions imposed by the Board.
50. Where a committee or a sub-committee establishes a subordinate body, subject to any conditions imposed by the Board, the committee or sub-committee shall establish terms of reference, membership, chairship, quorum, frequency of meetings, reporting arrangements and secretarial arrangements for the subordinate body.
51. Where a committee or sub-committee includes persons who are not members of the Board, those persons may not vote.
52. A list of subordinate bodies shall be maintained by the Secretary together with their terms of reference, membership, chairship, quorum, frequency of meeting and secretarial arrangements.
53. There shall be:
 - (i) a body of officers called the Executive Management Group;
 - (ii) a committee called the Safety, Health and Environment Committee;
 - (iii) a committee called the Audit Committee;
 - (iv) a committee called the Finance Committee;
 - (v) a committee called the Remuneration Committee;
 - (vi) a body of members and officers called the Rail Transport Advisory Panel;

- (vii) a body of members and officers called the Street Management Advisory Panel;
and
- (viii) a body of members and officers called the Surface Transport Advisory Panel.

54. The terms of reference of those subordinate bodies are set out in Appendices 1 to 8.

Subsidiary companies

- 55. The Board shall approve the adoption of, or any changes to, the memorandum and articles of subsidiary companies (but not the subsidiaries of subsidiary companies or LTIG). The Board will appoint and remove the directors of subsidiary companies (but not the subsidiaries of subsidiary companies).
- 56. Subsidiary companies may only create or acquire their own subsidiaries with the approval of the Board. Subsidiary companies shall approve the memoranda and articles of association of their own subsidiaries, any changes to those memoranda and articles and shall appoint and remove the directors of their subsidiaries.
- 57. The Board shall approve the memoranda and articles of association of any joint venture company in which TfL or any of its subsidiaries have a shareholding.
- 58. Where TfL or a subsidiary has at least 50% shareholding in any joint venture company, the Board shall approve any changes to those memoranda and articles of association.

Delegation

- 59. TfL's scheme of delegation is contained in Standing Order No 2.
- 60. The Commissioner has authority over all other TfL Chief Officers and TfL officers so far as is necessary for the efficient management of and for carrying out TfL's functions.
- 61. The Secretary shall keep a list of the following:
 - (a) powers delegated to subsidiaries of TfL, members or officers of TfL and TfL's subordinate bodies;

- (b) powers delegated to TjL from the Authority under Section 38 of the 1999 Act; and
- (c) any consents given to the exercise of delegated powers.

Members – Right to Inspect Documents

- 62. A member of the Board may, for the purposes of his/her duty as a member and no other, inspect any document in the possession of TjL or of a subsidiary company of TjL. Applications to inspect a document should be made to the Secretary specifying the reason that the member wishes to inspect a particular document or class of documents. A copy of any relevant document may be made available to a member subject to an undertaking of confidentiality in appropriate circumstances.
- 63. A member shall not knowingly apply to inspect, or request a copy of, any document relating to a matter in which he/she has any interest whether direct or indirect, and whether pecuniary or not.
- 64. The Commissioner and/or the Solicitor and Head of Legal Services may decline to allow inspection of any document which is or would be protected by privilege in the event of legal proceedings, if necessary to protect the interests of TjL.

Sealing and Executing of Documents

- 65. The application of the seal of TjL shall be authenticated by the signature of any member or officer of TjL who has been authorised for that purpose. The Secretary, Assistant Secretary, the Commissioner and any of the Chief Officers are authorised for that purpose.
- 66. A register of all documents to which the seal is applied shall be kept by the Secretary.
- 67. The Commissioner, Chief Officers, Secretary, Assistant Secretary and any officer authorised under any other Standing Order are authorised to sign contracts on behalf of TjL.

EXECUTIVE MANAGEMENT GROUP

Authority

The Executive Management Group is a body of officers which may discharge functions on behalf of TfL pursuant to paragraph 7(1)(e) of Schedule 10 to the Greater London Authority Act 1999.

Membership

The Chief Officers

Framework

The Executive Management Group will:

- (a) work within its terms of reference in a manner which is consistent with the Mayor's policies, priorities and proposals, subject to the directions and guidance of the TfL Board and the Mayor;
- (b) be mindful of TfL's role to promote and encourage the provision of safe, integrated, efficient and economic transport facilities and services for London's transport users;
- (c) give due regard to the principle of equal opportunity for all people;
- (d) work in partnership with other groups, committees and TfL Officers to best achieve the goals of the TfL Board and the Mayor;
- (e) work within the financial framework of TfL, in particular the agreed Business Plan and Budget; and
- (f) work within statutory requirements in relation to health, safety and the environment.

Terms of Reference

The Executive Management Group will advise on and assist the Commissioner with the following:

- (a) the Commissioner's report to the TfL Board;
- (b) agreeing items to be referred to the TfL Board; and
- (c) any other matter referred to the Executive Management Group by the Commissioner or the TfL Board.

Arrangements

- The Executive Management Group shall meet not less than 6 times a year.
- A meeting of the Executive Management Group may be called by the Commissioner, his/her nominated representative or the secretary.
- A secretary to the Executive Management Group shall be provided by the Secretary.
- Notice of each meeting of the Executive Management Group, confirming the venue, time and date, together with an agenda of items to be discussed, shall normally be distributed to each member of the Executive Management Group no fewer than 3 working days prior to the date of the meeting.
- Papers may not be tabled at a meeting of the Executive Management Group without permission of the Chair.
- The quorum for meetings shall be 3.
- The secretary of the Executive Management Group shall keep appropriate records of all meetings of the Executive Management Group as well as minutes of the proceedings and all decisions made.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

Authority

The Safety, Health and Environment Committee is a committee which may discharge functions on behalf of the TfL Board pursuant to paragraph 7(1)(a) of Schedule 10 to the Greater London Authority Act 1999.

Membership

Membership shall be as determined by the Board from time to time. Members of the Committee who are not also members of the Board shall be non-voting members of the Committee.

Terms of Reference

1. Advise the TfL Board on health, safety, and environmental policy, strategy and on specific issues as required by the TfL Board;
2. Satisfy itself insofar as it reasonably can that the TfL Group discharges its legal duties in relation to health safety and environmental matters;
3. Satisfy itself insofar as it reasonably can that the TfL Group has in place appropriate health, safety, and environmental policies, management systems, arrangements and procedures both to meet legal requirements and to assess and control risks, with special regard for members of the public having special needs;
4. Monitor and review compliance by the TfL Group with its legal duties in regard to the safety, health and welfare of passengers, staff, the public and others on or about TfL Group premises and to bring to the attention of those concerned matters for corrective action where needed;
5. Require the carrying out of audits and reviews of health, safety, and environmental management systems, arrangements and procedures, as necessary;
6. Review progress with the implementation of recommendations arising from such audits;
7. Ensure a common framework and appropriate criteria for health, safety, and environmental aspects of risk assessment and project appraisal across TfL;
8. Carry out an annual review of TfL transport health, safety, and environmental performance and submit a report to the TfL Board; and
9. Advise the TfL Board on performance and compliance in relation to the above.

In carrying out its terms of reference the Safety, Health and Environment Committee will give due regard to the principle of equal opportunity for all people.

Arrangements

- The Safety, Health and Environment Committee shall meet not less than 6 times a year.
- A meeting of the Safety, Health and Environment Committee may be called by the Chair of the Committee, or the Commissioner, or the secretary.
- Notice of each meeting of the Safety, Health and Environment Committee, confirming the venue, time and date, together with an agenda of items to be discussed, shall normally be distributed to each member of the Committee not fewer than 3 working days prior to the date of the meeting.
- Papers may not be tabled at a meeting of the Committee without prior permission from the Chair.
- The quorum for meetings shall be 3.
- A secretary to the Safety, Health and Environment Committee shall be provided by the Secretary.
- The secretary of the Safety, Health and Environment Committee shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.
- The Safety, Health and Environment Committee will report on a regular basis to the TfL Board.

AUDIT COMMITTEE

Authority

The Audit Committee is a committee which may discharge functions on behalf of TfL pursuant to Paragraph 7(1)(a) of Schedule 10 to the Greater London Authority Act 1999.

Membership

Membership shall be as determined by the Board from time to time. Members of the Committee who are not also members of the Board shall be non-voting members of the Committee.

Terms of Reference

- a) The Audit Committee will satisfy itself with the arrangements put in place by management to ensure that the TfL Group prepares its annual accounts and reports in accordance with all relevant legislation and accounting standards;
- b) The Audit Committee will obtain assurance as to the adequacy of the systems of internal control in place throughout the TfL Group. Internal control is not restricted to financial control but includes, inter alia, the arrangements that management has put in place for:
 - the systematic identification of business risks and mitigating controls, and procedures for ensuring these are properly implemented and effective;
 - legal compliance;
 - budgetary control; and
 - ensuring a systematic approach to minimise the risk of fraud.
- c) The Audit Committee will ensure that an adequate and effective system of internal audit is maintained.
- d) The Audit Committee will maintain an oversight of corporate governance throughout the TfL Group and receive on an annual basis reports from the Secretary and the Internal Audit Director on the implementation, operation of and compliance with the Code of Corporate Governance.
- e) The Chair of the Audit Committee may obtain independent legal advice or other professional advice in regard to matters under consideration by the Committee.
- f) The Audit Committee may call upon any Chief Officer or other TfL member of staff to provide it with information, either orally or in writing. The Audit Committee may also have access to all TfL Group records and documentation.

Relationship with Internal Audit

- g) The Audit Committee will monitor the activities of Internal Audit and shall be able to require Internal Audit to carry out specific investigations.
- h) At least annually the members of the Audit Committee shall meet with the Internal Audit Director without any TjL Officer being present.

Relationship with External Audit

- i) The Managing Director, Finance and Planning shall make available to the Audit Committee such information and explanations as it requires in order for it to carry out its review of the Annual Report and Accounts, Annual Audit Letter and other external audit reports and discuss with the External Auditors any issues arising from the audit.
- j) The Audit Committee will review the Annual Report and Accounts, including any statements made by the TjL Board, and discuss with the External Auditors any issues arising from their audit. Following the completion of each statutory audit, the Audit Committee will review the performance of the External Auditors.
- k) The Audit Committee will meet with the External Auditors before their audit commences to communicate any matters of which it considers the External Auditors should be aware, assist the External Auditors by providing communication with the TjL Board, and review External Audit Annual Audit Letters, together with management's responses.
- l) At the request of the External Auditors the members of the Audit Committee shall meet with the external auditors without any TjL Officer being present.

In carrying out its Terms of Reference the Audit Committee will give due regard to the principle of equal opportunity for all people.

Arrangements

- The Audit Committee shall meet not less than 4 times a year.
- The quorum for meetings shall be 3.
- A secretary to the Audit Committee shall be provided by the Secretary.
- A meeting of the Audit Committee may be called by the Chair, the Managing Director, Finance and Planning, the Secretary, the Internal Audit Director, or the External Auditors.
- Notice of each meeting of the Audit Committee, confirming the venue, time and date, together with an agenda of items to be discussed, shall normally be distributed to each member of the Audit Committee no fewer than 3 working days prior to the date of the meeting.
- Papers may not be tabled at a meeting of the Audit Committee without permission of the Chair.

- The secretary of the Audit Committee shall keep appropriate records of all meetings of the Audit Committee as well as minutes of the proceedings and all decisions made.

FINANCE COMMITTEE

Authority

The Finance Committee is a committee which may discharge functions on behalf of TfL pursuant to Paragraph 7(1)(a) of Schedule 10 to the Greater London Authority Act 1999.

Membership

Membership shall be as determined by the Board from time to time. Members of the Committee who are not also members of the Board shall be non-voting members of the Committee.

Terms of Reference

The Finance Committee will advise on and assist the TfL Board with issues relating to financial matters and in particular in providing advice in relation to:

- a) TfL's Budgets proposals for their submission to the Board;
- b) Annual Accounts;
- c) The Annual Report;
- d) The Business Plan;
- e) Transactions over £100 million;
- f) Budgeted projects over £100 million and unbudgeted projects over £25 million;
- g) Delegation of financial functions;
- h) Formation and disposal of subsidiary companies of TfL;
- i) Formation of joint venture companies by TfL or its subsidiaries (not covered by paragraph (h) above) and the disposal of such companies;
- j) Acquisition of the whole or part of companies by TfL or its subsidiaries and the disposal of such companies;
- k) Disposal of a part of TfL's or its subsidiaries' undertaking;
- l) Making and amending TfL standing orders in relation to Finance, Procurement and the Scheme of Delegation;

- m) Schemes for transferring property, rights and liabilities between TfL and its subsidiaries or between subsidiaries, including subsidiaries of subsidiaries;
- n) Making or withdrawing of schemes of compulsory purchase orders (by order confirmed by the Secretary of State and submitted to him/her with the consent of the Mayor);
- o) The general level and structure of fares for public passenger transport services and/or charges for other public passenger transport facilities and fares for hackney carriages;
- p) Establishment of, and keeping under review, a policy for TfL exercising its power to borrow;
- q) Establishment of, and keeping under review, a policy for TfL exercising its power to issue guarantees and indemnities associated with guarantees;
- r) Establishment of, and keeping under review, a policy for TfL exercising its power to give financial assistance; and
- s) Establishment of, and keeping under review, a Treasury Management Policy.

In carrying out its Terms of Reference the Finance Committee will give due regard to the principle of equal opportunity for all people.

The Chair of the Finance Committee may obtain independent legal advice or other professional advice in regard to matters under consideration for the committee.

Arrangements

- The Finance Committee shall meet not less than 6 times a year.
- The quorum for meetings shall be 3.
- A secretary to the Finance Committee shall be provided by the Secretary.
- A meeting of the Finance Committee may be called by the Chair, the Managing Director, Finance and Planning, or the secretary.
- Notice of each meeting of the Finance Committee, confirming the venue, time and date, together with an agenda of items to be discussed, shall normally be distributed to each member of the Committee no fewer than 3 working days prior to the date of the meeting.
- Papers may not be tabled at a meeting of the Finance Committee without permission of the Chair.
- The secretary of the Finance Committee shall keep appropriate records of all meetings of the Finance Committee as well as minutes of the proceedings and all decisions made.

REMUNERATION COMMITTEE

Authority

The Remuneration Committee is a committee of TfL which may discharge functions on behalf of the TfL Board pursuant to paragraph 7(1)(a) of Schedule 10 to the Greater London Authority Act 1999.

Membership

Membership shall be as determined by the Board from time to time. Members of the Committee who are not also members of the Board shall be non-voting members of the Committee.

Term of Reference

To review the remuneration of the Commissioner and Chief Officers on behalf of the TfL Board.

In carrying out its terms of reference the Remuneration Committee will give due regard to the principle of equal opportunity for all people.

Arrangements

- Meetings shall be held when requested by the Chair of the Remuneration Committee but there shall be at least one meeting of the Committee each year.
- Notice of each meeting of the Remuneration Committee, confirming the venue, time and date, together with an agenda of items to be discussed, shall normally be distributed to each member of the Remuneration Committee no fewer than 3 working days prior to the date of the meeting.
- A secretary to the Remuneration Committee shall be provided by the Secretary.
- The quorum for meetings shall be 2.
- The secretary of the Remuneration Committee shall keep appropriate records of all meetings of the Committee as well as minutes of the proceedings and all decisions made.
- The Remuneration Committee shall report to the TfL Board.

RAIL TRANSPORT ADVISORY PANEL

Authority

The Rail Transport Advisory Panel is a body of members and officers which may discharge functions on behalf of TfL pursuant to paragraph 7(1)(e) of Schedule 10 to the Greater London Authority Act 1999.

Until London Underground Limited becomes a subsidiary of TfL, the participation of London Underground Limited is on a voluntary “partnership” basis.

Membership

Membership shall comprise such members of the Board and officers of TfL as the Board may determine from time to time.

Framework

The Rail Transport Advisory Panel will:

- (a) work within its terms of reference in a manner which is consistent with the Mayor’s policies, priorities and proposals, subject to the directions and guidance of the TfL Board and the Mayor;
- (b) be mindful of TfL’s role to promote and encourage the provision of safe, integrated, efficient and economic transport facilities and services for London’s transport users;
- (c) give due regard to the principle of equal opportunity for all people;
- (d) work in partnership with other groups, (including the Strategic Rail Authority, Railtrack and the train operating companies) committees and TfL Officers to best achieve the goals of TfL and the Mayor;
- (e) work within the financial framework of TfL, in particular the agreed Business Plan and Budget; and
- (f) work within statutory requirements in relation to health, safety and the environment.

Terms of Reference

The Rail Transport Advisory Panel will advise on and assist the Commissioner with issues relating to rail services and in particular will advise and assist the Commissioner in:

- (1) overseeing the development of TfL policies in relation to rail services reflecting the Mayor’s transport and other strategies including making recommendations on guidance

to the Strategic Rail Authority on strategic issues including franchising integration and new project development;

- (2) the preparation of the rail services' components of TfL's Business Plan and Budget proposals;
- (3) monitoring the implementation of the rail services component of the Mayor's Transport Strategy including reviews of the effectiveness of the Business Plan and key policy initiatives;
- (4) evaluating overall business performance and reviewing Best Value plans and performance indicators in relation to rail services;
- (5) considering integration proposals and monitoring progress on the implementation of TfL access, inclusion and transport equality strategies in relation to rail services; and
- (6) considering reports on the evolving needs of rail services passengers and monitoring levels of customer satisfaction.

Arrangements

- The Rail Transport Advisory Panel shall meet not less than 6 times a year.
- A meeting of the Rail Transport Advisory Panel may be called by the Chair or by the secretary.
- A secretary to the Rail Transport Advisory Panel shall be provided by the Secretary.
- Notice of each meeting of the Rail Transport Advisory Panel, confirming the venue, time and date, together with an agenda of items to be discussed, shall, normally be distributed to each member no fewer than 3 working days prior to the date of the meeting.
- Papers may not be tabled at a meeting of the Rail Transport Advisory Panel without permission of the Chair.
- The quorum for the Rail Transport Advisory Panel shall be 3.
- The secretary of the Rail Transport Advisory Panel shall keep appropriate records of all meetings of the Rail Transport Advisory Panel, as well as minutes of the proceedings and all decisions made.

STREET MANAGEMENT ADVISORY PANEL

Authority

The Street Management Advisory Panel is a body of members and officers which may discharge functions on behalf of TfL pursuant to paragraph 7(1)(e) of Schedule 10 to the Greater London Authority Act 1999.

Membership

Membership shall comprise such members of the Board and officers of TfL as the Board may determine from time to time.

Framework

The Street Management Advisory Panel will:

- (a) work within its terms of reference in a manner which is consistent with the Mayor's policies, priorities and proposals, subject to the directions and guidance of the TfL Board and the Mayor;
- (b) be mindful of TfL's role to promote and encourage the provision of safe, integrated, efficient and economic transport facilities and services for London's transport users;
- (c) give due regard to the principle of equal opportunity for all people;
- (d) work in partnership with other groups, committees and TfL Officers to achieve the goals of TfL and the Mayor;
- (e) work within the financial framework of TfL, in particular the agreed Business Plan and Budget; and
- (f) work within statutory requirements in relation to health, safety and the environment.

Terms of Reference

The Street Management Advisory Panel will advise and assist the Commissioner in:

- (1) overseeing the development of TfL policies in relation to street management reflecting the Mayor's transport and other strategies;
- (2) the preparation of the street management components of TfL's Business Plan and Budget proposals;

- (3) monitoring the implementation of the street management component of the Mayor's Transport Strategy including reviews of the effectiveness of the Business Plan and key policy initiatives;
- (4) evaluating overall business performance, and reviewing Best Value plans and performance indicators in relation to street management;
- (5) considering integration proposals and monitoring progress on the implementation of TfL access, inclusion and transport equality strategies in relation to street management; and
- (6) considering reports on the evolving needs of street users and monitoring levels of user satisfaction.

Arrangements

- The Street Management Advisory Panel shall meet not less than 6 times a year.
- A meeting of the Street Management Advisory Panel may be called by the Chair or by the secretary.
- A secretary to the Street Management Advisory Panel shall be provided by the Secretary.
- Notice of each meeting of the Street Management Advisory Panel, confirming the venue, time and date, together with an agenda of items to be discussed, shall normally be distributed to each member no fewer than 3 working days prior to the date of the meeting.
- Papers may not be tabled at a meeting of the Street Management Advisory Panel without permission of the Chair.
- The quorum for the Street Management Advisory Panel shall be 3.
- The secretary of the Street Management Advisory Panel shall keep appropriate records of all meetings of the Street Management Advisory Panel, as well as minutes of the proceedings and all decisions made.

SURFACE TRANSPORT ADVISORY PANEL

Authority

The Surface Transport Advisory Panel is a body of members and officers which may discharge functions on behalf of TfL pursuant to paragraph 7(1)(e) of Schedule 10 to the Greater London Authority Act 1999.

Membership

Membership shall comprise such members of the Board and officers of TfL as the Board may determine from time to time.

Framework

The Surface Transport Advisory Panel will:

- (a) work within its terms of reference in a manner which is consistent with the Mayor's policies, priorities and proposals, subject to the directions and guidance of the TfL Board and the Mayor;
- (b) be mindful of TfL's role to promote and encourage the provision of safe, integrated, efficient and economic transport facilities and services for London's transport users;
- (c) give due regard to the principle of equal opportunity for all people;
- (d) work in partnership with other boards, committees and TfL Officers to best achieve the goals of the Mayor and TfL;
- (e) work within the financial framework of TfL, in particular the agreed Business Plan and Budget; and
- (f) work within statutory requirements in relation to health, safety and the environment.

Terms of reference

The Surface Transport Advisory Panel will advise on and assist the Commissioner with issues relating to bus, river, tram, taxi and private hire services and in particular will advise and assist the Commissioner in:

- (1) overseeing the development of TfL policies in relation to surface transport reflecting the Mayor's transport and other strategies;
- (2) the preparation of the components of TfL's Business Plan and Budget proposals relating to surface transport;

- (3) monitoring the implementation of the surface transport component of the Mayor's Transport Strategy including reviews of the effectiveness of the Business Plan and key policy initiatives;
- (4) evaluating overall business performance, and reviewing Best Value plans and performance indicators in relation to surface transport;
- (5) considering integration proposals and monitoring progress on the implementation of TfL access, inclusion and transport equality strategies in relation to surface transport; and
- (6) considering reports on the evolving needs of surface transport users and monitoring levels of customer satisfaction.

Arrangements

- The Surface Transport Advisory Panel shall meet not less than 6 times a year.
- A meeting of the Surface Transport Advisory Panel may be called by the Chair or by the secretary.
- A secretary to the Surface Transport Advisory Panel shall be provided by the Secretary.
- Notice of each meeting of the Surface Transport Advisory Panel, confirming the venue, time and date, together with an agenda of items to be discussed, shall normally be distributed to each member no fewer than 3 working days prior to the date of the meeting.
- Papers may not be tabled at a meeting of the Surface Transport Advisory Panel without permission of the Chair.
- The quorum for the Surface Transport Advisory Panel shall be 3.
- The secretary of the Surface Transport Advisory Panel shall keep appropriate records of all meetings of the Surface Transport Advisory Panel, as well as minutes of the proceedings and all decisions made.

TRANSPORT *for* LONDON

STANDING ORDER NO 2: SCHEME OF DELEGATION

INTRODUCTION

1. Transport *for* London ("TfL") is a statutory corporation established by section 154 of the Greater London Authority Act 1999. The membership of TfL is determined in accordance with paragraph 2 of Schedule 10 to the 1999 Act. TfL consists of not less than 8 nor more than 15 members, all of whom are appointed by the Mayor. Where the Mayor is a member of TfL, the Mayor is required to appoint not less than 7 nor more than 14 other members of TfL.
2. This Standing Order shall, where applicable, be read and interpreted together with the provisions of the 1999 Act, and other relevant legislation, and any amendment to or re-enactment of those provisions.
3. In this Standing Order, words and phrases set out in the Glossary shall have the meanings set out opposite them.
4. The 1999 Act imposes duties and confers powers on TfL. Those duties and powers are TfL's functions. In general, TfL has a discretion as to who may discharge those functions on its behalf. However, in the case of certain specified activities, that discretion is limited. Those activities specified by the Transport *for* London (Specified Activities) Order 2000 made by the Secretary of State for the Environment, Transport and the Regions must be carried on by TfL through a company limited by shares (which may be a subsidiary of TfL).
5. Subject to any express provision contained in the 1999 Act or any later Act, the Board of TfL may arrange for its functions to be discharged by:
 - (a) any committee of TfL;
 - (b) any sub-committee of such a committee;
 - (c) any wholly owned subsidiary of TfL;

- (d) any member or officer of TjL; or
 - (e) any body of members or officers, or members and officers, of TjL.
6. Where the Board makes arrangements for the discharge of any of its functions by any committee, sub-committee, subsidiary, member, officer, body of members or officers or body of members and officers:
- (a) the person or body to whom the discharge of a function is delegated must exercise that delegated authority subject to any conditions imposed by the Board; and
 - (b) the Board may itself discharge a function even though it has delegated the discharge of that function.
7. Unless the Board imposes a condition to the contrary, a committee may sub-delegate the discharge of a function delegated by the Board to that committee by arranging for that function to be discharged by:
- (a) a sub-committee of that committee;
 - (b) any member or officer of TjL; or
 - (c) any body of members or officers, or members and officers, of TjL.
8. Where a committee makes arrangements for the discharge of any function of TjL by arranging for that function to be discharged by a sub-committee, member, officer, body of members or officers or body of members and officers:
- (a) the person or body to whom the discharge of a function is delegated must exercise that delegated authority subject to any conditions imposed by the Board and/or that committee; and
 - (b) both the Board and that committee may themselves discharge the delegated function.
9. Unless the Board or a parent committee, as the case may be, imposes a condition to the contrary, a sub-committee may in turn sub-delegate to:

- (a) any member or officer of TfL; or
 - (b) any body of members or officers, or members and officers, of TfL.
10. Where a sub-committee makes arrangements for the discharge of any functions of TfL by arranging for that function to be discharged by a member, officer, body of members or officers or body of members and officers:
- (a) the person or body to whom the discharge of a function is delegated must exercise that delegated authority subject to any conditions imposed by the Board, the parent committee and/or that sub-committee; and
 - (b) the Board, the parent committee and that sub-committee may themselves discharge the delegated function.
11. Only the Board may delegate the discharge of a function to a wholly owned subsidiary of TfL.
12. Only committees and sub-committees may sub-delegate. In particular, an officer exercising delegated powers may not sub-delegate to another officer.
13. The 1999 Act also makes provision enabling TfL to enter into arrangements with one or more local authorities for the joint discharge of their respective functions.

MATTERS RESERVED TO THE BOARD FOR DECISION

14. The following matters are reserved to the Board for decision:
- (i) Provision of strategic guidance for securing or facilitating the implementation of the Mayor's Transport Strategy and the provision of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London;
 - (ii) Approval of TfL's Budget proposals for submission to the Mayor;

- (iii) Approval of Annual Accounts of the TfL Group;
- (iv) Approval of the Annual Report for the TfL Group;
- (v) Approval of the Business Plan;
- (vi) Approval of transactions over £100 million, save in respect of emergencies where the Commissioner, or in his/her absence the Managing Director, Finance and Planning may approve unbudgeted expenditure for works urgently required to safeguard the operation or protect the assets of the TfL Group. Any such approval will be submitted at the earliest opportunity to the Board for ratification;
- (vii) Approval of budgeted projects over £100 million and unbudgeted projects over £25 million save in respect of emergencies where the Commissioner, or in his/her absence the Managing Director, Finance and Planning may approve unbudgeted expenditure for works urgently required to safeguard the operation or protect the assets of any part of the TfL Group. Any such approval will be submitted at the earliest opportunity to the Board for ratification;
- (viii) Appointment of, and delegation to, committees, sub-committees, bodies of members and officers and bodies of members or officers (provided that a committee or sub-committee can also arrange for the discharge of any of its functions by a body or individuals as permitted by paragraph 8 of Schedule 10 to the 1999 Act);
- (ix) Approval of arrangements with one or more local authorities for the joint discharge of functions, including approval of the appointment and terms of reference of any joint committee;
- (x) Delegation of any of TfL's functions to a subsidiary company;
- (xi) Subject to (viii) above, delegation of any of TfL's functions to a member or officer;

- (xii) Appointment of advisers (other than on an ad hoc basis) to the subordinate bodies i.e. the committees, sub-committees, bodies of members and officers and bodies of members or officers on recommendation of the Commissioner;
- (xiii) Formation of subsidiary companies of TfL and the disposal of subsidiary companies;
- (xiv) Formation of joint venture companies by TfL or its subsidiaries (not covered by paragraph (xviii) above) and the disposal of such companies;
- (xv) Acquisition of at least 50% of the shareholding of companies by TfL or its subsidiaries and the disposal of such shareholding;
- (xvi) Disposal of a part of TfL's or its subsidiaries' undertaking;
- (xvii) Making and amending TfL's Standing Orders;
- (xviii) Approval of changes to the memoranda and articles of association of subsidiary companies (but not those of subsidiaries of subsidiaries);
- (xix) Approval of memoranda and articles of association of joint venture companies in which TfL or any of its subsidiaries have a shareholding;
- (xx) Approval of any changes to the memoranda and articles of association of any joint venture companies where TfL or a subsidiary has at least 50% shareholding;
- (xxi) Appointment and removal of directors of subsidiary companies (but not the subsidiaries of subsidiary companies);
- (xxii) Approval, for submission to the Mayor, of Schemes for transferring property, rights and liabilities between TfL and its subsidiaries or between subsidiaries, including subsidiaries of subsidiaries;

- (xxiii) Approval of (subject to obtaining the Mayor's written consent as required by the 1999 Act) the promotion of, or opposition to local Bills in Parliament;
- (xxiv) Approval of, or objection to (subject to obtaining the Mayor's written consent as required by the 1999 Act) an application for an order under the Transport and Works Act 1992 or any statutory amendment or re-enactment of that Act;
- (xxv) Approval of the making and amending of byelaws and regulations;
- (xxvi) Approval of the making or withdrawing of compulsory purchase orders (by order confirmed by the Secretary of State and submitted to him/her with the consent of the Mayor);
- (xxvii) Determination of fares for hackney carriages;
- (xxviii) Consideration of statutory reports of the Monitoring Officer (Section 73 of the 1999 Act), the Chief Finance Officer (Part III Chapter V of the 1999 Act) and public interest reports, statutory recommendations and advisory notices issued by TfL's external auditor (sections 133-135 of the 1999 Act);
- (xxix) Consideration of Ombudsman reports where there has been a finding of maladministration with injustice in relation to highways and transport planning. (Public complaints about the provision of passenger transport services by TfL will be dealt with via the London Transport Users' Committee);
- (xxx) Appointment and removal of the Commissioner of Transport *for* London;
- (xxxi) Appointment and removal of the Chief Finance Officer;
- (xxxii) Establishment of and keeping under review a policy for TfL exercising its power to borrow, including determining TfL's annual borrowing limits;
- (xxxiii) Establishment of and keeping under review a policy for TfL in relation to Treasury Management;

- (xxxiv) Establishment of and keeping under review a policy for TfL exercising its power to issue guarantees and indemnities associated with guarantees;
- (xxxv) Establishment of and keeping under review a policy for TfL exercising its power to give financial assistance;
- (xxxvi) Anything that by law is reserved to the Board; and
- (xxxvii) Anything which the Commissioner considers should be referred to the Board for decision.

Note: The list of matters reserved for decision by the Board does not preclude other matters being referred to the Board for decision, for example, at the instigation of the Chair.

DELEGATION: GENERAL PROVISIONS

15. All delegated authority conferred by the following paragraphs of this scheme of delegation must be exercised:
 - (a) subject to any restrictions imposed by law;
 - (b) in accordance with any conditions imposed by the Board or any committee or sub-committee of the Board with authority to do so;
 - (c) in accordance with such guidance or directions as may be issued to TfL by the Mayor;
 - (d) having regard to TfL's statutory duty to exercise its functions for the purpose of securing the provision of safe, integrated, efficient and economic transport facilities and services to, from and within Greater London;
 - (e) consistent with the purpose of securing and facilitating the implementation of the Mayor's Transport Strategy;
 - (f) having regard to the principle of equal opportunity for all people;
 - (g) within the financial framework established by TfL. No expenditure may be incurred in the exercise of delegated authority unless there is budget provision for that expenditure except where any express delegation in relation to unbudgeted

- expenditure is provided for in these Standing Orders;
- (h) in accordance with TfL's policies and priorities;
 - (i) in accordance with Standing Orders adopted by TfL, including Financial, Procurement, and Land Transactions Standing Orders; and
 - (j) in accordance with the scheme for approval of projects which is Appendix 1 to this Standing Order.

DELEGATION IN CASE OF URGENCY

16. In case of urgency, the Chair may discharge any function of TfL on its behalf provided that, before exercising the delegated authority conferred by this paragraph, the Chair shall so far as practicable, consult with, or arrange for consultation with, members of TfL who can be readily contacted.

DELEGATION TO COMMITTEES OF TfL

17. There is delegated from the Board to each committee of TfL the discharge of those functions of TfL which fall within the terms of reference of that committee, other than any matter reserved to the Board for decision, in accordance with paragraph 14 above.

DELEGATION TO WHOLLY OWNED SUBSIDIARY COMPANIES OF TfL

18. There is delegated from the Board to each wholly owned subsidiary of TfL the discharge, in the course of that subsidiary's business, of all functions of TfL for which that subsidiary has responsibility including those functions of TfL which constitute the carrying out of an activity specified in the Transport for London (Specified Activities) Order 2000.
19. Without prejudice to the generality of paragraph 18, there is delegated from the Board to London Bus Services Limited:
- (a) the discharge of the functions conferred on TfL by section 181 and 183 of the 1999 Act (determination of the London Bus Network and addition or variation of a network service);

- (b) the discharge of the functions conferred on TfL by sections 185 to 190 of the 1999 Act (grant of London service permits); and
- (c) the discharge of the functions conferred on TfL by paragraph 1(1) of Schedule 17 to the 1999 Act (authorisation of persons to collect penalty fares).

DELEGATION TO THE COMMISSIONER OF TfL

20. There is delegated from the Board to the Commissioner or, in his/her absence, the Managing Director, Finance and Planning, the discharge of all functions of TfL other than:

- (b) any matter reserved to the Board for decision, in accordance with paragraph 14 above;
- (c) any matter delegated to committees of TfL, in accordance with paragraph 17 above;
- (d) any matter delegated to wholly owned subsidiaries of TfL, in accordance with paragraphs 18 and 19 above; and
- (d) any matter the subject of a specific delegation to another officer in accordance with paragraphs 26 to 30 below.

21. There is delegated from the Board to the Commissioner and with the Commissioner's consent to the Managing Director, Street Management the discharge of TfL's functions conferred by section 295 and Schedule 23 to the 1999 Act (Road User Charging).

DELEGATION TO OTHER OFFICERS OF TFL

(i) General delegations to officers

22. There is delegated from the Board to each Chief Officer including any Acting Managing Director and Acting Director the discharge of all functions of TfL for which he/she has managerial and/or professional responsibility other than:
- (a) any matter reserved to the Board for decision, in accordance with paragraph 14 above;
 - (b) any matter delegated to committees of TfL, in accordance with paragraph 17 above;
 - (c) any matter delegated to a wholly owned subsidiary of TfL, in accordance with paragraphs 18 and 19 above; and
 - (d) any matter the subject of a specific delegation to another officer, in accordance with paragraphs 26 to 30 below.
23. There is delegated from the Board to each Senior Officer the discharge of all functions of TfL for which he/she has managerial and/or professional responsibility provided that:
- (a) the Chief Officer to whom he/she is responsible has delegated authority in relation to any matter in respect of which a Senior Officer proposes to exercise delegated authority; and
 - (b) the Senior Officer has obtained the consent of the Chief Officer to whom he/she is responsible (or, in the absence of such Chief Officer, that of the Commissioner) to the exercise of that delegated authority.
24. There is delegated from the Board to each Officer below the level of Senior Officer the discharge of all functions of TfL for which he/she has managerial and/or professional responsibility provided that:
- (a) the Chief Officer to whom he/she is responsible has delegated authority in relation to any matter in respect of which that Officer proposes to exercise delegated authority; and

(b) that Officer has obtained the consent of the Chief Officer to whom he/she is responsible (or, in the absence of such Chief Officer, that of another Chief Officer) to the exercise of that delegated authority.

25. The authority delegated to Chief Officers, Senior Officers and Officers below the level of Senior Officers in accordance with paragraphs 22 to 24 above is concurrent with the authority delegated to the Commissioner by paragraph 20 above and may not be exercised in respect of any matter where the Commissioner has exercised his/her delegated powers or has given a written indication of his/her intention to do so. In addition to the matters set out in paragraph 15 above, all delegated authority conferred by paragraphs 22 to 24 above must be exercised in accordance with any conditions issued from time to time by the Commissioner.

(ii) Specific delegations to officers and subsidiaries

26. There is delegated from the Board to the Chief Officer with responsibility for the Public Carriage Office and with his/her written consent to Senior Officers responsible to the Chief Officer with responsibility for the Public Carriage Office the discharge of the functions of TfL relating to:

- (a) hackney carriages (section 253 of, and Schedule 20 to, the 1999 Act and the legislation there referred to and any subordinate legislation made thereunder); and
- (b) private hire vehicles (section 254 of, and Schedule 21 to, the 1999 Act and the legislation there referred to and any subordinate legislation made thereunder).

27. Without prejudice to the generality of paragraph 26 above, there is delegated from the Board to the Chief Officer with responsibility for the Public Carriage Office and, with his or her written consent to London Bus Services Limited, the discharge of the functions in respect of taking all steps necessary to institute and pursue prosecutions under the Private Hire Vehicles (London) Act 1998.

28. Subject to paragraph 21 above, there is delegated from the Board to the Chief Officer with responsibility for Street Management and, with his/her written consent, to each Senior Officer (which for the purposes of this paragraph 28 includes Team Leaders),

responsible to that Chief Officer, the discharge of the functions of TfL as highway authority, local authority in respect of matters within the managerial and professional responsibility of the Chief Officer with responsibility for Street Management, traffic authority, or street authority, including but without limitation the discharge of the functions of TfL conferred by:

- (a) the Highways Act 1980;
 - (b) the Road Traffic Regulation Act 1984;
 - (c) the New Roads and Street Works Act 1991; and
 - (d) section 275 of the 1999 Act.
29. There is delegated from the Board to the Managing Director, Finance and Planning or, in his/her absence, the Chief Finance Officer, the discharge of the functions of TfL relating to traffic related agreements (revenue agreements) with train operating companies, bus operating companies and others, including entering into such agreements, amending and revoking such agreements and making payments pursuant to such agreements.
30. Without prejudice to the generality of paragraph 18 above, there is delegated to the Chief Officer with responsibility for Surface Transport and, with his or her written consent, London Bus Services Limited, procurement activity in relation to all functions of TfL for which that Chief Officer has managerial and/or professional responsibility.

The authority delegated by paragraphs 26 to 30 above is exercisable subject to compliance with any conditions issued from time to time by the Commissioner.

AUTHORISATIONS IN RELATION TO MAYOR'S OPINION

31. In respect of land and subject to the Mayor first delegating this function to TfL, any one of the following, namely, the Commissioner, the Managing Director, Finance and Planning or the Chief Officer with responsibility for corporate services is authorised to give the Mayor's Opinion.

32. In respect of temporary disposals of land of up to 15 years where the land is not required by TfL for the discharge of its functions for the period of the proposed disposal or where TfL reserves the right to take back the land when it is required, there is delegated to Chief Officers (in addition to the authorisation under paragraph 31 above) the power to give the Mayor's Opinion in respect of land for which he/she has managerial and/or professional responsibility.

33. In respect of property other than land and subject to the Mayor first delegating this function to TfL, officers and subsidiaries listed in paragraph 11 of Standing Order No. 4 is authorised to give the Mayor's Opinion at the appropriate levels of authority for the corresponding values set in that paragraph.

SCHEME FOR APPROVAL OF PROJECTS

For the purposes of this Standing Order No 2, a project is defined as a non-recurring, time related package of work with specific outputs and deliverables. Related projects should be considered as a single project for the purposes of this Standing Order.

Projects require approval by the appropriate body or individual as set out in the table below.

All projects costing in excess of £5m will need to be authorised by the Managing Director, Finance and Planning, or higher level of authority, and will require a project submission setting out the project plan encompassing scope, safety plan, timescales, milestones, cost estimates, business case, procurement strategy, and project management arrangements. This process will be undertaken in accordance with instructions issued by the Managing Director, Finance and Planning.

Those with authority in respect of projects costing between £2m and £5m must comply with any instructions issued from time to time by the Managing Director, Finance and Planning in respect of such projects.

Group /Subsidiary	Authorising Body	Authority to approve project submissions up to:	
		for Budgeted Projects *	for Unbudgeted Projects (subject to virement) **
TfL Group			
	TfL Board Commissioner	Unlimited £100m.	Unlimited £25m save for emergencies where the Commissioner may approve unbudgeted expenditure for works urgently required to safeguard the operation or protect the assets of any part of the TfL Group.

	Managing Director, Finance and Planning	£25m.	£10m save for emergencies where the Managing Director Finance and Planning may, in the absence of the Commissioner approve unbudgeted expenditure for works urgently required to safeguard the operation or protect the assets of any part of the TfL Group.
	Chief Officers reporting directly to the Commissioner	£5m.	£1m.
	Senior Officers authorised by Managing Director, Finance and Planning	£2m.	£1m.
TfL Subsidiaries			
TTL, LBSL, DLR		£2m.	£1m.
LRSL, VCSL, LBL		£1m.	£500,000

- * Projects for which there is full funding in the current year's Budget and future years of the Business Plan
- ** Projects for which there is insufficient or no funding in the current year's Budget and future years of the Business Plan.

TRANSPORT *for* LONDON

STANDING ORDER No 3: FINANCIAL REGULATIONS

INTRODUCTION

1. TfL is subject to the local government finance regime. Capital finance controls apply to TfL. The Mayor has influence over capital spending priorities through the preparation of a capital spending plan. TfL is responsible for the administration of the TfL Group's financial affairs and accounts. TfL follows the local authority accounting framework in the preparation of its Annual Accounts and is subject to audit by auditors appointed by the Audit Commission.
2. This Standing Order shall, where applicable, be read and interpreted together with the provisions of the Greater London Authority Act 1999, and other relevant legislation, and any amendment to or re-enactment of those provisions.
3. This Standing Order sets out the requirements for the efficient and proper conduct of all financial transactions of the TfL Group. It allows the Managing Director, Finance and Planning to promote the delegation of financial matters and the Chief Finance Officer to discharge his or her statutory obligations and responsibilities including the proper administration of TfL's financial affairs in accordance with Section 127 of the 1999 Act.
4. TfL's subsidiaries shall comply with this Standing Order insofar as it is not inconsistent with their statutory obligations under the Companies Acts.
5. In this Standing Order, words and phrases set out in the Glossary shall have the meanings set out opposite them.

ROLES AND RESPONSIBILITIES

6. The Managing Director, Finance and Planning is responsible, for planning, securing, allocating and controlling financial resources in line with the Mayor's Transport Strategy and TfL's Business Plan, for setting the financial control framework and

policies for the TfL Group, for ensuring proper accounting records are maintained and for reporting the financial results of the TfL Group in accordance with the requirements of local government legislation and of the Companies Acts.

7. A Chief Finance Officer (who may also be the Managing Director, Finance and Planning) must be appointed, in accordance with section 127 of the 1999 Act, to carry out the functions of the post in accordance with the provisions of Section 114 of the Local Government Finance Act 1988 (“the 1988 Act”). He or she will make a report to the Board in respect of decisions which would lead to unlawful expenditure or an unlawful course of action which is likely to cause loss or unlawful items of account or a deficit budget.
8. In preparing a report under section 114 of the 1988 Act, the Chief Finance Officer shall consult the Commissioner or in his absence the Managing Director, Finance and Planning or the Internal Audit Director as appropriate.
9. Reports made under section 114 of the 1988 Act above must be considered at a meeting of the Board held within 21 days beginning from the day on which copies of the report are sent. The public access provisions of Part VA of the Local Government Act 1972 will apply to such a meeting.

BUDGETS, PROGRAMMES AND PLANS

10. The TfL Group Budget and Business Plan will translate the Mayor’s Transport Strategy into a financial and performance plan, and statement of deliverables.
11. The Managing Director, Finance and Planning will set the guidelines and timetable for the TfL Group to follow in the preparation of Budgets and Plans, having regard to the timetable required by the Authority and any guidance received from the Mayor and Assembly.
12. Each year the Managing Director, Finance and Planning will submit the TfL Budget and Business Plan Proposals to the Finance Committee for consideration and then to the Board for approval prior to submission to the Mayor.

13. TfL Chief Officers and subsidiary companies will be informed of their budgets for the forthcoming year following approval by the Board.

AUTHORISATION OF EXPENDITURE

14. Approval of the TfL Group Budget provides authorisation for TfL Chief Officers and subsidiary companies to incur expenditure, collect income and redistribute funds to relevant third parties in respect of their allocated budgets, subject to:-
 - a) the existence of appropriate provision in the budget (or the written approval of those authorised to enter into unbudgeted expenditure);
 - b) compliance with the scheme of delegation (TfL Standing Order No 2);
 - c) securing specific approval, where required;
 - d) any restrictions or conditions included in business or service plans;
 - e) compliance with TfL's Standing Orders, including procurement and land transaction Standing Orders;
 - f) compliance with financial policies issued by the Board from time to time;
 - g) compliance with financial standards or instructions issued by the Managing Director, Finance and Planning from time to time; and
 - h) compliance with authorisation procedures and instructions for TfL Chief Officers, subsidiary companies and other officers issued from time to time.

TfL BUDGET: MONITORING AND CONTROL

15. The Managing Director, Finance and Planning will ensure the integrity of the budget monitoring and control framework, including the treatment of budget variations and transfers for the TfL Group and all arrangements put in place to support TfL Chief Officers in monitoring their budgets.
16. Where central contingency budgets are held, then all allocations from those budgets must be approved by the Commissioner or by the Managing Director, Finance and Planning.
17. The Board and the Finance Committee shall receive regular financial and performance monitoring reports related to revenue and capital expenditure within the TfL Group Budget. The format of monitoring reports will be determined by the Managing Director, Finance and Planning in consultation with the Board. Subsidiary companies and TfL Chief Officers must provide the required information to the Managing Director, Finance and Planning on a timely basis to allow such reports to be prepared.
18. All TfL Chief Officers and subsidiary companies shall ensure, to the satisfaction of the Commissioner and Managing Director, Finance and Planning, that appropriate systems for planning, monitoring, evaluating and reviewing performance, including the treatment of budget virements and variation, are in operation for the services and functions for which they are responsible.
19. Capital expenditure must be planned and monitored continually to ensure that the delivery of each project complies with the stated scope, aims and financial estimates which form the approval for the expenditure and that TfL Group's plans are actioned.
20. Revenue expenditure must be planned and monitored continually to ensure that it is within budget and continues to be justified by service performance and business case criteria.
21. The Managing Director, Finance and Planning shall be responsible for designing a virement process to be applied throughout the TfL Group and for managing and

monitoring that process. The Board shall receive regular reports and be consulted when the process identifies material changes to the budgeted delivery.

STATEMENT OF ACCOUNTS

22. The Managing Director, Finance and Planning shall be responsible for preparing the statement of accounts and for all matters relating to their audit and public inspection. Other TfL Chief Officers and subsidiary companies are required to assist the Managing Director, Finance and Planning in all matters relating to preparation and audit of the statement of accounts.
23. The Managing Director, Finance and Planning shall after consultation with the Finance Committee and the Audit Committee recommend to the Board the adoption of the draft statement of accounts.

ACCOUNTING POLICIES AND PROCEDURES

24. The Managing Director, Finance and Planning shall be responsible for setting out TfL Group accounting policies and standards (TfL Group Finance Manual) governing the operation and control of the systems and procedures needed to meet statutory requirements and applicable generally accepted accounting practice, in particular to:-
 - (a) support the TfL Group procurement processes;
 - (b) discharge liabilities including the payment of salaries and wages;
 - (c) identify and record all sources of income;
 - (d) manage and control funds including the collection and banking of all income and management of imprest accounts; and
 - (e) acquire, protect and dispose of TfL Group assets.
25. The Managing Director, Finance and Planning shall institute a regime of internal check and control requiring the segregation of roles and responsibilities, in particular relating to the handling of cash and cash equivalents and related accounting records.

INSURANCE AND INDEMNITIES

26. The Managing Director, Finance and Planning shall be responsible for arranging adequate insurance for the TfL Group and shall keep comprehensive records of all risks covered.
27. Each TfL Chief Officer, and subsidiary companies shall provide immediate notification to the Managing Director, Finance and Planning and the Risk Manager of all significant new areas of risk and of any change of circumstances likely to affect existing risks or insurances.
28. Any incident, which could give rise to an insurance claim, must be promptly notified to the Risk Manager by the relevant officer.
29. The Managing Director, Finance and Planning shall make appropriate arrangements to handle all insurance claims, in conjunction with the Risk Manager and Legal Services if proceedings are issued.
30. The Managing Director, Finance and Planning shall arrange for the examination of all new, or amendments to existing, policies in which the TfL Group has an interest.
31. The Risk Manager shall be consulted in all cases where a member of the TfL Group is requested to give an indemnity.

CREDIT APPROVALS

32. The Managing Director, Finance and Planning is responsible for establishing the operation and control of procedures needed to comply with Part IV of the Local Government and Housing Act 1989 (as applicable to TfL) and in particular to make arrangements to:-
 - a) note the aggregate credit approval, together with the specified authorities and amounts for capital purposes comprising the credit approval, issued by the Secretary of State to the Mayor relating to TfL;

- b) note the additional credit approvals relating to TfL which may be issued at any time to the Mayor; and
- c) record, from the aggregate and additional credit approvals, those authorities relating to TfL with their classification, purpose, value and time period for which approval has effect, together with the amortisation period, as appropriate.

CREDIT ARRANGEMENTS

- 33. The Managing Director, Finance and Planning shall from time to time establish an approval and control process, and issue instructions in respect of, credit arrangements to ensure compliance with the Local Government and Housing Act 1989.

CREDIT RATING

- 34. The Managing Director, Finance and Planning shall be notified of any matter that may affect TfL's credit rating.

INVESTMENTS, BORROWING, CAPITAL FINANCING AND TRUST FUNDS

- 35. The Managing Director, Finance and Planning is responsible for advising the Board on investments, borrowing, capital financing and trust funds. The Managing Director, Finance and Planning shall have control of the aggregated monies and securities of the TfL Group in accordance with the relevant policies determined by the Board.
- 36. All limits set by the Managing Director, Finance and Planning shall accord with the relevant policies determined by the Board and relevant legislation and all such limits shall be complied with by the TfL Group.
- 37. All investments controlled by the TfL Group shall be made in TfL's name, in the name of a member of the TfL Group or in the name of nominees approved by the Managing Director, Finance and Planning and reported to the Finance Committee. Bearer securities are excepted from this but any such purchase shall be reported to the Board.
- 38. All securities shall be held securely by TfL's bankers, the Managing Director, Finance and Planning or custodians approved by the Board.

39. All borrowing and, wherever possible, all trust funds, shall be in the name of TfL or a member of the TfL Group.
40. The Managing Director, Finance and Planning shall be TfL's registrar of stocks and bonds and shall maintain records of all monies borrowed and lent.
41. All officers acting as trustees by virtue of their official position shall deposit all securities etc, which relate to the trust with persons authorised by the Managing Director, Finance and Planning unless the trust deed provides otherwise.

BANKING ARRANGEMENTS

42. The Managing Director, Finance and Planning shall be responsible for the establishment and operation of banking arrangements necessary for the TfL Group business in accordance with any treasury management policy approved by the Board.

INCOME

43. The Managing Director, Finance and Planning shall make arrangements for:
 - (a) the proper recording of all sums due to the TfL Group; and
 - (b) the prompt and proper accounting for all cash including its collection, custody, control and deposit.
44. All arrangements relating to the collection of monies due shall be subject to approval by the Managing Director, Finance and Planning.
45. Income due to the TfL Group from work done, goods supplied or services rendered and not paid for at the time of delivery must be invoiced promptly by the appropriate officer.
46. The Managing Director, Finance and Planning shall be notified immediately documents are signed of all money due to any member of the TfL Group under contracts, leases and other agreements with a per annum value of not less than £1

million and shall have access to all related documents and particulars. He/she shall be informed immediately of any changes or cessation of such arrangements that affect the monies due.

47. The Managing Director, Finance and Planning shall co-ordinate the preparation of and shall submit applications for grant. Chief Officers must supply such information as the Managing Director, Finance and Planning requires to complete such applications.

EXTERNAL AUDIT

49. The Audit Commission is responsible for appointing auditors for T/L.
49. The Managing Director, Finance and Planning and other Chief Officers shall work closely with the external auditors and provide all information and explanations reasonably requested by them in relation to their responsibilities in a timely manner.

TRANSPORT *for* LONDON

STANDING ORDER NO 4: PROCUREMENT AND DISPOSAL TRANSACTIONS

INTRODUCTION

1. This Standing Order sets out the objectives, responsibilities and controls for procurement and disposal transactions (“Transactions”) for TfL and its subsidiaries with the exception of land which is dealt with in Standing Order No. 5. Activities which come within Transactions covered by this Standing Order are described in paragraph 3 below.
2. This Standing Order shall, where applicable, be read and interpreted together with the provisions of the 1999 Act and other relevant legislation, and any amendment to or re-enactment of these provisions.
3. In this Standing Order the words and phrases listed in the Glossary shall have the meanings set out opposite them and Transactions shall include the following activities:
 - (i) any activity either orally or in writing which commits, or may be taken to commit, TfL (or a subsidiary) to any contractual relationship including the issue of letters of intent and variations to contracts;
 - (ii) the process of obtaining supplies, services and works including seeking formal written tenders or proposals in accordance with applicable Procurement Instructions and/or Procedures;
 - (iii) the settlement of any claim for additional payment not covered by an existing contract or arrangement;
 - (iv) the imposition of remedies for breach of a contractual commitment, e.g. calling of bonds and guarantees, exercising step-in or termination rights; or
 - (v) the sale or other disposal of surplus materials and assets.

A Transaction does not include the obtaining of informal or low value quotations in accordance with applicable Procurement Instructions and/or Procedures, or information for budgeting purposes.

4. Prior to negotiating, or otherwise undertaking a Transaction appropriate authorisation of expenditure must be obtained in accordance with Standing Order No. 3.
5. No person shall, enter into, or vary a Transaction on behalf of TfL (or a subsidiary), or purport to do so, unless it is done:
 - (a) In accordance with, and with authority under, this Standing Order;
 - (b) Having regard to TfL's Statement on Control (Procurement), TfL's Procurement Principles as amended from time to time and Procurement Instructions and/or Procedures; and
 - (c) In accordance with disposal instructions issued from time to time.

OBJECTIVES

6. All procurement activity should be undertaken with the objective of ensuring that:
 - (a) TfL and its subsidiaries achieve optimum value for money and makes optimum use of its resources consistent with the delivery of the Mayor's Transport Strategy and TfL's Business Plan and Budget;
 - (b) TfL and its subsidiaries comply with all laws and regulations, including EC Procurement Directives and UK Procurement Regulations and health, safety and environmental legislation relevant to the Transaction;
 - (c) All goods and services procured comply with the appropriate TfL safety, technical or other standards and are for legitimate business purposes; and
 - (d) All stages of a Transaction are carried out in a non-discriminatory, objective and transparent manner.

SPECIAL CATEGORY TRANSACTIONS

7. Where activities which are usually undertaken “in-house” by any part of TfL (or a subsidiary) are to be outsourced, the prior approval of the Managing Director, Finance and Planning is required before any approach is made to an external third party. This paragraph does not apply to the engagement of consultants or agency staff engaged in the normal course of business in accordance with Procurement Instructions and/or Procedures to provide support, specialist advice, or services, or to any other matter specified in instructions issued by the Managing Director, Finance and Planning from time to time.
8. Before a Transaction is entered which will involve the disposal by TfL (or a subsidiary) of any property¹ covered by this Standing Order which is not required for the purposes of the discharge by TfL of any of its functions, a written opinion must be given to this effect by the Mayor or one of the persons to whom the Mayor has delegated the power to give such an opinion.² All disposals of property under this Standing Order shall be carried out in accordance with any disposal instructions issued by the Managing Director, Finance and Planning from time to time.
9. Before a Transaction is entered into which will or may constitute a Credit Arrangement approval must be given by the Group Treasury Manager. The rules relating to Credit Arrangements are set out in Guidance Notes entitled "Credit arrangements – Are you looking for Credit?" published by the Group Treasury Manager.

RESPONSIBILITIES AND AUTHORITIES

10. The Managing Director, Finance and Planning is responsible to the Board for ensuring that Transactions are conducted in accordance with this Standing Order.
11. Prior to being entered into, and subject to paragraph 12 below, Transactions (including variations to Transactions) must be approved at the following levels of authority:

¹ Property includes assets and materials. This is a requirement of Schedule 11, paragraph 12 of the 1999 Act.

² There are equivalent provisions in Standing Order 5 relating to the disposal of land and interests in or rights over land.

Value	Level
TfL	
(a) Unlimited	The Board.
(b) Up to and including £100,000,000	The Commissioner or in his/her absence the Managing Director, Finance & Planning. If in the view of the Commissioner, a Transaction has exceptional or unusual features warranting the attention of the Board or is of a high risk nature it must be approved by the Board (regardless of the levels of authority delegated in this Standing Order) unless it has already been approved by the Board.
(c) Up to and including £25,000,000	Each Chief Officer.
(d) Up to and including £5,000,000	Each Senior Officer reporting directly to a Chief Officer subject to obtaining the written consent of the Chief Officer to whom he/she reports.
(e) Up to and including £500,000	Each TfL officer below the level of Senior Officer subject to obtaining the written consent of the Chief Officer to whom he/she ultimately reports.
Transport Trading Limited (TTL)	
(f) Up to and including £5,000,000	TTL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

**London Bus Services Limited
(LBSL)**

General Transactions:

(g) Up to and including £5,000,000

LBSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

Transactions for the provision of bus services:

(h) Up to and including £100,000,000

LBSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

**London River Services Limited
(LRSL)**

(i) Up to and including £5,000,000

LRSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

**Victoria Coach Station Limited
(VCSL)**

(j) Up to and including £5,000,000

VCSL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

London Buses Limited (LBL)

(k) Up to and including £5,000,000

LBL, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

**Docklands Light Railway Limited
(DLR)**

(l) Up to and including £5,000,000

DLR, subject to any conditions issued from time to time by the Managing Director, Finance and Planning.

Any person who is authorised to give a written consent pursuant to this Standing Order may restrict the level of the procurement authority of the person in respect of whom that consent is given.

Where, on behalf of another subsidiary of TfL, LBSL is exercising delegated authority pursuant to paragraph 30 of Standing Order No.2, the level of authority for the purposes of this paragraph of this Standing Order shall correspond to the level of authority of the subsidiary of TfL on whose behalf LBSL is acting.

12. Where a call-off contract has been entered to facilitate the supply of low value consumables, each officer employed by TfL, may with the authority of the responsible Senior Officer, authorise the supply of consumables within the terms, conditions, defined scope and price structure of such a contract up to a limit of £1,000 in any single call-off.
13. Variations to a Transaction must be approved in accordance with applicable Procurement Instructions and/or Procedures. Where a variation substantially alters the terms and conditions of a Transaction it must be referred for approval by either the same level of authority at which the original Transaction was authorised or if, after the variation, the value of the Transaction requires a higher level of authority, by a person with that higher level of authority.
14. A TfL officer with delegated authority to discharge any function on behalf of TfL may not transfer or sub-delegate that authority in any way whatsoever.
15. Transactions must not be broken down into lower value Transactions to avoid a requirement for authority at a particular level, UK Procurement Regulations or EC Procurement Directives.
16. Where a Transaction is of an indefinite duration, the estimated value for the purposes of paragraph 11 above, is the value of the consideration TfL (or a subsidiary) expects to pay in the first four years. For specific guidance refer to applicable Procurement Instructions and/or Procedures.

17. All sums expressed in this Standing Order are exclusive of Value Added Tax.

ETHICS

18. Procurement must be carried out in accordance with TjL's Business Ethics Policy as amended from time to time.
19. Where an officer, his/her partner or a member of their family has any interest, whether direct or indirect, and whether pecuniary or not, in any contract or proposed contract or other Transaction to which TjL (or a subsidiary) is or would be a party or has such an interest in or with any supplier, that officer must at the earliest opportunity disclose in writing the nature of the interest to a Chief Officer, or where the officer is a Chief Officer, to the Commissioner. That officer shall refrain from any involvement in the contract or proposed contract or other Transaction to which that interest relates, whether or not he/she has made the required written disclosure of that interest.

INFORMATION

20. Those involved in Transactions must comply with TjL's policies from time to time in force on the treatment of confidential information.

HEALTH, SAFETY, QUALITY AND THE ENVIRONMENT

21. All Transactions must comply with the requirements of all laws and regulations and any internal policy, direction or instruction issued from time to time by TjL or its subsidiaries regarding health, safety, quality and the environment.

ESTABLISHING A TRANSACTION

22. Transactions should (other than in nominal or other circumstances defined by Procurement Instructions and/or Procedures or EC or UK Procurement Rules) only be entered into following a competition conducted through a tender process or by competitive quotation.

23. Notwithstanding any other authority given by this Standing Order where it is proposed that a Transaction over the value of £500,000 be awarded other than through a competitive process, the Managing Director, Finance and Planning must be informed before any approach is made to a supplier. Such a Transaction may be subject to review by the Managing Director, Finance and Planning (or such person as he/she may nominate from time to time) if he/she so requires except where the Managing Director, Finance and Planning has been directly involved in the Transaction, in which case the Commissioner must be informed and the Transaction may be reviewed by the Commissioner (or such person as he/she may nominate from time to time).
24. All Transactions must be expressed to be governed by English Law unless otherwise agreed by the Head of Legal Services. Transactions must also be subject to the jurisdiction of the English Courts unless an alternative dispute resolution procedure is required by English Law or otherwise agreed by the Head of Legal Services.
25. Transactions must be awarded to the supplier offering the most economically advantageous tender or quotation having regard to all relevant objective criteria including, as appropriate, estimated final price, whole life cost, timeliness, technical, health, safety, quality and the environment, maintaining and developing competition and sustainability of supply.

TERMS OF PAYMENT

26. With the exception of advance payments and payments to tax exempt entities, payment can only be made following receipt of a valid tax invoice on satisfactory completion of supply, against a milestone or a reflection of the value of work done or services provided, unless otherwise approved by the Financial Controller. The Financial Controller shall be entitled at any time to call in and review any Transaction payment profile.

IMPOSITION OF REMEDIES FOR BREACH OF CONTRACTUAL COMMITMENT.

27. In the event of contractor default, the decision whether to call bonds or bank guarantees or to instigate legal action to recover liquidated damages provisions must be referred for approval to the Financial Controller and the Head of Procurement or his/her nominee.
28. In the event of contractor default, where step-in rights become exercisable, the decision whether to exercise these rights shall be made in consultation with the Managing Director, Finance and Planning.

RETENTION OF RECORDS

29. All Transactions and associated documentation must be retained in accordance with legal requirements and TjL's policies from time to time on retention of documents.

TRANSPORT *for* LONDON

STANDING ORDER NO 5: LAND TRANSACTIONS

INTRODUCTION

1. This Standing Order sets out the responsibilities and controls for Land Transactions. Its purpose is to:
 - (a) define management control applied to the acquisition and disposal of land and interests in, or rights over, land owned by or leased by TfL and/or its subsidiaries;
 - (b) give authority for Land Transactions to be placed on a person with the appropriate level of responsibility; and
 - (c) establish arrangements to ensure that Land Transactions take place after appropriate consultation.
2. This Standing Order shall, where applicable, be read and interpreted together with the provisions of the 1999 Act, and other relevant legislation, and any amendment to or re-enactment of those provisions.
3. In this Standing Order, the words and phrases listed in the Glossary shall have the meanings set out opposite them.

ACQUISITION AND DISPOSAL OF LAND AND INTERESTS IN LAND

4. Before entering into any Land Transaction, the Property Disposal Checklist Questionnaire must be completed by the Property Sponsor and retained on file. The purpose of this Questionnaire is to identify whether it is necessary to obtain the Mayor's Opinion and/or the Secretary of State's Consent. Should it be apparent following completion of the Questionnaire that:
 - 4.1 the Secretary of State's Consent is required, the Property Sponsor must, in writing, refer the proposed transaction to the Head of Legal Services;

- 4.2 the Mayor's Opinion is required, the Property Sponsor must refer the proposed disposal to the TjL Property Consultant who will then submit it to the Mayor or to the relevant person to whom the Board has authorised the Mayor's Opinion for determination.
5. If the Mayor's Opinion and/or the Secretary of State's consent is required, the Land Transaction cannot be entered into unless and until the opinion and/or consent is obtained.
 6. Before a Land Transaction is entered into which will or may constitute a Credit Arrangement, written approval must be given by the Group Treasury Manager.¹ The rules relating to Credit Arrangements are set out in Guidance Notes entitled "Credit arrangements – Are you looking for Credit?" published by the Group Treasury Manager.
 7. The terms of all Land Transactions (including, without limitation, the method of any disposal or purchase) must be first approved by the TjL Property Consultant and the Land Transactions must be carried out in accordance with those approved terms.
 8. Land Transactions require authorisation in accordance with this Standing Order. That authorisation will be in addition to any authorisations required pursuant to the 1999 Act or pursuant to other Standing Orders.
 9. In calculating the level of authority required for any Land Transaction, the Property Sponsor must:
 - (a) have regard to the total consideration which is to be paid or received pursuant to such Land Transaction; and
 - (b) where an option forms part of such Land Transaction, assume that such option will be exercised (see Example 3 in the Annexure 1 to this Standing Order).

¹ For example, any transaction where TjL is becoming a lessee of land (as the result of the grant or assignment of a lease) may be a Credit Arrangement.

10. For the purpose of establishing the level of authority required under this Standing Order, the consideration for the grant, or assignment of a lease is the sum of:-
- (a) the annual rent multiplied by the unexpired term of years under the lease; and
 - (b) any premium or other consideration payable to purchase or secure the grant or assignment of the lease (excluding service charges, insurance premiums and other outgoings relating to the property).

Worked examples are included in Appendix 1 to this Standing Order.

OFFICE ACCOMMODATION

11. All proposals to acquire office accommodation must be approved by either the Commissioner or the Managing Director, Finance and Planning.

COMPULSORY PURCHASE AND COMPENSATION PAYMENTS

12. In the case of compulsory purchase and statutory blight acquisitions, payments must be made in accordance with, and must not exceed, compensation authorised by legislation.

LEVELS OF AUTHORITY

13. Subject to paragraph 14 below (unbudgeted items), Land Transactions must be authorised in writing at the following levels of authority in respect of the consideration to be paid or received:

Consideration	Level
Transport <i>for</i> London ('TfL')	
(a) Unlimited	The Board
(b) Up to and including £100,000,000	The Commissioner, or in his/her absence, the Managing Director, Finance and Planning.

- | | | |
|-----|---------------------------------|--|
| (c) | Up to and including £25,000,000 | The Managing Director, Finance and Planning or in his/her absence, the Director of Corporate Services. |
| (d) | Up to and including £5,000,000 | Each Chief Officer and, subject to obtaining the written consent of the Chief Officer to whom he/she reports, each Senior Officer reporting directly to a Chief Officer. |
| (e) | Up to and including £500,000 | Each Officer below the level of Senior Officer subject to obtaining the written consent of the Chief Officer to whom he/she ultimately reports. |

Transport Trading Limited ('TTL')

- | | | |
|-----|--------------------------------|--|
| (f) | Up to and including £5,000,000 | TTL subject to compliance with any conditions issued from time to time by the Managing Director, Finance and Planning. |
|-----|--------------------------------|--|

London Bus Services Limited ('LBSL')

- | | | |
|-----|--------------------------------|---|
| (g) | Up to and including £5,000,000 | LBSL subject to compliance with any conditions issued from time to time by the Managing Director, Finance and Planning. |
|-----|--------------------------------|---|

London River Services Limited ('LRSL')

- | | | |
|-----|--------------------------------|---|
| (h) | Up to and including £5,000,000 | LRSL subject to compliance with any conditions issued from time to time by the Managing Director, Finance and Planning. |
|-----|--------------------------------|---|

Victoria Coach Station Limited ('VCSL')

- | | | |
|-----|--------------------------------|---|
| (i) | Up to and including £5,000,000 | VCSL subject to compliance with any conditions issued from time to time by the Managing Director, Finance and Planning. |
|-----|--------------------------------|---|

London Buses Limited ('LBL')

- | | | |
|-----|--------------------------------|--|
| (j) | Up to and including £5,000,000 | LBL subject to compliance with any conditions issued from time to time by the Managing Director, Finance and Planning. |
|-----|--------------------------------|--|

Docklands Light Railway Limited ('DLRL')

- (k) Up to and including £5,000,000 DLRL subject to compliance with any conditions issued from time to time by the Managing Director, Finance and Planning.

Any person who is authorised to give a written consent pursuant to this Standing Order may restrict the level of authority of the person in respect of whom that consent is given.

UNBUDGETED ITEMS

14. Where a Land Transaction is not a budgeted item of expenditure, the level of authority required by the Property Sponsor is as follows:

Consideration	Level
Unlimited	The Board
Up to and including £25,000,000	The Commissioner, or in his/her absence, the Managing Director, Finance and Planning.

REVISION OF TRANSACTIONS

15. Where, in consequence of any revision to the terms of a Land Transaction, there is an increase in the total consideration being paid and as a result, the original level of authority will be exceeded, the Property Sponsor must seek and obtain the requisite higher level of authority before the transaction is entered into.

CONSULTATION

16. Consultation in respect of proposed Land Transactions shall take place in accordance with instructions issued from time to time by the Director of Corporate Services.

APPENDIX 1

Worked examples for calculating the consideration when dealing with leases

Example 1 - Grant of a Lease

1. Assume transaction involves the grant of a lease for a term of 15 years at a current rental of £60,000.
2. The formula to calculate the level of authority is:
 $\text{£60,000 (yearly rental) x 15 (term of lease) = £900,000}$

Example 2 - Assignment of a Lease

1. Assume transaction involves the purchase/assignment of a lease which has a remaining term of 15 years at a current rental of £60,000. A premium of £30,000 will be paid on completion of the purchase/assignment.
2. The formula to calculate the level of authority is:
 - a) $\text{£60,000 (yearly rental) x 15 (term of lease) = £900,000}$
 - b) Add premium £ 30,000

TOTAL £930,000

Example 3 - Grant of a Lease with an Option

1. Assume transaction involves the grant of a lease for a term of 15 years at a current rental of £60,000.
2. The Lease will contain an option to purchase the freehold of the property. The open market value of the freehold as at the date of the grant of the Lease is £5,000,000.
3. The formula to calculate the level of authority is:
 - a) $\text{£60,000 (yearly rental) x 15 (term of lease) = £900,000}$
 - b) Add option value = £5,000,000

TOTAL £5,900,000

GLOSSARY

The 1999 Act means the Greater London Authority Act 1999.

The Authority means the Greater London Authority.

The Board means TfL as constituted under paragraph 2 of Schedule 10 to the 1999 Act.

The Chair means the Chairman of the Board.

The Chief Finance Officer means the officer appointed under section 127 of the 1999 Act.

The Chief Officers means the Managing Directors and Directors of TfL reporting directly to the Commissioner and other TfL officers acting in such capacity.

The Commissioner means the Commissioner of Transport *for* London.

Credit Arrangement means an arrangement defined by Section 48 of the Local Government and Housing Act 1989. (Current examples of credit arrangements include: leases of any property (especially land), contracts where goods or services are provided on deferred terms, private finance transactions and retention payments).

Financial Controller means the individual designated in each business area by the Chief Officer responsible for that area as the person responsible for undertaking the role set out in Standing Order 4.

Group Treasury Manager means the designated individual in TfL undertaking this role.

Head of Legal Services means the designated individual or individuals in TfL undertaking this role.

Head of Procurement means the designated individual in TfL undertaking this role.

Land Transaction means the acquisition or disposal of land and buildings or interests in, or rights over, land and buildings including:

- (a) the purchase, sale, or exchange, of freehold or leasehold land; and
- (b) the purchase, grant, assignment, surrender, release or variation of leases, tenancies, covenants, easements and licences.

LTIG means London Transport Insurance (Guernsey) Limited

The Mayor means the Mayor of London

Mayor's Opinion means the opinion of the Mayor (or of the person to whom the Mayor has delegated the power to give such an opinion) which is required pursuant to paragraph 12(1) of Schedule 11 to the 1999 Act in relation to the disposal of property which is not required by TfL for the purposes of the discharge by TfL of any of its functions.

Procurement Instructions and/or Procedures means Procurement Instructions and/or Procedures or such other similar documents as may be applicable in particular business areas all as amended from time to time.

Property Disposal Checklist Questionnaire means the questionnaire issued by the Head of Legal Services from time to time in connection with the proposed disposal of land and property by TfL and its subsidiaries.

Property Sponsor means the department or subsidiary of TfL promoting a land or property related transaction.

Secretary of State's Consent means the consent of the Secretary of State which is required pursuant to section 163 of the 1999 Act to certain disposals by TfL of operational land or interests in, or rights over, any land which is or has been operational land.

Senior Officers includes Directors not reporting directly to the Commissioner, Assistant Directors, General Managers and other TfL officers acting in such capacity.

Subordinate bodies means committees, sub-committees, bodies of members and officers, bodies of members or officers.

TfL means Transport *for* London

The TfL Group means TfL and its subsidiary companies and their subsidiaries. References to a subsidiary of TfL includes a subsidiary of a subsidiary of TfL, unless otherwise stated.

TfL Property Consultant means a person nominated by the Managing Director, Finance and Planning from time to time to co-ordinate applications for the Mayor's Opinion.

The Vice Chair means the Deputy Chairman of the Board

**PROPOSED MEMBERSHIP OF THE TfL
COMMITTEES, ADVISORY PANELS AND THE
EXECUTIVE MANAGEMENT GROUP**

Audit Committee

Noel Harwerth (Chair)
Mike Hodgkinson
Oli Jackson
Murziline Parchment
David Quarmby

Finance Committee

Mike Hodgkinson (Chair)
Stephen Glaister
Noel Harwerth
Kirsten Hearn
Susan Kramer
Dave Wetzel

Remuneration Committee

Ken Livingstone (Chair)
Noël Harwerth
Mike Hodgkinson

Safety, Health and Environment Committee

David Quarmby (Chair)
Kirsten Hearn
Murziline Parchment
Dave Wetzel

External Advisers usually in attendance

Richard Booth
Stuart Natrass

Rail Transport Advisory Panel

Bob Kiley (Chair)
Susan Kramer (Vice Chair)
Ian Brown
David Begg
Stephen Glaister
Kirsten Hearn
David Quarmby
Jay Walder
Tony West

Usually in attendance

Bryan Heiser

Street Management Advisory Panel

Bob Kiley (Chair)
Paul Moore (Vice-Chair)
David Begg
Noël Harwerth
Oli Jackson
Murziline Parchment
Derek Turner
Jay Walder

Usually in attendance

Bryan Heiser
Lynn Sloman

Surface Transport Advisory Panel

Bob Kiley (Chair)
Dave Wetzel (Vice-Chair)
David Begg
Stephen Glaister
Peter Hendy
Paul Moore
Jay Walder

Usually in attendance

Bryan Heiser

Executive Management Group

Bob Kiley (Chair)
Managing Director, Finance & Planning
Managing Director, Rail Services
Managing Director, Surface Transport
Managing Director, Street Management
Director, Communications
Director, Corporate Services

Usually in attendance

Stephen Critchley
Jeroen Weimar

TRANSPORT *for* LONDON

BOARD PAPER

SUBJECT: CORPORATE GOVERNANCE REPORTING

MEETING DATE: 11 JUNE 2002

1. PURPOSE

To report to the Board on the proposed disclosures in the March 2002 accounts on the subject of Corporate Governance.

2. BACKGROUND

Recommendations have been put forward by CIPFA (the public accounting body) and SOLACE (the Society of Local Authority Chief Executives) that local authorities should develop and implement a Code of Corporate Governance and make a Statement of Assurance thereon in their accounts. The reporting requirements are expected to be mandatory from year ended March 2003, but authorities are strongly urged to comply from March 2002. Research indicates that compliance across local authorities will be about 50% at March 2002, including GLA core. These recommendations have been discussed previously at Finance & Audit Committee.

The Code itself would be published and the accounts should include a description of the corporate governance processes.

Attached herewith are:

- TfL's proposed Code of Corporate Governance
- The draft note on corporate governance for inclusion in the accounts, and
- The Statement of Assurance

3. ALTERNATIVES

As the recommendations are only that, we are not obliged to make disclosures in the March 2002 accounts. However, the work to support the disclosures has already been done so there is no saving in not complying.

4. IMPACT ON FUNDING

There is no direct impact on funding in implementing these proposals.

5. RECOMMENDATIONS

The Board is asked to APPROVE the attached Code of Corporate Governance and the proposed disclosures.

The Code of Corporate Governance for TfL

Introduction

Corporate governance is the system used to direct, manage and monitor an organisation and enable it to relate to its external environment. The fundamental principles of corporate governance are openness, inclusivity, integrity, accountability and effectiveness.

The corporate governance framework consists of five interlocking dimensions

- Public focus
- Structures and processes
- Risk management and internal control
- Service delivery arrangements
- Standards of conduct.

TfL's Corporate Governance Code of Conduct addresses the issues of openness, integrity, accountability and effectiveness for each of the five dimensions by setting out a series of undertakings that TfL has committed itself to deliver.

The TfL Code of Corporate Governance

Public Focus

- TfL will publish, publicise and make generally available an annual report on or before 31st December presenting an objective and understandable account of its activities and achievements and its financial position and performance
- TfL will publish, publicise and make generally available an annual report on or before 30th June setting out an objective and understandable account and assessment of its current performance on service delivery

and its plans to maintain and improve service quality

- TfL will co-operate with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes
- TfL will have in place proper arrangements designed to encourage individuals and groups from all sections of the community to engage with, contribute to and participate in the work of TfL. TfL will implement appropriate monitoring procedures to ensure the arrangements continue to work in practice
- TfL will establish appropriate relationships with interest groups such as financial institutions, businesses, voluntary groups etc to ensure they are able to interact with TfL on matters of mutual interest
- TfL will conduct its business on an open basis, subject only to the requirements of appropriate levels of individual and commercial confidentiality
- TfL will seek to provide safe, integrated, efficient and economic transport facilities that are in tune with the priorities of the public, commerce, the voluntary and public sectors etc, established through consultation

Structures and Processes

- The relationships between the corporate centre and the business units and between the business units will be on an equitable basis
- There will be corporate ownership of policy decisions

- The roles and responsibilities of board members will be clearly documented
- The roles and responsibilities of managers will be clearly documented
- The TfL board will meet on a regular basis with meetings open to the public except where reasons of commercial or individual confidentiality require the meeting to be closed
- TfL will ensure appropriate processes are in place to set its strategic direction
- TfL will ensure it has a documented scheme of delegation that reserves appropriate responsibilities to the board and provides managers with the powers necessary to conduct routine business
- TfL will ensure that all activities are fully documented, appropriately authorised and carried on in a planned manner.
- TfL will ensure a senior manager is made responsible for all aspects of operational management
- TfL will ensure that a senior manager is made responsible for ensuring that appropriate advice is given in all financial matters, for keeping proper financial records and accounts and for maintaining an effective system of internal financial control
- TfL will maintain proper records to ensure that the annual accounts show a true and fair view and that expenditure has been properly authorised and allocated in an appropriate manner

Risk Management and Internal Control

- TfL will maintain robust systems for identifying and evaluating all significant risks
- TfL will maintain an effective risk management system, including systems of internal control and an internal audit function
- TfL will ensure that risk management systems, including systems of internal control and internal audit, are reviewed under TfL's performance management system
- TfL will ensure that its board members are provided with the necessary training to perform their roles
- TfL will ensure that its staff are competent to perform their roles
- TfL will maintain an objective and professional relationship with their external auditors and statutory inspectors
- TfL's annual report will contain an objective and understandable statement and assessment of its risk management system, including systems of internal control and internal audit and their effectiveness in practice

Service Delivery Arrangements

- TfL will ensure it has a management structure that delivers safe, efficient, effective and economic services
- TfL will maximise its resources and allocate them according to priorities
- TfL will set targets for performance in the delivery of services on a sustainable basis

- TfL will set targets for performance in the delivery of services to ensure equality for both staff and customers
- TfL will have in place sound systems for providing management information for performance measurement purposes
- TfL will monitor and report performance against agreed standards and have comprehensive and understandable performance plans in place
- TfL will foster effective delivery relationships and partnerships with other public sector agencies, the private and voluntary sectors

blowing which are accessible to all staff and contractors

Standards of Conduct

- TfL will have in place formal codes of conduct which define the standards of personal behaviour to which individual board members, staff and agents of TfL are required to subscribe
- TfL will have in place appropriate systems and processes to ensure that all codes of conduct are complied with
- TfL will have in place arrangements and mechanisms to ensure that all codes of conduct continue to operate in practice, to ensure that board members and employees are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders
- TfL's operational procedures will be designed in conformity with appropriate ethical standards
- TfL will have in place arrangements for whistle

Corporate Governance in TfL

Introduction

Corporate governance is the system used to direct, manage and monitor an organisation and enable it to relate to its external environment. The fundamental principles of corporate governance, to which TfL is fully committed, are openness, inclusivity, integrity and accountability.

Using the nationally recognised CIPFA/ SOLACE framework TfL has developed and published a Code of Corporate Governance tailored to its own circumstances which makes its adopted practices in this area open and explicit. It has undertaken a wide-ranging review, involving all senior managers, of its relevant activities to determine the degree to which TfL's methodologies conform to the Code's requirements. Where they have been found wanting action plans are being developed to identify and implement remedial action.

TfL's Governance Structure

The Mayor, who serves as its Chair, appoints the TfL Board. The Board determines and agrees TfL's strategic direction and oversees the performance of the executive team.

The Board has three committees

- Finance and Audit
- Remuneration
- Safety, Health and Environment

The Finance and Audit Committee has been delegated the responsibility for overseeing corporate governance in TfL. It has received reports on the development and implementation of the Code of Corporate Governance, the Statement of Assurance contained in

these accounts and the results of the initial compliance review. It will receive regular update reports from (a specific senior manager) and the Internal Auditor Director and will be responsible for the annual assurance process.

The Commissioner of TfL advised by his Chief Officers is responsible and accountable for the delivery of the day to day operations of TfL.

There are three advisory panels, drawn from the Board members, who provide strategic advice to the Commissioner on the development and the carrying out of policy in TfL.

- Rail Transport
- Surface Transport
- Street Management

The dimensions of corporate governance

There are five dimensions to the corporate governance activities of TfL

- Public focus
- Structures and processes
- Risk management and internal control
- Service delivery arrangements
- Standards of conduct

In each area TfL is working to ensure that the principles of corporate governance have been fully incorporated into the culture of the organisation, are applied within the management processes and are transparent to all stakeholders.

Within the public focus dimension

- ✓ the Mayor has published his transport strategy that clearly sets out where TfL wants to be
- ✓ TfL regularly publishes public reports on its performance
- ✓ TfL has developed and implemented numerous strategies

to consult with all interested parties and has processes in place to ensure the results are given due weight in decision taking

- ✓ the public has easy access to TfL board papers and meetings

Within the structures and processes dimension

- ✓ the roles and responsibilities of board members and staff managers are well defined
- ✓ TfL has procedures to ensure its activities are properly planned, implemented, monitored and reviewed

Within the risk management and internal control dimension

- ✓ TfL is in the process of implementing a system to identify and manage all significant risks
- ✓ TfL has robust processes to ensure the maintenance of proper internal control

Within the service delivery arrangements dimension

- ✓ TfL has a management structure geared to the delivery of efficient, effective and economic services
- ✓ TfL's budget process allocates resources according to the priorities in the Mayor's strategy
- ✓ TfL has systems in place to set targets and monitor performance for service delivery on a sustainable basis and with reference to equality policies

Within the standards of conduct dimension

- ✓ TfL has formal codes of conduct for board members, staff and contractors
- ✓ TfL has arrangements in place to ensure the actions of board members and employees are not influenced by prejudice, bias or conflicts of interest

The Statement of Corporate Governance Assurance

These accounts include for the first time a Statement of Corporate Governance Assurance, see page (x). This reports on the current standard of corporate governance within TfL, identifies those areas where further work is to be undertaken and gives a brief description of the monitoring process to ensure the effectiveness of the Code of Corporate Governance. A Statement of Corporate Governance Assurance will be included in all future annual statements of accounts.

Implementation of the Code of Corporate Governance

TfL recognises that the creation and implementation of a Code of Corporate Governance is only the start of the process for ensuring that the organisation operates to the highest contemporary standards of public government. To ensure that the Code is integral to the routine functioning of TfL (a specific senior manager) has been given the overall responsibility for its operation. This requires a series of pro-active measures to monitor the effectiveness in practice of TfL's corporate governance arrangements and to ensure that they are reviewed on a continuing basis to keep them up to date. In addition the Internal Audit Director has been given the responsibility of independently conducting an annual review of the adequacy and effectiveness of the Code and the extent of TfL's compliance with it.

Statement of Corporate Governance Assurance

Transport for London (TfL) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability, board members and senior managers are responsible for putting in place proper arrangements for the governance of TfL's affairs and the stewardship of the resources at its disposal. To this end, TfL has approved and adopted a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/ SOLACE framework, published in August 2001. A copy of TfL's Code is on our website www.transportforlondon.gov.uk or can be obtained from [x]

During the year, TfL has started to put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice. Specifically, it has adopted a risk management strategy, which will be developed and implemented over the coming year. As from 2002/03 [A specific senior manager] has been given the responsibility for:

- overseeing the implementation and monitoring the operation of the code
- reviewing the operation of the code in practice
- reporting annually to the Finance and Audit Committee on compliance with the code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, TfL's Internal Audit Director has been given the responsibility to independently review the adequacy and effectiveness of the Code and the extent of TfL's compliance with it. The Internal Audit Director will report annually on these matters to the Finance and Audit Committee.

The corporate governance arrangements put in place by TfL are more fully described on page [x]

As it was the most practical approach at the time, the first review of TfL's corporate governance arrangements was conducted under the direction of the Internal Audit Director. On the basis of her reports, initially to the Commissioner and the Chief Officers' Group and then to the Finance and Audit Committee, we are satisfied that, except for the matters listed below, TfL's corporate governance arrangements are adequate and are operating effectively.

There are several aspects of the Code of Corporate Governance where further work is needed to ensure satisfactory levels of compliance. These are:

- the successful implementation of new management information systems
- the deepening of our commitment to making partnerships work
- the completion of the definitions of roles and responsibilities of staff
- the implementation of the risk management process that has already been agreed

Over the coming year we will take steps to ensure the above matters are vigorously addressed to enhance further our corporate governance arrangements.

We are satisfied that these steps will meet the need for improvements that were identified in the first annual review but we will ensure these areas are revisited as part of the next annual review.

Signed

.....

K. Livingstone: Chair of the TfL Board

.....

R. Kiley: Commissioner of TfL

On behalf of the Board members and the Chief Officers of TfL

TRANSPORT for LONDON

TfL BOARD

**SUBJECT: SAFETY, HEALTH AND ENVIRONMENT
COMMITTEE REPORT**

MEETING DATE: 11th JUNE, 2002

1. PURPOSE

This report provides a summary of the SHEC meeting held on 15th May.

2. BACKGROUND

The Committee (which meets not less than six times a year) is required under its terms of reference to report to the TfL Board.

3. REPORT ON MAY 2002 MEETING

The agenda for the May meeting called for reports from within the business that focused on specific issues. The Safety Performance report for Quarter 4 will be submitted to the July 2002 meeting. In particular, the Committee discussed work programmes that addressed the following issues:

3.1 Scoping paper on assaults and harassment

The paper reported on the results of meetings with those business unit managers responsible for staff groups that have a direct interface with the public, and are therefore at risk of assault or harassment. The paper also focused on vulnerable passenger groups who have experienced similar problems. Key messages from the work undertaken to date were that whilst managers demonstrated an awareness of the issues and have proposals to address many of them, there was clear benefit in having a collaborative approach on what might be done in the future to reduce the risk across all groups.

Together with the more familiar revenue protection disputes, it was interesting that service reliability and disruptions – when coupled with poor information – turned out to be among the prime causes of passenger assault or harassment against staff; The value of training coupled with appropriate recruitment processes to better prepare staff was stressed. Under-reporting was an issue affecting both staff and passengers and the Committee approved the recommendations that the multi-modal group – that have already met – worked to develop appropriate and consistent improvements to the existing process. In addition, it was agreed that Nick Agnew would meet with Kirsten Hearn to ensure appropriate focus on the needs of vulnerable travellers was included in the work programme. A progress report will be submitted in the Autumn.

3.2 Contractors Health & Safety liabilities

There has been some uncertainty about the exact nature of TfL's responsibility and liabilities under Section 3 of the Health and Safety at Work Act where third parties (rather than TfL itself) provide transport or other services under contract, franchise, concession, or licence in discharge of TfL's powers or obligations. With the vast majority of TfL's services provided through others (bus services), it was important to clarify just how far TfL's responsibilities for health and safety of employees and passengers extended where another company was the immediate 'duty holder' (as the law puts it).

Case law has been tightening up the responsibilities of the 'client' (i.e. TfL in this case) where the activities provided by the third party were clearly within the 'undertaking' of the client, which certainly applies here. Advice has therefore been sought from Counsel on the broad range of TfL's activities carried out by third parties, and clarity has now been obtained.

Counsel advised that TfL's proposed insistence is necessary – that all those engaged in the provision of transport services must expressly agree to abide by all health and safety legislation. There should, in addition, be some monitoring of the performance of such obligations. Monitoring can be done with a relatively light touch but there should be systems in place that are designed to pick up safety failures at an early stage to enable swift intervention. Insofar as TfL provided services etc. itself or through its subsidiaries detailed safety cases would, no doubt, be devised to ensure that all activities were conducted in a way that minimised risks to health and safety.

TfL has a general duty to secure the provision of safe public transport, in which the safety consideration for the public and staff will be central. If TfL places safety at the heart of its activities, designs systems to secure safety and monitors those systems so that failings are identified early on, then in practical terms it should not be vulnerable to prosecution for breach of its duties.

Thankfully, the interpretation already being worked on in business units is close to this, and steps are being taken to bring the working practices into line with these clearer responsibilities. But it reinforces that TfL does have an overarching responsibility to ensure – while not undermining in any way the direct responsibilities of the provider – that all services provided on TfL's behalf are delivered within a demonstrably effective Health and Safety regime for staff and for passengers.

3.3 Powered Two-Wheelers (PTW)

Previous submissions to SHEC have recognised the problem of improving the safety of riders on Powered Two-Wheelers (PTW) and also cycles. At the last TfL Board I agreed to bring back a report in the Autumn on this subject. I have had a full discussion with a senior team in Streets about the work they are already doing on this subject, and they have agreed to carry out further work and present a detailed report to the September SHEC meeting, and onwards to the November Board meeting.

The report will include an analysis and interpretation of the incidence and causes of PTW accidents and collisions, including trends and comparisons with areas outside London; and report on work in hand or to be developed addressed at key issues which can make a difference, with the clear objective of reducing the risk and incidence of accidents and their effects on all road users (including vulnerable groups such as pedestrians and cyclists as well as PTW users themselves).

4. RECOMMENDATION

The Board is asked to **NOTE** the report from the Committee.

The next meeting will be held on 12th July, 2002.

TRANSPORT FOR LONDON

BOARD PAPER

SUBJECT: DLR EXTENSION TO WOOLWICH ARSENAL

MEETING DATE: 11 JUNE 2002

1. PURPOSE

To seek approval for Docklands Light Railway (DLR) to submit an application for Powers under the Transport & Works Act to build an extension of the DLR network from the proposed station at King George V at North Woolwich under the Thames to serve a new interchange station at Woolwich Arsenal. The proposed route of the extension is illustrated on Figure 1.

2. BACKGROUND

The DLR Extension to Woolwich Arsenal is included in the Mayor's Transport Strategy as one of two alternative rail crossings at Woolwich. The principal aims of the extension are threefold:

- To create a new link that will significantly improve access for the communities of Woolwich, Silvertown and North Woolwich, by providing an alternative crossing of the River Thames and assisting in a sustainable shift from car to public transport;
- To provide a new direct rail connection from Woolwich to the City and Canary Wharf and London City Airport that will enhance access to jobs and amenities; and
- To be the catalyst for substantial regeneration of Woolwich and the Southern Royal Docks and help to bring new jobs, homes, shops and leisure facilities to those areas.

The Strategy recognises that the DLR is "quicker to achieve with a lower cost than the alternative national rail option" with comparable but different regeneration effects that with the DLR are attributed to a smaller but more concentrated area.

Extensive public consultation carried out by DLR in the Woolwich area during 2001 involving over 10,000 local residents, businesses and other stakeholders was successful in achieving a 7% response rate, a good response rate for a public transport scheme. Out of those who responded, 95% supported a DLR extension to Woolwich and from the four alternative route options identified, 90% of respondents were in favour of Option 1. This was subsequently adopted by DLR as the preferred route and forms the basis of the Transport & Works Act submission. The four route options for the extension are illustrated on Figure 2.

The Mayor has indicated that the DLR Woolwich Extension should be progressed as a priority scheme and that DLR should prepare an application for powers under the Transport & Works Act to be submitted at the end of May 2002. This would allow DLR to work towards a timetable of completing the extension by 2007. This view is reaffirmed in the Mayor's written response to Lord Falconer in connection with the approval of the London City Airport extension, confirming that a further TWA application will be submitted to extend the DLR to Woolwich. The proposals for the extension have been developed in close partnership with both the London Borough of Greenwich

and Newham to ensure that it matches their own policies and aspirations for transport and regeneration and both parties actively support the extension.

The proposed Woolwich Extension is 2.5km of twin track railway constructed mainly in bored tunnel under the Thames with a new DLR station at Woolwich Arsenal. The extension will be a continuation of the DLR extension from Canning Town to London City Airport and North Woolwich, the Powers for which were approved by the Secretary of State in March 2002. The extension will be a new north-south link public transport link across the river connecting into a number of major interchange points and providing the opportunity for new travel opportunities using public transport, encouraging a shift away from the private car. Predicted journey times between Woolwich Arsenal and Bank is 26 minutes and Stratford via an interchange with the Jubilee Line at Canning Town in 16 minutes.

The extension is a key part of TfL's strategy to provide additional river crossings in the East London area, providing additional public transport capacity and assisting with the continued regeneration of Woolwich and the Royal Docks.

The new DLR station at Woolwich Arsenal will be fully integrated with the existing heavy rail services and local bus and taxi facilities. The station provides a direct link to the proposed stop for Greenwich Waterfront Transit in Beresford Square and has an entrance feeding directly into Powis Street in the heart of the town centre. The scheme has been developed to be consistent with both CrossRail options serving Woolwich and does not preclude the opportunity for an additional heavy rail river crossing to be provided at Woolwich in the future. The location of the proposed new station at Woolwich Arsenal is illustrated on Figure 3.

A detailed environmental assessment for the scheme is being finalised which has actively involved both the London Borough of Newham and Greenwich. This document has regard to both the short-term construction related impacts of the scheme and the longer-term permanent effects. Where environmental impacts have been identified, mitigation measures have been proposed to ensure that any impacts are minimised. Construction of the new link will draw on DLR's best practice experience of tunnelling projects and building railways through urban areas based on the Lewisham extension, which will ensure that the new link is fully integrated with both the natural and built environment. A close working relationship is also being developed with Railtrack and Connex to ensure that construction of the DLR extension at Woolwich Arsenal takes place in a way that minimises disruption.

Cost Benefit Analysis

The current capital cost estimates for the extension are £137.5 million excluding the cost of 6 additional train units at a cost of £9 million. During the development of the scheme these costs have increased slightly reflecting a more accurate understanding of some of the cost elements such as utility diversions and changes to the specification of the railway, including:

- the construction of a twin track approach to Woolwich Arsenal station providing greater operating flexibility (rather than a single track approach);
- a larger station at Woolwich Arsenal to accommodate 3 car trains to be consistent with capacity improvements proposed for other parts of the network; and
- the use of extensive floating track slab to mitigate ground borne noise and vibration generated from tunnels under residential areas.

The extension has been evaluated in a traditional cost benefit analysis over a 30-year evaluation period with a year of opening of 2007. Benefits of the scheme have been modelled using DPTM (Docklands Public Transport Model) and LUTE (Land Use Trip End) model to take into account the current network assumptions for CrossRail (both Charlton and Royals options) and Greenwich

Waterfront Transit. Land use and population predictions emerging from the London Plan have been checked against the assumptions in LUTE for consistency.

CrossRail, serving Woolwich, is included in the base case from 2012 with 12 CrossRail trains per hour operating through Woolwich via the Royal Docks or Charlton with run times provided by the CrossRail team. The opening of the Greenwich Waterfront Transit between Abbey Wood and Woolwich is assumed to coincide with the completion of the DLR extension by 2007.

Employment benefits arising from the new jobs resulting from the DLR extension in the Woolwich area have also been included as a sensitivity, however, all other regeneration and environmental benefits arising from the scheme have been excluded. A further sensitivity test has also been carried out to assess the impact of a Thames Gateway Bridge with dedicated public transport link connecting to Greenwich Waterfront Transit by 2012. With CrossRail in place by 2012 and excluding any employment or regeneration benefits, the benefit/cost ratio for the DLR Woolwich extension remains between 1.6 and 1.7. This is a healthy figure and excludes other additional benefits included in a multi-criteria evaluation framework (see attached). Even with a pessimistic sensitivity test including the Thames Gateway Bridge with intermediate mode scheme, the benefit/cost ratio remains robust.

The following table includes the results of the cost benefit analysis for the scheme both with and without the employment benefits.

Results Table

DLR Woolwich Extension Scenario	Benefit/cost ratio	
	Excluding regeneration/ employment benefits	Excluding regeneration but including employment benefits
With CrossRail Royals Option by 2012	1.6	2.0
With CrossRail Charlton Option by 2012	1.7	2.1
Sensitivity Test		
With CrossRail Royals Option and Thames Gateway Bridge by 2012	1.3	1.7
With CrossRail Charlton Option and Thames Gateway Bridge by 2012	1.3	1.7

Funding

As noted above, current capital cost estimates for the scheme are £137.5 million with £9 million for additional train units. £139 million of capital funding is included in the TfL Business Plan (2002/03 – 2007/08) to construct the extension. Additional funding sources for the project will also be explored, including developer contributions through Section 106 Agreements and EU funding. Although funding is included in the Business Plan to construct the scheme as a capital project, a concession arrangement similar to the London City Airport extension may be the most effective method for delivering the project. Although TfL is clearly committed to the project through the Transport Strategy and Business Plan, submitting a Transport & Works Act application does not commit TfL to building the extension, rather it moves the project on to the next stage in terms of securing the necessary powers and consents required to do so.

Programme

The outline timetable for the project is summarised below:

- Detailed scheme development and Environmental Impact Assessment complete - May 2002
- Transport & Works Act submission – June 2002
- Public Inquiry – Early 2003
- Secretary of State Decision – Summer 2004
- Construction start – Late 2004
- Likely opening date –Late 2007

3. RECOMMENDATIONS

The TfL Board is asked to note the above and approve submission of an application under the Transport & Works Act for powers to build an extension of the DLR to Woolwich Arsenal.

Attachments

- Figure 1 Proposed DLR Woolwich Extension
- Figure 2 DLR Extension Route Options
- Figure 3 Location of Woolwich Arsenal DLR Station

Extract from Business Plan Appraisal Framework

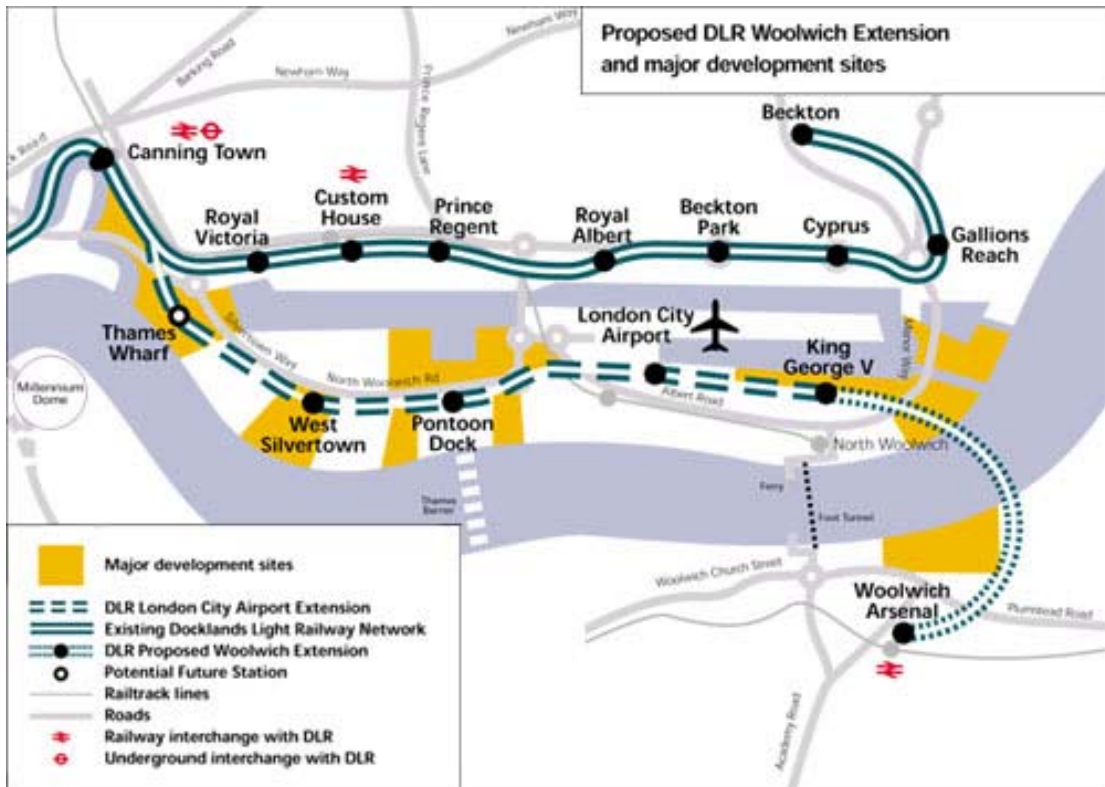


Figure 1: Proposed DLR Woolwich Extension



Figure 2: DLR Extension Route Options



Figure 3: Location of Woolwich Arsenal DLR Station

Instruction: Please complete a separate Framework for each Project/Programme spending a total of £2m or more -for further guidance see Appendix C of Guidelines

Business Unit and Sub Unit: Docklands Light Railway Limited			
Project/Programme name: Woolwich Arsenal Extension			
	Description of impact	Frequency of impact e.g. trips pa	Typical impact (or range of impacts) on individual
Mayor's Primary Operational Strategies:			
1 Improve system safety & customer security	Marginal - improvements through more reliable services.		
2 Improve financial efficiency	Marginal - through improved operational flexibility.		
3 Reduce traffic congestion / increase public transport usage & network capacity	Reduce growth of cross river journeys by car and increase use of public transport in the corridor.	1.09 m annual journeys transferred to DLR from car by 2011.	
4 Improve network reliability and service delivery quality	Marginal - through improved operating patterns and greater operational flexibility.		
5 Improve network integration (incl. SRA) and support of local authority initiatives	Seamless integration between heavy rail and DLR services at Woolwich Arsenal and improved interchange facilities with bus and taxi. Future interchange with CrossRail and Greenwich Waterfront Transit.		
6 Improve access to transport system	Important cross river link in the East Thames connecting with rail services at Woolwich Arsenal, London City Airport and underground services at Canary Wharf, Canning Town and Stratford.		
Government Objectives:			
7 Noise	Some construction noise. Operational noise impacts generally mitigated. Some very small benefits from modal transfer from road to DLR.		
8 Local air quality	Some small scale benefits from modal transfer from road to DLR.		
9 Greenhouse gases	Some small scale benefits from modal transfer from road to DLR.		
10 Landscape	Emergency intervention shaft for tunnel will be prominent in views from riverside path.		
11 Townscape	Loss of around 20 town centre buildings in Woolwich. Redevelopment opportunities. LBG developing a planning brief for appropriate redevelopment. New station and development opportunities could make a positive impact to local town centre environment.		
12 Heritage	Loss of seven locally listed buildings. Works within a UDP designated Archaeological Protection Area.		
13 Biodiversity	Limited encroachment within an inlet on the Thames of local nature conservation value. Mitigation being discussed with Environment Agency.		
14 Water environment	Limited encroachment into an inlet on the Thames. Environment Agency concerns about reduced flood storage capacity. Mitigation being discussed with the Environment Agency.		
15 Physical fitness	Slight benefits.		
16 Journey ambience	Slight benefits.		
17 Wider economic impacts (regeneration)	Uplift in development proposals, associated with improved accessibility, resulting in increased employment opportunities and the regeneration of Woolwich town centre.		
18 Option values			
19 Severance	Will reduce severance effect of river. As tunnel is underground, localised severance effects are minimised		
20 Land use policy	Contributes to longstanding objective to provide river crossings in Thames Gateway, as set out in the Mayor's Transport Strategy and to the continued regeneration of Woolwich, the Royal Docks and Thames Gateway		
21 Social inclusion	Cross-river movement creates wider job catchment and improved access to serves for residents of some of the most deprived wards in London.		
Other strategies or objectives where there are significant impacts:			
22	Scheme helps to secure principal policy objectives, for both transport and sustainable development principles, at the national, regional and local levels.		
23	Deliver a sustainable transport option with the key Thames Gateway regeneration area.		
30			

AGENDA ITEM 11

TRANSPORT FOR LONDON

BOARD PAPER

SUBJECT: TREASURY MANAGEMENT POLICY STATEMENT

MEETING DATE: 11 JUNE 2002

1. BACKGROUND

In September 2001, the Board approved the Treasury Management Policy Statement. This was drafted in accordance with the principles set out in the CIPFA Exposure Draft issued in March 2001. This has now been replaced by the CIPFA “Code of Practice and Cross-Sectional Guidance Notes” (The Code) issued in January 2002. Accordingly, this Policy Statement has been amended to reflect further amendments set out in the Code.

Many of the changes are minor. However, there is an important addition to the Code in relation to Money Laundering. With the increase in the acceptance of electronic means of payment (debit, credit, smart cards, etc.), the TfL Group could possibly be used for small scale money laundering activities and it is therefore appropriate that a policy to deter the money launderer is put in place.

Since March 2002, the investment rules for local authorities have been widened to include money market funds. These are Aaa rated mutual managed funds, and the underlying investments are cash, certificates of deposit, government securities and other investment grade paper, usually for periods not exceeding 60 days. The benefits over similar cash-backed instruments are immediate realisability, spread of risk and a competitive yield. It is proposed that this policy be amended to allow as approved investments, a maximum of £20m in total for such funds.

The Finance and Audit Committee considered the Policy Statement on 21 May 2002 and recommended its consideration and approval by the TfL Board.

2. RECOMMENDATION

The Board is asked to:

APPROVE the revised Treasury Management Policy Statement.

THE TREASURY MANAGEMENT POLICY STATEMENT

INTRODUCTION

The establishment and keeping under review of a policy for TfL in relation to Treasury Management is a matter reserved to the Board. This policy and amendments are therefore subject to Board approval.

This policy is drafted after taking account of the CIPFA recommendations contained in the Code of Practice and Cross-Sectoral Guidance Notes issued in January 2002 for Treasury Management in the Public Services (the Code).

TfL defines its treasury management activities as:

“The management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

TfL regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on risk implications for the organisation.

TfL also acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, always in the context of effective risk management.

BACKGROUND

The TfL Group receives ticket and other revenues together with Transport Grant and a share of precept from the GLA received fortnightly and based upon profiles agreed with GOL during the development of the budget. TfL Group cash flows generate substantial balances, which are available for investment, and short term borrowing requirements. This policy sets out the parameters within which Group Treasury will operate to manage these cash flows in accordance with the Local Government controls applicable from time to time.

SCOPE

This policy will be operated through TfL Group Treasury and will be applied to TfL and all its subsidiaries. The subsidiaries and Chief Officers will have no authority to invest, borrow, or enter into credit arrangements without the written consent from TfL Group Treasury.

RESPONSIBLE OFFICERS

The Managing Director, Finance and Planning is responsible for advising the Board on investments, borrowing, and capital financing and also for the establishment and operation of banking arrangements necessary for the TfL Group business. The Chief Finance Officer is responsible for ensuring the execution of this policy. He has delegated many of these tasks on a day to day basis to the Group Treasury Manager.

TREASURY RISK MANAGEMENT

General Statement

The Group Treasury Manager will design, implement and monitor all arrangements for the control of treasury management risk; will report in March of each year to the Finance & Audit Committee on the adequacy/suitability thereof; and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect. In respect of each of the following risks, the present arrangements to ensure compliance with these objectives are set out below.

Liquidity Risk Management

TfL will ensure it has sufficient cash resources, short-term borrowing arrangements, overdraft or standby facilities to enable it at all times to have sufficient funds available for the achievement of its business/service objectives.

TfL will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budget.

Credit and Counterparty Risk Management

TfL regards the security of the principal sums it invests as a prime objective. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements.

Refinancing Risk Management

TfL will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented. It will also ensure that the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

Legal and Regulatory Risk Management

TfL will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities.

TfL recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to, will seek to minimise the risk of these impacting adversely on the organisation.

Fraud, Error, Corruption and Contingency Management

TfL will ensure that it minimises the risk of fraud or error in its treasury management activities, and that it has identified the circumstances in which failures in systems, procedures, or other eventualities may leave it exposed to difficulties in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and contingency management arrangements, to these ends.

Market Risk Management

TfL will seek to ensure that the value of its investments is, so far as can reasonably be achieved, protected from market fluctuations.

BEST VALUE AND PERFORMANCE MEASUREMENT

TfL is committed to the pursuit of best value in its treasury management activities, and to the use of performance measures in support of that aim.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives, and will regularly examine alternative methods of service delivery, and scope for other potential improvements. The actual performance of the treasury management function will be measured using criteria to be agreed by the Managing Director, Finance and Planning.

DECISION-MAKING AND ANALYSIS

TfL will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions. This is for the purpose of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time.

APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

All executive decisions on capital/project financing, borrowings and investments within this Group Treasury Policy will be in accordance with Standing Orders.

TfL will undertake its treasury management activities by employing recognised instruments, methods and techniques. Investment and borrowing strategy will be developed for consideration by the Finance & Audit Committee in March each year. It will cover the risks and opportunities to the budgeted cash flow and the specific actions necessary to minimise/cover risk and to maximise opportunities. The strategy will affirm the action taken to protect cash resources and to optimise the levels of cash, borrowings and credit arrangements to meet business objectives. The present arrangements are detailed in the schedule attached Para. 1 Investment Policy, Para. 2 Borrowing, Para. 3 Credit Rating and Para 4 Credit Arrangements.

ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

TfL considers it essential, for the purposes of effective control and monitoring of its treasury management activities, the pursuit of optimum performance, and for the reduction of the risk of fraud or error, for there to be, at all times a clarity of treasury management responsibilities. There will be a clear distinction between those charged with setting treasury management policies, those charged with implementing and controlling policies and decisions, those undertaking the execution and transmission of funds, those recording and administering treasury management decisions, and those charged with audit and review.

The principles on which this will be based are a separation of duties as between:

- policy formulation, creation and review
- deal transaction and execution
- subsequent recording and administration, and
- audit

The Group Treasury Manager will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangements for absence cover. The Group Treasury Manager will ensure there is proper documentation of all deals and transactions, and that procedures exist for the effective transmission of funds.

REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

The Finance & Audit Committee will receive a report in March each year, on the implementation of its treasury management policies, on the decisions taken and the transactions executed in pursuit of those policies, on the implications of changes, particularly budgetary, regulatory, economic, market or other factors affecting its treasury management activities, and on the performance of the treasury management function.

BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

The Group Treasury Manager will prepare and, and if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum, be those required by statute or regulation, together with such information as will demonstrate compliance with this statement.

TfL will account for its treasury management activities, for decisions made and transactions executed, in accordance with best accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

TfL will ensure that its auditors, and those charged with regulatory review, have access to all information, and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

CASH AND CASH FLOW MANAGEMENT

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Group Treasury Manager, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Group Treasury Manager will ensure that these are adequate for the purposes of monitoring compliance with this policy statement. The present arrangements are detailed in the schedule attached. Para. 5 Group Cash Control and Monitoring.

BANKING RELATIONSHIPS AND ADVICE

Management of banking relationships is a specific responsibility of the Managing Director, Finance and Planning. On an operational basis he will discharge this through the Group Treasury Manager. See attached Para. 6 Banking Relationships and Advice.

MONEY LAUNDERING

TfL is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this, are properly trained.

STAFF TRAINING ARRANGEMENTS AND QUALIFICATIONS

TfL recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore appoint individuals with suitable qualifications and experience, and will provide training for staff to enable them to maintain an appropriate level of expertise, knowledge and skills. The Group Treasury Manager will recommend and implement the necessary arrangements. See schedule attached Para. 7 Administration.

USE OF EXTERNAL SERVICE PROVIDERS

TfL recognises the potential value of employing external Fund Managers for treasury management services in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed, are properly agreed and documented, and subjected to regular review. The monitoring of such arrangements rests with the Group Treasury Manager.

CORPORATE GOVERNANCE

TfL is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

TfL has adopted and has implemented the principles and recommendations of the Code. This, together with the other arrangements detailed in the schedule to this document are, considered vital to the achievement of proper corporate governance in treasury management. The Group Treasury Manager will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

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Schedule to the Group Treasury Policy

1. Investment Policy

Surplus funds will be invested by Group Treasury, as principal, for periods of 6 months or less, in securities yielding the best return for minimal risk. This will be achieved by offering deposits in the market on a competitive basis. Exposure limits will be applied to deposit-taking institutions. A separate limit is applied where, as an option, brokers may be used.

Approved Securities

Securities with minimal risk are defined as deposits with H M Treasury (through the National Loans Fund account held at the Bank of England), Gilt Repos, money market deposits with UK branches of banks having a short-term debt rating no less than Moodys PRIME 2, or equivalent (‘strong ability for repayment of senior short term debt obligations’) and money market funds with financial institutions having a long-term debt rating of no less than Aaa (‘best quality’). For the captive insurance company Approved Securities are defined as Guernsey branches of banks having a short term debt rating no less than Moodys PRIME 2.

Exposure Limits

National Loans Fund account at the Bank of England	No Limit
Gilt Repos	No Limit
UK Clearing Banks	£30m
Other Banks rated PRIME 1	£25m
Other Banks rated PRIME 2	£20m
Other Institutions rated PRIME 2 introduced through brokers	£20m (in total)
Money Market Funds (Rated Aaa)	£20m (in total).

2. Short-Term Borrowing

Short- term borrowing will be obtained by Group Treasury at best economic rates. This is achieved by inviting banks to compete for business. A competition will normally be held at least every three years or earlier as necessary. In accordance with section 45 Local Government and Housing Act 1989, the TfL Board approves short term borrowing limits and the maximum proportion of interest on borrowing which is subject to variable rates of interest.

3. Credit Rating

The Managing Director, Finance and Planning will liaise with relevant credit rating agencies and shall be notified by Chief Officers of any matter that may affect TfL’s credit rating.

4. Credit Arrangements

Local Government financial controls require credit cover to be made for credit arrangements. Group Treasury will provide comprehensive guidance to legal and finance managers who are involved in any proposed contractual arrangement that may lead to the creation of a credit arrangement. Specific approval from Group Treasury must be obtained before such arrangement is entered into; Group Treasury will maintain a central record of all credit arrangements.

5. Group Cash Control and Monitoring

On a cumulative monthly basis operational units shall not exceed their budgeted net cash requirement, unless prior approval has been obtained from the Managing Director, Finance and Planning.

Group Treasury will monitor all cash movements by each operational unit. Records will be kept of daily cash flows and compared to short-term and medium-term forecasts and budgets as appropriate.

6. Banking Relationships and Advice

Group Treasury should be consulted on all matters relating to banking matters. In particular the following matters must be dealt with by Group Treasury:

- Opening and closing of bank accounts
- Changes to bank mandates
- Issue of bank guarantees and bonds
- Management and issue of Corporate Purchasing and Charge Cards
- Management of debit/credit card acquiring contracts
- Procurement of electronic banking systems and software

Group Treasury will keep comprehensive records of all bank accounts, mandates, guarantees and bonds.

Group Treasury will issue effective procedures for the operation of bank accounts and electronic systems.

Group Treasury will provide an effective advisory service to TfL and its subsidiaries on all banking matters.

7. Administration

This policy will be administered by a suitably qualified professional, being a member of the Institute of Chartered Accountants, the Chartered Institute of Public Finance and Accountancy or the Association of Corporate Treasurers, who will report to the Chief Finance Officer, and ultimately to the Managing Director of Finance and Planning.