Board

Date: **29 March 2017**

Item: **2017/18 Scorecard**

This paper will be considered in public

1 Summary

1.1 The scorecard articulates the performance targets for 2017/18, aligned to the Budget, to ensure that the organisation delivers on its promises over the coming year. This paper demonstrates how the objectives for the year ahead have been derived from the Business Plan and the Budget, as well as the specific metrics and targets which comprise the scorecard.

2 Recommendation

2.1 **The Board is asked to approve the paper.**

3 Background

3.1 The scorecard for 2017/18 is one of the key tools to ensure that the Business Plan, approved by the Board in December 2016, is achieved. The scorecard will focus on the critical success factors for the year ahead; keeping the organisation on track to deliver the plans and providing an objective method for measuring success.

3.2 The new scorecard will be used prominently inside TfL to drive business performance. It will be discussed throughout the year by senior staff and there will be a clear line of sight and cascade to other scorecards, reporting and individuals' objectives. It will also have clear visibility at the Board level, predominantly via the Finance Committee.

3.3 The scorecard is primarily a business performance tool. The way in which employees are incentivised and remunerated is a separate issue which will be discussed and approved by the Remuneration Committee.

3.4 The scorecard has been developed to provide a clear line of sight between the Business Plan, the Budget and how TfL monitors and drives its performance.

(a) Identifying the objectives required to deliver the Budget and Business Plan over the next the five years, as well as what the organisation needs to achieve in 2017/18 against these objectives (see Section 5).

(b) Identifying the metrics required to track these leading and lagging performance requirements; and assigning appropriate targets and weightings to ensure the scorecard is balanced (see Section 6).

(c) Ensuring that the scorecard is cascaded into individual objectives and other corporate reporting (see Section 7).

3.5 The scorecard must describe and provide the means to monitor the organisation's most important, high-level outcomes. The detail of how this is actually delivered, as well as more local priorities, will be captured through the cascade.
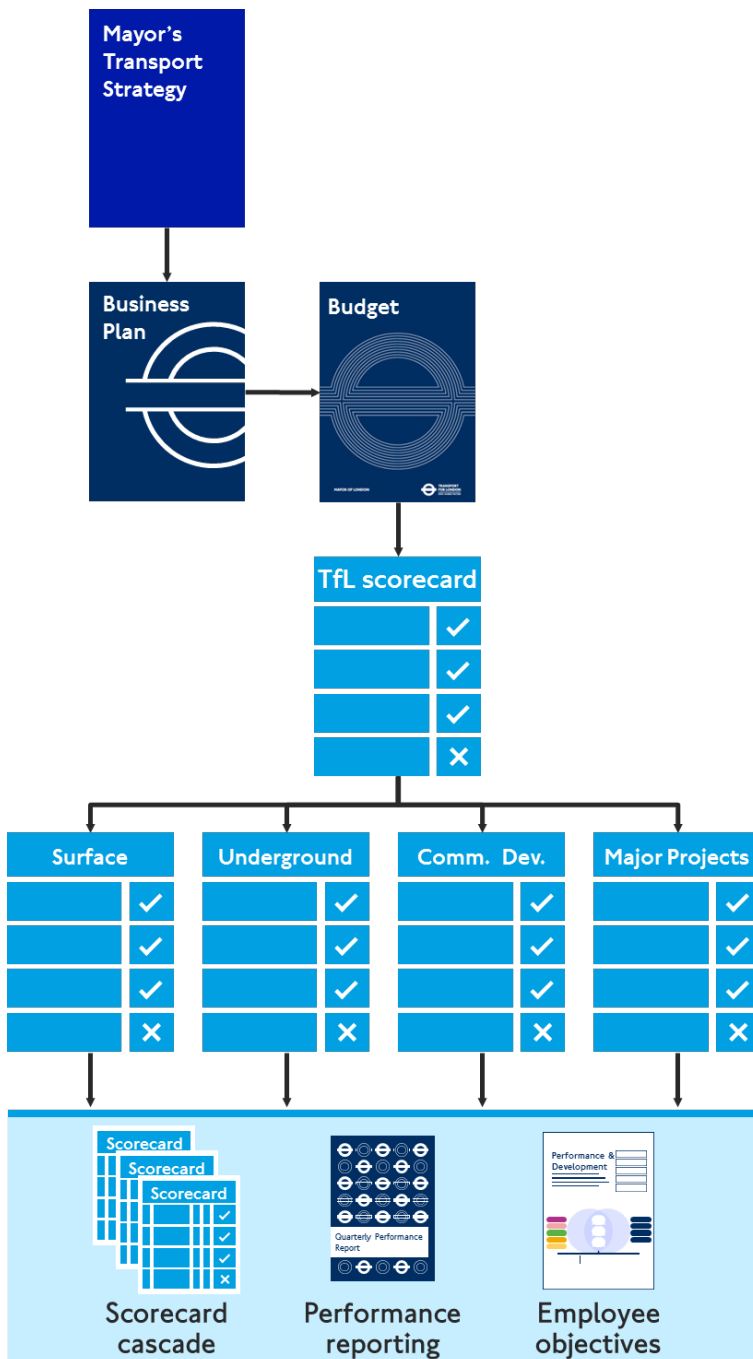
The **Mayor's Transport Strategy** provides the overall strategic direction for all transport organisations across London, including TfL. The scorecard has been aligned with the draft MTS as far as possible.

The **Business Plan** sets our long term objectives. **The Budget** sets out our activity in 2017/18. 14 objectives have been identified where signficant progress is needed in 2017/18
(see Section 5)

The scorecard captures the outcomes and milestones required over the next year to deliver this
(see Section 6)

The scorecards of the main operating areas capture how the scorecard translates into what each individual area needs to achieve, focusing more on leading measures
(see Appendix 1)

This continues through through the remainder of the scorecard cascade, regular performance reporting and also into individual employees' objectives
(see Section 7)

Figure 1: High level diagram demonstrating line of sight from the MTS, to Business Plan, Budget and scorecards

4 Continuous Improvement

4.1 The proposed 2017/18 scorecard is a substantial refresh of objectives and measures. Some new measures are therefore included for which we have fewer years or less comprehensive data than for some well-established measures.

4.2 We propose to progress with these new measures, as it is right that we measure and target those areas which are critical to TfL's success, even if this means moving away from some more established measures.

4.3 We are seeking to improve the quality and use of performance reporting and targeting. In this vein, we propose to work in 2017/18 to develop:

    (a)   a method of reporting NO_2 concentrations more frequently than annually (noting that the roadside data is available live, day by day);

    (b)   a comprehensive mode share measure that provides timely data for walking, cycling and private mechanised transport (in addition to the high-quality data we already possess for public transport services);

    (c)   a review of physical accessibility measures to ensure we capture all services;

    (d)   a review of the initial results and effectiveness of our proposed transformation survey, to ensure this data reflects our ability to deliver change and to learn from it; and

    (e)   a single metric on bus reliability, combining the benefits of the two measures of the existing metrics (Excess Wait Time and Average Bus Speeds).

4.4 All these improvements will need to be ready to be used in the 2018/19 scorecard.

4.5 Many of the areas for improvement overlap with areas in the draft Mayor's Transport Strategy (MTS). Teams from City Planning, London Underground, Surface Transport and Strategy will work together to ensure that future iterations of the scorecard have greater consistency with the MTS in terms of objectives, measures and targets.

4.6 The overall approach to scorecards will also continue to be refined and updated to ensure that it reflects up-to-date best practice and is fully linked into TfL's strategies and performance management.

5 Objectives for the scorecard to measure

5.1 TfL is accountable for delivering the Budget for 2017/18 and maintaining progress against the Business Plan and the draft MTS.

5.2 To deliver these commitments, 14 objectives have been identified against which TfL has to measure itself, both through improving outcomes in 2017/18 and putting the enablers in place for improvements in future years.

5.3 The scorecard will be balanced against the four areas (Financial, Customer, Operations and Safety, People), with each area receiving a 25 per cent weighting, reflecting their equal importance to our business. The objectives to measure in 2017/18 can be mapped into the balanced scorecard areas below.

Customer	25%	Safety & operations	25%
1. TfL works for its customers 2. Active & inclusive travel 3. Reducing impact on air quality, carbon and environment 4. Deliver affordable housing 5. Creating an accessible public transport system		6. Safe & secure travel 7. Tackling crowding and ensuring good growth 8. Improving public transport services 9. Deliver critical infrastructure and prepare for Elizabeth line	

People	25%	Financial	25%
10. A workforce representative of London 11. A capable, engaged workforce 12. A more effective, efficient organisation		13. We are financially sustainable 14. We are prudent	

Table 1: Objectives to measure on 2017/18 TfL scorecard

6   Specific measures and targets on 2017/18 scorecard

6.1   This section summarises the scorecard, including the proposed metrics and targets against each of the objectives for the 2017/18 scorecard.

6.2   Appendix 1 includes a summary of how the measure will flow into the scorecard cascade.

6.3 Proposed 2017/18 TfL scorecard

Customer	Frequency	Target
TfL works for its customers, *measured by:*		
% of Londoners who agree that TfL cares about its customers	Quarterly	51%
Active & inclusive travel, *measured by:*		
Total public transport journeys and central London cycling trips	Quarterly	4,096m
Reducing impact on air quality, carbon and environment, *measured by:*		
Annual average NO_2 concentration (from controlled inner roadside detectors)	Annual	59 µg/m^3
Deliver affordable housing, *measured by:*		
% of affordable housing units out to market in the year	Quarterly	50%
Creating an accessible public transport system, *measured by:*		
% of Rail/ Underground journeys which could be completed step free	Annual	16.75%

People	Frequency	Target
A workforce representative of London, *measured by:*		
Workforce Representativeness Index: All staff	Quarterly	70.3%
Workforce Representativeness Index: Director/ Band 5	Quarterly	40.0%
Action on Equality	Quarterly	90%
A capable, engaged workforce, *measured by:*		
Total Engagement Index (from annual Viewpoint employee survey)	Annual	59
A more effective, efficient organisation, *measured by:*		
Transformation programme milestone delivery	Quarterly	100%
Transformation survey result	Quarterly	+3

Safety & operations	Frequency	Target
Safe & secure travel, *measured by:*		
Reduction in killed & seriously injured (KSIs) on London's roads	Quarterly	45.4%
Total injuries – workforce and customer	Periodic	10,265
Tackling crowding and ensuring good growth, *measured by:*		
Available passenger kilometres	Quarterly	116bn
Improving public transport services, *measured by:*		
Journey Time Reliability (TLRN)	Periodic	88.5%
Excess Wait Time (Buses)	Periodic	1.1 min
Average bus speed (Buses)	Periodic	9.2mph
Excess Journey Time (LU)	Periodic	4.3mins
Deliver critical infrastructure and prepare for Elizabeth line, *measured by:*		
Key milestone delivery	Quarterly	100%

Financial	Frequency	Target
We are financially sustainable, *measured by:*		
Net operating surplus	Quarterly	£264m
We are prudent, *measured by:*		
Daily closing cash vs. target minimum cash	Quarterly	95%
Average cash balance over the period	Quarterly	Budget

Table 2: 2017/18 TfL scorecard

7 Using the scorecard to drive performance

7.1 The scorecard, and the cascade through business area scorecards, is primarily a tool to drive performance; to set out to our people the required level of improvement and where our focus lies for the year ahead.

7.2 We are developing a plan to communicate this with our people:

(a) Local scorecards: taking the outcomes on the scorecard and setting out what someone in, e.g., London Underground needs to do to achieve the overall result;

(b) Leadership communications structured around the key focus for this quarter and this year (reinforcing this message), linking directly to the scorecard; and

(c) Regular, clear reporting of our scorecard and its results.

7.3 Consideration has been given as to how different scenarios would affect overall scorecard performance, to ensure that the scorecard is sufficiently responsive to fluctuations in performance.

7.4 We are also committed to working with the committees and panels of the Board to ensure that they have the appropriate metrics to be able to track TfL's performance.

List of appendices to this report:

Appendix 1: Scorecard cascade within the organisation
Appendix 2: Rationale for targets

List of Background Papers:

None

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Appendix 1: Scorecard cascade within the organisation

The following pages demonstrate how the objectives and measures from the TfL scorecard are proposed to be cascaded within the three existing Delivery Businesses.

TfL objectives and measures	London Underground and TfL Rail cascade	Surface cascade	Commercial Development cascade
TfL works for its customers, *measured by:* % of Londoners who agree TfL cares about its customers	• LU Customer Satisfaction • TfL Rail overall customer satisfaction	• Customer Satisfaction (weighted across Bus, TLRN, Overground)	• % tenants who were satisfied / very satisfied with our overall service from Property
Active and Inclusive Travel, *measured by:* Total public transport journeys & central London cycling trips	• Tracked indirectly via Financial measures	• **Direct cascade of TfL measure**	
Reducing impact on air quality, carbon and environment, *measured by:* Annual average NO_2 concentration		• Total number of Euro VI buses • Uptake of green taxis	
Deliver affordable housing, *measured by:* % of affordable housing units out to market in the year			• **Direct cascade of TfL measure**
Creating an accessibly public transport system, *by* % of Rail/LU journeys which can be completed step free	• Step Free Access Station Availability • Milestone delivery		
A workforce representative of London, *measured by:* Workforce Representativeness Index: All staff Workforce Representativeness Index: Director/ Band 5 Action on Equality	• **Direct cascade of TfL measure**	• **Direct cascade of TfL measure**	• % people managers attending unconscious bias training
A capable, engaged workforce, *measured by:* Total Engagement Index	• **Direct cascade of TfL measure**	• **Direct cascade of TfL measure**	• **Direct cascade of TfL measure**

TfL objectives and measures	London Underground and TfL Rail cascade	Surface cascade	Commercial Development cascade
A more effective, efficient organisation, *measured by:* Transformation programme milestone delivery Transformation survey result	• **Direct cascade of TfL measure** (Transformation survey)	• **Direct cascade of TfL measure** (Transformation survey)	
A safer public transport system, *measured by:* Total injuries – workforce and customer, *plus* Reduction in road killed & seriously injured (KSIs)	• **Direct cascade of TfL measure** (Total Injuries)	• **Direct cascade of TfL measures** (Total Injuries and KSIs)	• % of senior management trained in Health & Safety
Tackling crowding and ensuring good growth, *measured by:* Available passenger kilometres	• Measured indirectly via reliability measures	• Measured indirectly via reliability measures	
Improving public transport services, *measured by:* Journey Time Reliability (TLRN) Excess Journey Time (Buses) Average Bus Speed Excess Journey Time (LU)	• **Direct cascade of TfL measure** (Excess Journey Time), plus • TfL Rail Public Performance Measure	• **Direct cascade of TfL measure** (TLRN Journey Time Reliability, Bus Average Speeds), plus • Overground PPM	
Deliver critical infrastructure & prepare for Elizabeth line, *measured by***:** Key milestone delivery	• Milestone Delivery	• Milestone delivery	• Milestone delivery
We are sustainable, *measured by:* Net operating surplus	• **Direct cascade of TfL measure**	• **Direct cascade of TfL measure**	• **Direct cascade of TfL measure, plus** • Total Net Commercial Development Income
We are prudent, *measured by:* Average cash in TfL account throughout 2017/18	• *Not applicable below pan-TfL level*	• Cash 'loan' from TfL	• *Not applicable below pan-TfL level*

Appendix 2: Rationale for targets

Measure	Target	Rationale for Target
% of Londoners who agree that TfL cares about its customers	51%	Provides a realistic challenge to the business, and ensures a push towards continual improvement. Scores improved throughout 2012/13 and 2013/14, but have remained relatively flat since, and have been consistent at 49% this year. Key to achieving this target would be improving bus and Tube reliability; delivering customer strategy improvements; and ensuring good news stories and successful marketing campaigns around the improvements we're making.
Total public transport journeys and central London cycling trips	4,096m	Target aligns to the Budget forecasts for passenger journeys on public transport and cycling.
Annual Average NO_2 concentrations (from controlled inner roadside detector group)	59 µg / m^3	This represents an improvement on the last full year figure (62 µg / m^3 in 2015).This provides a realistic year on year improvement ahead of the forecast step change in 2019 due to the Ultra Low Emissions Zone.
% of affordable housing units out to market in the year	50%	Target aligns with the commitment of 50% affordable housing set out in the Business Plan.
% of TfL rail/ Underground journeys which could be completed step free	16.75%	Target aligns to our end of year 2017/18 forecast for this measure, which takes into account all planned step-free access station works.
Workforce Representativeness Index: All Staff	70.3%	The target takes into account the expected level of change within the organisation in the next year (estimated 5% turnover in roles), and therefore the opportunity we have for these new appointments to be representative of London. This target represents a 1.5 percentage point improvement on current diversity levels.
Workforce Representativeness Index: Director/ Band 5	40.0%	The target takes into account the expected level of change within the organisation in the next year (estimated 5% turnover in roles), and therefore the opportunity we have for these new appointments to be representative of London. This target represents a 3.0 percentage point improvement on current diversity levels.

Measure	Target	Rationale for Target
Action on Equality	90%	Target is consistent with the ambition in previous year when the metric was introduced. Maintaining this metric and target ensures consistency from 2016/17, taking a comprehensive approach to equality and inclusion alongside the specific focus on workforce diversity.
Total Engagement Index (from Viewpoint staff survey)	59	Target requires TfL to achieve a one percentage point improvement on the 2016/17 score, which is realistic yet still challenging.
Transformation programme milestone delivery	100%	Delivering the transformation programme in a timely way is key to minimising disruption and uncertainty for our staff. Therefore we must aim to meet all our milestones on time to ensure we are carrying out change efficiently, and doing right by our employees.
Transformation survey result	+3%	This survey will be baselined in-year (at the start of each Transformation workstream). From existing surveys on change (including relevant questions within TfL's wider Viewpoint survey), a target of a 3 percentage point improvement against the baseline is considered an ambitious target in a year of significant changes.
Reduction in Killed & Seriously Injured (KSI) on London's roads (against a 2005-2009 base)	45.4%	The targeted reduction in KSIs aligns to the Budget.
Total Injuries – workforce and customer	10,265	This target for combined workforce and customer injuries target represents a stretching aim of a 13% reduction in injuries across Surface and London Underground sine 2016/17.
Available passenger kilometres	116 billion	Aligns to the Budget forecasts for operated kilometres, and also to Budget milestones for capacity improvements e.g. new rolling stock on TfL Rail services.
TLRN reliability – Journey Time Reliability	88.5%	This measure tracks how often journeys deviate from the expected travel time and is therefore strongly responsive to congestion. Target aligns to the Budget forecast.
LU reliability – Excess Journey Time	4.3 minutes	Target aligns to the Budget forecast and represents a c.10% improvement from 2016/17 levels.

Measure	Target	Rationale for Target
Buses reliability – Excess Wait Time	1.1 minutes	Target aligns to the Budget forecast and represents a c.10% improvement from 2016/17 levels.
Buses reliability - Average bus speed (Buses)	9.2 mph	Target aligns with 2017/18 target for bus speed stabilisation.
Key milestone delivery	100%	Targeting 100% on these high-profile milestones is appropriate. A sliding scale methodology will be applied to accurately reflect where projects have been delivered, but slightly later than planned.
Net Operating Surplus	£264m	Target aligns with the published Budget.
Daily closing cash vs. target minimum cash	95%	Target means that on 95% costs (reviewed quarterly) of the days, TfL closes with at least 90% of its target minimum cash. The target minimum cash is calculated as 30 days' worth of operating.
Average cash balance over the period	Budget	This measure ensures that the average daily closing cash balance over the period is not lower than the Target Minimum Cash. The target minimum cash is calculated as 30 days' worth of operating costs (reviewed quarterly).