



Date: 13 January 2014

Item 5: Driving Performance at TfL

This paper will be considered in public

1 Summary

1.1 The purpose of this paper is to provide the Remuneration Committee with further detail on the scorecard setting process at TfL and its outcomes. It covers the rigorous process for setting the scorecards, how performance is scrutinised and challenged, and how the process is driving improvements in performance.

2 Recommendation

2.1 **The Committee is asked to note this paper.**

3 Scorecard purpose

3.1 Scorecards at TfL are set to drive performance, aligning strategic objectives to day to day performance. They follow the principles of a balanced scorecard, focussing on all pillars of the TfL story.

3.2 A direct link between the scorecards and senior staff remuneration drives forward the achievement of TfL's objectives.

4 Setting the scorecards

4.1 The TfL scorecard contains a selection of measures drawn from Business Area scorecards and is approved by the Remuneration Committee.

4.2 Business Area scorecards contain a combination of measures structured across TfL's four strategic pillars of Customer, Delivery, People and Value. The Business Area scorecards include a mixture of measures that are:

- (a) common to all Business areas; and
- (b) specific to a particular Business area.

- 4.3 The measures are collated by staff across TfL who work together to agree the common measures, and moderate other measures. Moderation is done through both peer challenge and through review by the TfL Leadership Team to ensure expected achievement for each area's scorecard will be 85 per cent.
- 4.4 The common measures across all TfL for 2013/14 were:
- (a) Customer Satisfaction
 - (b) Milestone achievement
 - (c) Efficiency delivery
 - (d) Forecast accuracy
 - (e) Staff survey results
- 4.5 Measures specific to Business areas were set within the Business Area and approved by the Commissioner in order to reflect priorities for 2013/14. Benchmarking is used where appropriate, for example:
- (a) The staff survey results were benchmarked against a series of comparable companies and TfL's target for 2012/13 set at 72 per cent based upon the mean of this sample. Having exceeded this result in 2012/13 a higher target (81 per cent) has been set this year
 - (b) Rail & Underground Customer Satisfaction Survey (CSS) targets are forecast based on current performance and looking at changes that will affect the scores over the coming year e.g. introduction of new timetables or upgrades coming on stream. Our longer term strategic forecasts are based upon benchmarking of what customers consider 'world-class' across major retail and service industries. Scores of around 89 are considered to meet this aspiration, and our in-year targets are set in the context of this.
- 4.6 The majority of measures (although not targets) remain consistent year to year, allowing an effective benchmark to be set for future challenge. There is no pan-TfL standard for what proportion of measures should remain consistent, rather they are added or removed to reflect current business conditions.
- 4.7 To make targets sufficiently challenging, they should in general be at least equal to, if not better than, the previous year's results. This process is completed in three stages:
- (a) During the year a review of current performance and planned interventions provides a forecast of future performance. This is prepared for the Business Plan, which contains key KPIs for TfL and is published in December of each year.
 - (b) Results are firmed up as fuller information is available for the year, allowing firm targets to be set in around February of each year (aligned with the process for setting TfL's Budget)
 - (c) Once results are finalised (around May of each year), occasionally a result may be higher than expected. In this case the target may be adjusted upwards.

- (d) In exceptional circumstances (such as the cessation of engineering work and massive operational expenditure for the Olympics and Paralympics) a lower targets may be allowed.

4.8 The Remuneration Committee has final approval of the new TfL scorecard.

4.9 An explanation by exception for those targets that don't follow this pattern is included in Appendix 1.

5 Assessing performance against targets

5.1 All measures are assessed quantitatively based on performance statistics, customer and staff surveys, financial measures or achievement of milestones. Overall performance is assessed on a weighted average of these measures.

5.2 Weightings reflect different levels of significance to achieving TfL's goals, with measures judged more important representing a higher proportion of the overall score. For example, Bus and Tube services have higher demand than the DLR, so their customer satisfaction results are given a higher weighting when assessing overall TfL performance.

5.3 Weightings also emphasise the importance of delivery. TfL's purpose is to deliver excellent transport operations and investment for its customers, so the combined weighting of customer and delivery measures is 80 per cent. The weightings used for the TfL scorecard 2013/14 are included in appendix 2.

5.4 Range targets

(a) Targets are a mixture of pass/fail and range. Pass/fail means that if the measure is fallen short of at all, the whole of the award for that measure is lost. For a range target there is a sliding scale for the award ranging from 100 per cent of the respective weighting being awarded if a stretch target is met to 0 per cent being awarded if a minimum floor target is not achieved.

(b) The scorecard should be easy to understand and only reward good performance. Accordingly ranges are not used for all measures, but generally on measures where it is thought possible that an already-challenging Budget target may be exceeded if extra effort is brought to bare.

An example is TLRN Journey Time Reliability, where the Budget target of 89.5 per cent would yield 75 per cent of the weighting, but if an exceptional 89.6 per cent could be achieved 100 per cent of the weighting would be rewarded.

(c) The pass/fail nature of measures for 2013/14 is shown in Appendix 2

5.5 Mitigations

(a) Circumstances may emerge during the year that mean the achievement of a target is hampered through circumstances beyond the control of the

Business Area. In this situation mitigations are applied if agreed by the Commissioner.

- (b) Treatment is on a case by case basis.

6 Outcomes

6.1 TfL has set increasingly challenging targets for its strategic priorities, for example reliability, CSS and milestone delivery. Performance in these areas has been as follows, with graphical representation of the selection below given in Appendix 3:

- (a) CSS: in the last three years performance has consistently improved in all areas measured on the TfL scorecard. Exceptionally high results were achieved in 2012/13 alongside the Olympic and Paralympic Games. This means that targets for 2013/14 have been moderated so as not to be unrealistically high but still drive the business to build on last years success and achieve higher results than 2011/12 (the last comparable year).
- (b) Reliability: Appendix 3 includes DLR on-time performance to demonstrate how setting targets in this area has driven forward performance. In addition, in this year's and future scorecards TfL has broadened the Tube reliability measure of Lost Customer Hours to include all delays (not just those directly in TfL's control). Challenging targets for improvement have led TfL to be on-track to deliver the 30 per cent improvement in reliability by 2015 (based on the 2011 base) on this new, more challenging basis.
- (c) Milestone delivery: TfL has set itself the consistently challenging target of full delivery of project milestones, and has seen considerable improvements in performance as a result.

6.2 Progress is regularly monitored through the Business Management Review and Operational and Financial Performance reporting processes, which we strongly believe has contributed to improved performance in these areas.

List of appendices to this report:

Appendix 1: Explanation by exception for targets in 2013/14

Appendix 2: 2013/14 scorecards with weightings

Appendix 3: Performance against targets

List of Background Papers:

None

Contact Officer Steve Allen, Managing Director, Finance
Number: 020 7126 4918
Email: stephenallen@tfl.gov.uk

Appendix 1: Explanation by exception for targets in 2013/14

With the exception of those measures described below, all targets on the proposed 2013/14 scorecard represent a maintaining or bettering of the result for 2012/13. A significant investment was made to boost performance during the Olympic and Paralympic games and in some cases it is not practical or efficient to continue this trend.

DLR and London Overground customer satisfaction; DLR on-time performance

The targets demonstrate improved performance based on underlying historical trends, rather than necessarily showing improvement from the year-end 2012/13. This approach has been driven by the need to work out what performance would have been in 2012/13 without the impact of the Olympic Games given the operating model was so different, e.g. TfL halted all capital works, paid additional bonuses to staff, and deployed temporary resources at key operational locations.

TfL is committed to embedding the Games legacy, but it is recognised that not all aspects of Games performance can be replicated as part of business-as-usual due to the costs involved. Hence, the targets, seek to use underlying performance as a baseline rather than purely reflecting 12/13.

London Overground Passenger Performance Measure (LO PPM)

In addition to the description above, increasing the PPM scores is challenging as:

- performance of the new services implemented on the East London Line Phase 2 is dependent on Network Rail's operation of freight services & infrastructure; and
- delays are caused by overcrowding. TfL is investing to handle this lack of capacity by adding an additional car all trains rolling stock (due 2015).

Achievement of Efficiencies Programme savings

The target in 2013/14 reflects the re-baselined figures that appeared in TfL's most recent Business Plan (published December 2012). These represent additional savings on top of those achieved in previous years; to aid clarity only the unsecured savings are shown: the 2013/14 target thus represents an improvement on the 2012/13 figure.

Appendix 2: 2013/14 scorecards with weightings

TfL Scorecard - 2013/14

Indicator	Unit of Measure	2012/13 Actual	2013/14 Target	Weighting %	Pass/fail measure
Customer					
London Buses - customer satisfaction	score	82	82	7.5%	Yes
London Underground - customer satisfaction	score	83	82	7.5%	Yes
TLRN - customer satisfaction	score	76	76	7.5%	Yes
DLR - customer satisfaction	score	87	84	2.5%	Yes
London Overground - customer satisfaction	score	82	81	2.5%	Yes
Delivery					
Killed & seriously injured (Londonwide)	% reduction (2005-09 baseline)	17.7	24.7	5.0%	Sliding scale
Recorded crime: London Buses	crimes/million passenger journeys	8.6	8.6	5.0%	Yes
Recorded crime: London Underground/DLR	crimes/million passenger journeys	9.6	8.6	5.0%	Yes
Major Injuries per million hours on LU/LR network	Major injuries/m hours	0.29	0.27	2.5%	Yes
CO2 emissions from principal PT modes	grams/passenger-km	Achieved	67.0	5.0%	Yes
London Buses: Excess Wait Time	mins	1.0	1.0	5.0%	Yes
London Underground: Total Lost Customer Hours	Millions of hours	22.89	22.75	5.0%	Yes
TLRN: Journey Time Reliability	%	89.2	89.6	5.0%	Sliding scale
DLR: On-time Performance	%	98.6	98.2	2.5%	Yes
London Overground: Passenger Performance Measure	score	96.6	95.8	2.5%	Yes
% of Budget milestones achieved	%	91.6	100.0	10.0%	Sliding scale
People					
Staff Survey		79%	81%	5.0%	Yes
Value					
Achievement of Efficiencies Programme savings	£'s million	1025	134	10.0%	Yes
Forecast accuracy (combined opex and capital)	%		98%	5.0%	Sliding scale
Total				100.0%	

TfL Scorecard - 2013/14

Appendix 3

Indicator	Unit of Measure	2008/09 Target	2008/09 Actual	2009/10 Target	2009/10 Actual	2010/11 Target	2010/11 Actual	2011/12 Target	2011/12 Actual	2012/13 Target	2012/13 Actual	2013/14 Target
Customer												
London Buses - customer satisfaction	score	78	80	80	79	79	80	79	80	80	82	82
London Underground - customer satisfaction	score	78	79	79	79	79	79	80	80	80	83	82
TLRN - customer satisfaction	score	n/a	n/a	n/a	n/a	n/a	n/a	72	75	75	76	76
DLR - customer satisfaction	score	90	92	92	91.9	80	81	81	83	82	87	84
London Overground - customer satisfaction	score	73	74	73	78.5	75	80.3	78	82	80	82	81
Delivery												
Killed & seriously injured (London wide) ~	% reduction (2005-09 baseline)	45.5	47.3	48.6	52.4	53.4	53.8	22.4	27.6	32.8	17.7	24.7
Recorded crime: London Buses	crimes/million passenger journeys	15.2	12.0	12.0	11.1	10.2	10.5	10.2	9.3	9.3	8.6	8.6
Recorded crime: London Underground/DLR	crimes/million passenger journeys	14.4	13.2	13.3	12.8	12.9	11.6	11.5	10.0	9.6	9.6	8.6*
Major Injuries per million hours on LU/LR network~~	Major injuries/m hours	n/a	n/a	n/a	n/a	0.25	0.27	0.25	0.26	0.27	0.29	0.27
CO2 emissions from principal PT modes	grams/passenger-km	n/a	n/a	n/a	n/a	n/a	n/a	75.0	70.0	70.0	Achieved	67.0
London Buses: Excess Wait Time	mins	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.0	1.1	1.0	1.0
London Underground: Total Lost Customer Hours ~~~	Millions of hours	n/a	n/a	n/a	n/a	12.5	14.7	17.7	13.5	27.7	22.9	22.8
TLRN: Journey Time Reliability	%	n/a	n/a	n/a	n/a	n/a	n/a	89.0	88.9	89.2	89.2	89.6
DLR: On-time Performance	%	96.0	94.6	96.0	94.8	96.0	97.0	97.0	97.5	97.2	98.6	98.2
London Overground: Passenger Performance Measure	score	91.7	92.2	93.4	93.2	95.8	94.9	94.0	96.6	95.8	96.6	95.8
% of Budget milestones achieved	%	n/a	n/a	100.0	77	100.0	79	100.0	83	100	91.6	100.0
People												
Staff Survey		65.0	65.1	66.0	65.1	52.4	62.5	n/a	n/a	72%	79.0	81.0
Value												
Achievement of Efficiencies Programme savings	£'s million	n/a	n/a	137	212	526	630	838	1051	1127	1144	134†
Forecast accuracy (combined opex and capital)	%	98	98	98	99	n/a	n/a	n/a	n/a	n/a	n/a	98.0
Total												

*Note that the TfL scorecard presented to Remuneration Committee incorrectly showed this target as 8.9. The correct (and more stretching target) as shown in TfL's Budget 13/14 is shown here.

†The 2013/14 target rebaselines our efficiency programme to only concentrate on those net savings not yet secured. Efficiency numbers were previously gross until 2013/14

Note variations to the KPI measures

~ The reduction baseline for KSI changed in 2011/12

~~ Major Injuries per million hours was calculated on LU Infrastructure only for 2010/11

~~~ The values for Lost Customer hours prior to 2012/13 are calculated on BCV LCH and Asset LCH only