

Agenda

Meeting: Board

Date: Wednesday 27 March 2019

Time: 10.00am

Place: Committee Rooms 4 and 5 - City

Hall, The Queen's Walk, London,

SE1 2AA

Members

Sadiq Khan (Chair)
Heidi Alexander (Deputy Chair)
Kay Carberry CBE
Prof Greg Clark CBE
Bronwen Handyside
Ron Kalifa OBE
Dr Alice Maynard CBE

Anne McMeel

Dr Mee Ling Ng OBE
Dr Nelson Ogunshakin OBE
Mark Phillips
Val Shawcross CBE
Dr Nina Skorupska CBE
Dr Lynn Sloman
Ben Story

Copies of the papers and any attachments are available on <u>tfl.gov.uk How We Are</u> <u>Governed</u>.

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. There is access for disabled people and induction loops are available. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available on www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf.

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Shamus Kenny, Head of Secretariat; telephone: 020 7983 4913; email: ShamusKenny@tfl.gov.uk.

For media enquiries please contact the TfL Press Office; telephone: 0343 222 4141; email: PressOffice@tfl.gov.uk

Howard Carter, General Counsel Tuesday 19 March 2019

Agenda Board Wednesday 27 March 2019

1 Apologies for Absence and Chair's Announcements

2 Declarations of Interests

General Counsel

Members are reminded that any interests in a matter under discussion must be declared at the start of the meeting, or at the commencement of the item of business.

Members must not take part in any discussion or decision on such a matter and, depending on the nature of the interest, may be asked to leave the room during the discussion.

3 Minutes of the Meeting of the Board held on 30 January 2019 (Pages 1 - 18)

General Counsel

The Board is asked to approve the minutes of the meeting of the Board held on 30 January 2019 and authorise the Chair to sign them.

4 Matters Arising, Actions List and Use of Delegated Authority (Pages 19 - 26)

General Counsel

The Board is asked to note the updated actions list and the use of authority delegated by the Board.

5 Commissioner's Report (Pages 27 - 78)

Commissioner

The Board is asked to note the Commissioner's Report, which provides an overview of major issues and developments since the report to the meeting on 30 January 2019 and updates Members on significant projects and initiatives.

6 Crossrail Update (Pages 79 - 84)

Commissioner

The Board is asked to note the paper and delegate authority to the Programmes and Investment Committee to take decisions on matters reserved to the Board in relation to the Crossrail Project.

7 Customer Service and Operational Performance Report Quarter 3, 2018/19 (Pages 85 - 208)

Managing Directors, Customers, Communication & Technology, London Underground and Surface Transport.

The Board is asked to note the Customer and Operational Performance Report for Quarter 2, 2018/19 (16 September to 8 December 2018), which was considered by the Customer Service and Operational Performance Panel on 13 February 2019.

8 TfL Budget 2019/20 (Pages 209 - 390)

Chief Finance Officer

The Board is asked to approve the TfL Budget for 2019/20.

9 2019/20 TfL Scorecard (Pages 391 - 418)

Chief Finance Officer

The Board is asked to approve the 2019/20 TfL Scorecard.

10 TfL Prudential Indicators 2019/20 to 2021/22 (Pages 419 - 432)

Chief Finance Officer

The Board is asked to approve revised limits for long term liabilities and total external debt for 2018/19, the TfL revised Prudential Indicators for 2018/19; the TfL Prudential Indicators for 2019/20 and the following two years; and the Treasury Indicators for 2019/20 and the following two years.

11 TfL Capital Strategy 2019/20 (Pages 433 - 448)

Chief Finance Officer

The Board is asked to approve the TfL Capital Strategy 2019/20.

12 Treasury Management Strategy 2019/20 (Pages 449 - 464)

Chief Finance Officer

The Board is asked to approve the proposed TfL Treasury Management Strategy (TMS) for 2019/20, as recommended by the Finance Committee. The TMS 2019/20 comprises the Investment Strategy 2019/20, the Borrowing Strategy 2019/20, the Risk Management Strategy 2019/20 and TfL Policy on Minimum Revenue Provision.

13 Treasury Management and Derivative Investments Policies 2019/20 (Pages 465 - 482)

Chief Finance Officer

The Board is asked to approve the proposed TfL Treasury Management Policy Statement and Treasury Management Practices (together, the TM Policy), and the proposed TfL Group Policy relating to the use of Derivative Investments for 2019/20, as recommended by the Finance Committee.

14 Investment Strategy 2019/20 - Non Financial Assets (Pages 483 - 492)

Director Commercial Development

The Board is asked to approve the Strategy.

15 TfL Subsidiary Rationalisation (Pages 493 - 496)

Chief Finance Officer

The Board is asked to approve statutory transfer schemes relating to LUL Nominee SSL Limited, LUL Nominee BCV Limited and Tube Lines Limited, as recommended by the Finance Committee.

16 Report of the meeting of the Customer Service and Operational Performance Panel held on 13 February 2019 (Pages 497 - 500)

Panel Chair, Dr Mee Ling Ng OBE

The Board is asked to note the summary report.

17 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 27 February 2019 (Pages 501 - 504)

Panel Chair, Kay Carberry CBE

The Board is asked to note the summary report.

18 Report of the meeting of the Programmes and Investment Committee held on 6 March 2019 (Pages 505 - 510)

Committee Chair, Prof. Greg Clark CBE

The Board is asked to note the summary report.

19 Report of the meeting of the Finance Committee held on 11 March 2019 (Pages 511 - 514)

Committee Chair, Ron Kalifa OBE

The Board is asked to note the summary report.

20 Report of the meeting of the Audit and Assurance Committee held on 14 March 2019 (Pages 515 - 518)

Committee Chair, Anne McMeel

The Board is asked to note the summary report.

21 Any Other Business the Chair Considers Urgent

The Chair will state the reason for urgency of any item taken.

22 Date of Next Meeting

Wednesday 22 May 2019 at 10am

23 Exclusion of Press and Public

The Board is recommended to agree to exclude the press and public from the meeting, in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended), in order to consider the following items of business.

Agenda Part 2

Papers containing supplemental confidential or exempt information not included in the related item on Part 1 of the agenda.

24 TfL Subsidiary Rationalisation (Pages 519 - 520)

Exempt supplementary information relating to the item on Part 1 on the agenda.

Transport for London

Minutes of the Meeting

City Hall, The Queen's Walk, London, SE1 2AA 10.00am-2.20pm, Wednesday 30 January 2019

Members

Sadiq Khan (Chair)

Heidi Alexander (Deputy Chair)

Kay Carberry CBE Prof Greg Clark CBE Bronwen Handyside Dr Alice Maynard CBE

Anne McMeel

Dr Mee Ling Ng OBE

Dr Nelson Ogunshakin OBE

Mark Phillips

Val Shawcross CBE Dr Nina Skorupska CBE

Dr Lynn Sloman

Ben Story

Executive Committee

Mike Brown MVO Commissioner Howard Carter General Counsel

Michele Dix CBE Managing Director, Crossrail 2

Vernon Everitt Managing Director, Customers, Communication and Technology

Nigel Holness Interim Managing Director, London Underground

Simon Kilonback Chief Finance Officer

Gareth Powell Managing Director, Surface Transport

Alex Williams Director of City Planning
Tricia Wright Chief People Officer

Also in attendance

Tony Meggs Chair, Crossrail Limited

Mark Wild Chief Executive Officer, Crossrail Limited

Staff

Andy Brown Head of Corporate Affairs

Jill Collis Director HSE

Tanya Coff Finance Director, London Underground Patrick Doig Finance Director, Surface Transport

David Hughes Director of Corporate Finance and Strategy

Shamus Kenny Head of Secretariat

Clive Walker Director of Risk and Assurance

01/01/19 Apologies for Absence and Chair's Announcements

An apology for absence was received from Ron Kalifa OBE.

The Chair welcomed everyone to the meeting, including the press and the public and explained that the meeting was being held in Committee Rooms 4 and 5 as the Chamber was not available. He apologised for the technical difficulties at the last meeting, caused by an issue with the City Hall IT network which impacted upon the availability and quality of the live webcast stream and that some people in the audience in the room had difficulty hearing the discussions. City Hall and TfL were looking at improving the webcast of future meetings of the Board and Members and staff at the meeting were asked to speak up when joining the discussion.

The Chair welcomed and introduced to the meeting Mark Phillips and Tony Meggs. Mark Phillips had been appointed to the Board from 21 January 2019 and had a broad range of executive and non-executive experience and particular knowledge around health and safety issues, major business change programmes and the rail industry. He was the Chief Executive of the Rail Safety and Standards Board, the Deputy Chair of the British Transport Police Authority and a member of the Transport Research and Innovation Board. A paper elsewhere on the agenda sought approval for appointing Mark Phillips to the Programmes and Investment Committee and the Safety, Sustainability and Human Resources Panel (see Minute 10/01/19).

Tony Meggs had been appointed by the Crossrail Board as its new Chair. He and Nick Raynsford, who was the new Deputy Chair, started in post on 14 January 2019. Tony Meggs had recently stepped down from his role as Chief Executive Officer of the Infrastructure and Projects Authority and brought a wealth of experience from that role as well a long career in leadership positions in the private sector.

The Chair advised that he had accepted an addendum to the Crossrail Update as a late item (see Minute 09/01/19 below) to enable the Board to discuss the KPMG independent review reports as they had been published after the dispatch of papers for this meeting. The review reports covered the project's governance and the financial and commercial implications of the delay to the project.

02/01/19 Declarations of Interests

Members confirmed that their declarations of interests, as provided to the Secretariat and published on tfl.gov.uk, were up to date. There were no interests to declare that related specifically to items on the agenda.

03/01/19 Minutes of the Meeting of the Board held on 21 November 2018

Subject to the correction of Minute 99/11/18, fourth paragraph second sentence to refer to "journeys being made by walking, cycling or public transport by 2041", the minutes of the meeting of the Board held on 21 November 2018 were approved as a correct record and the Chair was authorised to sign them.

04/01/19 Matters Arising, Actions List and Use of Delegated Authority

Howard Carter introduced the item. There had been one use of Chair's Action since the last meeting to nominate Tony Meggs and Nick Raynsford as the Chair and Deputy Chair of Crossrail Limited; those appointments were made by the Board of Crossrail Limited with effect from 14 January 2019.

Authority delegated by the Board to the Finance Committee was exercised in relation to Crossrail funding and the approval of the Business Plan; a summary of the meetings of that Committee was elsewhere on the agenda (Minute 12/01/19).

All of the actions in the action list were being addressed.

Bronwen Handyside asked for an update on the London TravelWatch report on London Overground stations, following the large response to its consultation into Arriva's proposed ticket office closures. Gareth Powell advised that the report did not object to the proposed closure at half of the stations under review based on the analysis of their use but did make recommendations on how station environments could best work for customers. Arriva's conclusions and proposals arising from its consideration of the London TravelWatch review would be presented to a future meeting of the Customer Service and Operational Performance Panel. [Action: Gareth Powell]

The Committee noted the updated actions list and the use of authority delegated by the Board.

05/01/19 Commissioner's Report

Mike Brown introduced the report, which provided an overview of major issues and developments since the meeting of the Board held on 21 November 2018 and updated the Board on significant projects and initiatives.

The key issues arising from the overview and discussion are summarised below.

- TfL Scorecard 2018/19: TfL was on target for many of the Scorecard measures. Mike Brown drew attention to four measures that were behind target. On safety, the latest figures for reductions in people killed or seriously injured on the roads and specifically in incidents involving buses remained stubbornly flat compared to the previous year. TfL was determined to do better and would refocus its efforts through delivery of the Vision Zero Action Plan, which was discussed weekly by the Executive Committee and fully supported and closely monitored by the Safety, Sustainability and Human Resources Panel. Further detail on road safety was included in the annual Health, Safety and Environment Report elsewhere on the agenda (Minute 97/01/19).
- 2 Excess Journey Time on the Tube was behind target but the most recent results showed an improving trajectory towards year end. Rephasing of the housing plan meant it was behind target but TfL was confident that by year end 50 per cent of the homes it brought to market would be affordable.
- The results of the annual Viewpoint staff survey meant TfL had maintained the previous year's total engagement score of 56 per cent, which was one per cent behind the Scorecard target. Members shared the disappointment in this result but

- noted that there were encouraging signs in parts of TfL and the response rate had been high at a time of great change within TfL.
- Progress against Scorecard measures were discussed in detail by the Executive Committee. Given their importance in driving TfL's performance, Members requested that more detail be provided in the Report and the Commissioner's update at future meetings.

 [Action: Mike Brown]
- Safety and security: TfL continued to work urgently to implement all of the recommendations from the Road Accident Investigation Branch following the tram overturning in Croydon in November 2016. Following the installation of the Guardian system that protected drivers from distractions and fatigue, a contract had been awarded to Engineering Support Group Limited to install an industry-leading system to automatically reduce tram speeds in certain conditions, which was expected to be fully implemented by December 2019. The extensive feasibility work to procure the new system had been shared with other tram owners and operators around the country to help them develop similar programmes for their networks; Members suggested TfL consider including this in its international consultancy work portfolio. TfL had also begun work on the installation of a glazing option that fitted a film on windows to provide additional protection and containment in the event of an incident. This work would be completed by spring 2019.
- To improve customer safety during the Christmas period, London Underground had used new posters, Oyster card wallets, station signage, train indicator boards and social media to encourage customers to stay safe, as there was traditionally an increase in the number of alcohol related incidents at that time of year.
- TfL was focussed on reducing significant injuries to staff and contractors. Good progress was being made, with fewer major injuries, compared to the previous year. On 23 November 2019, TfL launched a pilot Safety Awareness day, including a new safety video on slips, trips and falls, to an audience from its maintenance teams across the business. Twenty-one briefing sessions were planned over the coming year to deliver key messages on workplace safety to the Asset Operations teams. Staff would be encouraged to ask questions and make suggestions for further improvements at these sessions. Staff are also encouraged to continue to report all injuries and near misses.
- Among the focussed work with the police to deliver the overarching goal of Vision Zero, and the elimination of death and serious injury on London's roads, two weeks of enhanced enforcement of Operation Vision Zero from 12 23 November 2018 targeted illegal, dangerous and careless road user behaviour. Over 700 officers were deployed to 132 roads from early afternoon to early evening, the peak time for collisions resulting in serious injury or death. Officers dealt with more than 4,700 driving offences, including for drink or drug driving, mobile phone use and speeding, and a further 519 cycling offences, such as running red lights.
- 9 The Safety, Sustainability and Human Resources Panel regularly discussed passenger safety. A doctor who had assisted in a medical incident on the Tube had asked Val Shawcross CBE how passengers were handed over to medical services. Nigel Holness said staff tried to get passengers who were ill off of the trains, were possible, as it was easier to treat them on the platform and delays to the service risked other passengers then needing medical attention. Staff were trained and had access to medical equipment, including defibrillators, so they could provide a triage

- service. They also had a good relationship with the British Transport Police and Ambulance Service to ensure that passengers that needed further medical help received it. A meeting had been arranged between a senior member of staff, Occupational Health and the doctor to discuss this further.
- The Q2 2018/19 crime and incident statistics (July and September 2018) were published on 20 December 2018. While there had been a slight increase in the crime rate, it remained very low at eight crimes per million passenger journeys. TfL was doing extensive work with the Metropolitan Police Service, City of London Police and British Transport Police to tackle crime on its networks.
- 11 TfL was also working closely with the Mayor's Office for Policing and Crime and with its policing partners to support campaigns that tackled knife crime and serious youth violence. Members welcomed the initiatives but requested details on how the equality impacts of initiatives were assessed.

 [Action: Siwan Hayward]
- Mike Brown was pleased to report that the European Union has not objected to the proposals for a new Direct Vision Standard for heavy goods vehicles (HGVs). The standard was a world-leading scheme that would help to make HGVs much safer by improving the visibility of drivers to what was going on around their vehicle. Members suggested that TfL's international consultancy look at how the Direct Vision initiative could be converted into an ISO standard. [Action: Gareth Powell]
- On 28 November 2018, it was announced that the DLR operator, KeolisAmey Docklands, would offer free advice and training to mobility scooter and wheelchair users, further expanding the community engagement role of the DLR around its network. Members recommended that the initiative be raised with operators across TfL as an example of good practice.
- 14 Mike Brown highlighted the outcome of criminal proceedings issued by the Office of Rail and Road against London Underground and Balfour Beatty in relation to an incident that caused life-changing injuries to a crane controller at Whitechapel station on 4 June 2016. Important lessons had been learned and applied to all of TfL's processes for working with road-rail vehicles.
- Healthy streets and healthy people: TfL launched its new Cycling action plan on 17 December 2018, which set out how it would work with boroughs, businesses and communities across London to encourage more cycling each day over the next five years. The delivery of even more cycling infrastructure was a major focus and a number of major new routes would be brought forward for consultation and delivery during 2019.
- The report included an update on Cycle Highway 9, which would transform roads and the local environment between Kensington Olympia, Hammersmith and Brentford Town Centre. TfL had today published a report setting out the responses to issues raised during the consultation on CS9 held in late 2017. New designs had been developed along sections of the route to addressed comments raised during the first consultation. The consultation on the two new designs for Kew Bridge and Kew Bridge Road; and for Duke Road and Duke's Avenue on Chiswick High Road would run until 26 February 2019.

- 17 2018 had been another record breaking year for Santander Cycles, with more than 10.5 million journeys made, a daily average of 29,500 hires. TfL continued to expand the cycle hire network and to improve access.
- Improving London's air quality and reducing emissions across a range of different transport modes was a key priority. There were now 153 rapid charging points, a major step towards the target of 300 points by December 2020. TfL continued to encourage and work with boroughs to support the delivery of rapid charging points on their roads and the London Councils' Transport and Environment Committee had endorsed a directive for all London boroughs to identify 20 potential sites for rapid charging points by January 2019, as a result of which charging points had been installed at 11 new sites.
- There were currently over 1,000 ZEC taxis licenced in London and 64 of the current 153 rapid charging points were dedicated to taxi use. TfL had reviewed and restructured the taxi delicencing scheme with tiered payments at twice the previous level and top payments of £10,000. This had attracted a high level of interest from individual cab drivers and would encourage more take up of ZEC taxis.
- Good progress continued on cleaning up the bus network. TfL was more than halfway through the roll-out of Low Emission Bus Zones, with seven zones now in place. The bus retrofit programme now had more than 60 per cent of diesel buses at the new, ultra-clean engine standard.
- 21 Preparation for the 8 April 2019 launch of the Ultra Low Emission Zone (ULEZ) and changes to the Congestion Charging scheme continued, ahead of the expansion of the ULEZ in 2021. In February 2019, TfL would launch the Mayor's £23m scrappage scheme to help smaller businesses to replace non-compliant vans.
- On 17 December 2018, the Mayor announced that TfL would proceed with proposed changes to the Congestion Charge on 8 April 2019, to coincide with the launch of the ULEZ. The changes had been widely supported, including removing the exemption for Private Hire Vehicles and introducing a new phased Cleaner Vehicle Discount. Members had received a letter from the Chair of the United Private Hire Drivers Branch of the IWGB Union objecting to the change and would receive a copy of the response when sent.

 [Action: Secretariat]
- A considerable amount of work was underway to improve the road network and make it safer. A key highlight was the start of the initial stages of construction work at the busy and complex Old Street roundabout junction ahead of the main works beginning in May 2019.
- 24 Morgan Sindall Construction & Infrastructure and VolkerFitzpatrick had been appointed for the main Barking Riverside Extension project works to deliver a new station and line. The extension of the London Overground Gospel Oak to Barking service would support the development of 10,800 new homes and unlocking wider benefits and new facilities for the local area.
- An update was provided on the work of the network operations team to improve the efficiency of the road network. The team had saved Londoners over 15,000 hours by tweaking signal timings and prioritising sustainable modes of travel, which in particular benefitted bus users and also pedestrians using Oxford Circus and Fulham Palace Road.

- TfL was supporting the promotion of Waltham Forest as London's first Borough of Culture. It had installed 'Welcome to the Forest' roundels at six London Underground and Overground stations, made use of the closed ticket office at Walthamstow Central and created a cultural map, as well as using TfL's social media channels to promote events. TfL's support promoted the intrinsic value of culture and tourism, with over 70,000 visitors to the borough in the first weekend, and the use of sustainable transport and off-peak travel for visiting the area and its cultural events. Members requested that future references to TfL's role in promoting wider Mayoral or borough initiatives provide more detail on their cost and how their value was measured.
- A good public transport experience: A more detailed update on the Crossrail project was elsewhere on the agenda. Members requested that future reports on Crossrail and the Elizabeth line also provide more information on TfL's readiness for the integration of services and stations. [Action: Nigel Holness]
- 15 December 2018 marked the first anniversary of night services on parts of the East London line. The service was very popular with over 250,000 journeys made on the Highbury & Islington to New Cross Gate route and only 10 (mainly low level) crimes reported. Whitechapel station was also served for the first time ever on the anniversary weekend.
- The first week of December 2018 was the busiest in London Underground's history, with over 30 million journeys made. TfL broke its record for its busiest day on consecutive days from 4 December to 7 December 2018, when it reached 5.031 million journeys made. The numbers reflected the outcome of continued investment in improving both the quality and the capacity of the service through new trains and signalling as well as the huge contribution make by London Underground staff.
- Good progress continued with the works to support the Northern line extension, including the installation of platforms at Nine Elms and track installation completed through the platforms and overrun tunnels at Battersea station. Mike Brown and Heidi Alexander had visited the site recently and were encouraged by the collaboration beween the TfL and development teams, who were working together to ensure that the opening times of both developments were aligned.
- 31 TfL had signed a contract with Siemens Mobility to design and build 94 newgeneration Tube trains for the Piccadilly line. These would replace the current 1970s fleet with more spacious trains, with wider doors, air conditioning, walkthrough carriages and improved accessibility. Members welcomed the new trains and stressed the importance of securing funds to invest in the signalling infrastructure to optimise the capacity increase that the new trains and signalling would achieve on the Deep Tube Lines, particularly on the Piccadilly line if the proposed third runway for Heathrow was built.
- The new entrance at Bank station on Walbrook, within the ground floor of Bloomberg's European HQ, opened on 30 November 2018. It provided direct access to the Waterloo & City line and a connection to the existing concourse and was only a short walk from Mansion House and Cannon Street stations. The opening was the first major milestone in the modernisation of Bank, which would see the station's capacity increase by 40 per cent by 2022, and step-free access provided to both Northern line and DLR platforms. Members would be sent details

of the cost and feasibility work that meant there was not a business case for providing step-free access to the Central line at Bank station.

[Action: Stuart Harvey]

- Progress continued to be made on providing step-free access to stations. Two new lifts were installed at Newbury Park station, a year ahead of schedule and with a 40 per cent saving on previous step-free schemes. Two new lifts had also just opened at Finsbury Park station.
- In December 2018, the Mayor decided to continue his fares freeze on all TfL Bus and Underground fares to keep the services affordable for Londoners. This contrasted sharply with increases in rail fares across the country. Travelcard fares and associated pay as you go caps were also increased in January 2019, by an average of 3.1 per cent, in line with the 3.2 per cent annual increase in the Retail Prices Index in July 2018. Alongside the Mayor's fares freeze, TfL had brought in weekly capping on Oyster for adult bus and tram users; the cap, which was already available on contactless bank cards, ensured that customers were never charged more than the cost of a seven day Bus and Tram Pass. TfL was working with the Train Operating Companies to introduce this cap across the Tube and rail network by spring 2019.
- 35 Members requested a future paper to the Programmes and Investment Committee on the risks and opportunities relating to the wider interdependencies of High Speed 2 services and TfL's stations, services, tracks and other public transport connectivity.

 [Action: Alex Williams]
- New homes and jobs: TfL had received planning permission for its Blackhorse Point site in Waltham Forest. The site would deliver 350 homes across six new buildings, with 50 per cent of these affordable as well as delivering 17,000 square feet of retail and commercial space that would include opportunities for small and independent businesses. Construction was due to begin in summer 2019 and would create up to 3,000 jobs and local apprenticeships. TfL was consulting on two major property development projects at Harrow on the Hill and Colindale, with the Harrow on the Hill plans including around 600 homes, of which around 35 per cent would be affordable. Three companies had been shortlisted to partner TfL to expand its build to rent programme, which would deliver high quality, affordable housing that also generated an ongoing source of revenue for the transport network.
- Our people: With the UK due to leave the European Union at the end of March 2019, TfL remained committed to supporting its staff who came from other parts of Europe in whatever way it could, as they provided incredible service. The Government had just announced that it would not impose the settled status fees, which TfL had committed to pay if it had been imposed.
- 38 Two TfL employees were recognised in the New Year Honours: Sam Mullins, the Director of the London Transport Museum was awarded an OBE and Alan Johnson received the British Empire Medal for his services to transport and community in London.
- TfL's second annual Supplier Awards were held on 5 December 2018, in partnership with the London Transport Museum and funded by TfL's suppliers. The awards recognised the contribution made from a wide range of companies from across the country. TfL's work with its suppliers helped support the economic

growth in both London and across the UK and provided job opportunities to those who often face barriers when seeking employment. There were a total of 100 submissions made across nine different categories. Taylor Woodrow BAM Nuttall won TfL's Supplier of the Year for the way it worked collaboratively with TfL and for its great safety ethos.

- TfL was halfway through its programme to install toilets for bus drivers on 42 toppriority bus routes. It was working closely with Unite and the bus operators to agree the sites and was on target to introduce all of the facilities by the end of July 2019, subject to agreeing the locations with boroughs and local stakeholders.
- 41 Members noted the latest data on the gender pay gap at TfL, which had increased marginally. While the proportion of women employed in TfL, including in senior management, had increased, many were applying for and working in operational roles with lower rates of pay, compared to higher paid roles such as train drivers or engineers. TfL was looking at ways to improve its recruitment processes, as well as supporting initiatives that encouraged women to pursue a career in transport, including development programmes like the Mayor's *Our Time* initiative. The Remuneration Committee had a detailed discussion on the pay gap and the minutes would be shared with the Board. [Action: Secretariat]
- 42 Members congratulated TfL and thanked the staff involved in the Steps into Work programme, which provided meaningful work experience and mentoring for young people with learning disabilities. Graduates from the programme were more likely to find employment, with some securing jobs at TfL. TfL had agreed to double the intake for the next programme and was very proud of the work done, which also benefited the staff that supported the programme.
- Value for money: On 13 December 2018, under authority delegated by the Board, the Finance Committee approved the TfL Business Plan. The Plan was challenging and would see TfL maintaining significant investment in London despite a range of external financial pressures and the financial impact of the delay to Crossrail.
- The generosity of London Underground customers had been reflected by a donation of 16,835 coats between 12-14 November 2018 to the Wrap Up London campaign, which received 35,953 coats overall. Gareth Powell and Nigel Holness had also volunteered for the Sleep Out event at London Bridge station on 31 January 2019 in support of the Railway Children charity. Details of how to sponsor Gareth and Nigel would be provided to Members. [Action: Secretariat]
- Heidi Alexander provided an update on the Gospel Oak to Barking line, where software issues had delayed the introduction of new electric trains and thanked service users for their patience. Bombardier had committed to funding a month's free travel for users when the new trains were in service. In the interim, TfL was using spare electric trains from the existing Overground fleet to maintain a service on the line but while they had greater capacity as the old diesel trains were removed from the service train frequency would be reduced to two an hour until the new trains were available.

The Board noted the Commissioner's Report.

06/01/19 Quarterly Performance Report Quarter 3, 2018/19

Simon Kilonback introduced the report and related slides, which set out TfL's financial results for Quarter 3, 2018/19 – the period from 1 April to 8 December 2018.

Operating costs were lower than budget, driven by the management of costs and some timing differences from projects. The net operating surplus was ahead of budget and broadly in line with last year 2017/2018, despite the loss of government general grant and Crossrail delays. Despite the subdued economic environment, TfL's focus on cost control had delivered efficiencies ahead of budget, with the full year net operating surplus expected to be over £250m better than budget.

Members welcomed the news that S&P had given TfL an AA- rating and removed it from credit watch after a detailed walk through of TfL's Business Plan and a commitment to deliver against it including the net operating surplus.

Total passenger income was one per cent ahead of budget and two per cent better than 2017/18, largely due to increased Underground journeys. Total income was £4.6bn, one per cent better than budget. Operating costs were £4.2bn, £189m or four per cent better than budget. Operating costs were £16m adverse to the same time last year, driven by the Elizabeth line (£59m) but operating costs were £37m better than last year on a likefor-like basis (excluding the Elizabeth line, projects and other exceptional costs).

Members noted the detailed breakdown of year to date income of £4.6bn, which was £31m better than budget. Passenger income was £31m ahead of budget, primarily driven by the Underground. Bus passenger journeys continued to have an adverse variance of £13m and the softness in demand was expected to continue. Other income was up £5m driven by an increase in Congestion Charging enforcement and income from the Cubic licence.

Operating costs were £189m better than budget, made up of in-year savings of £137m and timing differences accounting for £52m. The operating cost per journey was better than budget with the average journey costing TfL £1.51 against £1.57 in the budget. The in-year cost savings were in addition to the recurring budgeted savings of approximately £600m achieved since 2015/16. The key operating contracts were £53m better than budget, due to tight operational performance management, and £14m across back office including lower Tech & Data costs. Maintenance costs were £27m lower than budgeted, largely from improvements in maintenance savings of £23m in London Underground. TfL was forecasting to achieve a net operating surplus of over £260m at the end of the year or £250m compared to budget.

Staff costs were £19m better than budget, predominantly due to savings across London Underground. TfL was mindful of the need to represent the diversity of London and was monitoring the impact of staff reductions against its diversity and inclusion objectives. Future reports would include more detail on the diversity profile of people leaving the organisation.

[Action: Tricia Wright]

Prior to the slippage in the Crossrail project, the previous leadership team had been demobilising the organisation. TfL was ensuring that the new leadership team had the back office support that it required to drive the project forward and to ensure it had the necessary governance controls.

Members noted the divisional summaries for London Underground, buses, rail services, streets and commercial development and the overall performance against budget.

The slippage on the capital account was disappointing, particularly on renewals work but some of this was expected to be made up in the final quarter and in 2019/20. London Underground was putting a plan in place to have a more assured approach to renewals using the internal Pathway project management process.

Future slides would also include information on TfL's debt and interest position.

[Action: Simon Kilonback]

The Board noted the report.

07/01/19 Health Safety and Environment Annual Report 2017/18

Mike Brown introduced the report. A draft of the report had been shared with the members of the Safety, Sustainability and Human Resources Panel in December 2018 and no significant issues had been raised for the attention of the Board.

The report mostly covered the year 1 April 2017 to 31 March 2018, except for the road safety data, which covered the calendar year 2017. The gap between the reporting period and the publication of the report was in part due to data verification but future reports would be provided to the Board much closer to the end of the financial year.

TfL had maintained its focus on improving safety on the tram network. TfL had undertaken comprehensive investigative work before starting to procure a new system that would automatically reduce tram speeds on certain parts of the network, which would be introduced as quickly as possible.

On the road network, injuries were up, against a record low year in 2016 and the trend for road injuries in 2018 had been broadly flat against the previous year, which was disappointing. TfL was committed to the Vision Zero approach and was delivering a huge and varied programme of activities to turn around injury rates, which included: key schemes in the Safer Junctions programme; bringing forward the new world-leading Direct Vision Standard for HGVs; and a programme of 'safety stand-downs' deployed across the operational and back office teams in Surface Transport.

Members commented on the need to do more to get back onto the trajectory to achieve Vision Zero, including lower speeds and a focus on pedestrians as the most vulnerable road users. TfL was introducing 20mph limits on the roads it controlled and researching the causes of pedestrian fatalities to inform future plans and interventions and would report back to the Safety, Sustainability and Human Resources Panel on that work. Members suggested that the Panel also look at how local borough strategies were performing against the Mayor's Transport Strategy. [Action: Gareth Powell]

A lot of work was being undertaken to improve safety for staff and customers on the Underground. There had also been a focus on improving bus safety and culture, with bus operators taking an active role. While collisions were down there had been an increase in injuries to people on buses and this was been tackled through initiatives like the Bus Safety Standard and driver training. The graph on bus injuries would be amended to include more commentary.

The Safety, Sustainability and Human Resources Panel had received a presentation on the dedicated programme developed by TfL to intervene with potentially vulnerable customers to prevent suicide attempts on its network; this was developed in response to a rise of suicide attempts on transport networks across the UK.

Mike Brown thanked Stuart Harvey for his leadership of a safety culture in Major Projects that sought to keep TfL staff and its supply chain safe. 2017/18 had seen no workforce fatalities and injury rates in Major Projects and Renewals and Enhancements teams were comparable to Crossrail, which was regarded as best in class for safety.

Mark Wild and Tony Meggs confirmed that despite the issues with the project, Crossrail was maintaining its best in class safety culture across the whole project. They had met all tier one contractors and witnessed the attention to safety detail. The key safety challenge for the project was the transition from a civil engineering and tunnelling project into an operational railway integration project.

In 2018, the Board had discussed the viability of naming every person who had died as a means of reinforcing the need for constant determination to tackle deaths and serious injuries on the roads. Following further consideration, it is proposed not to include names but Members were assured that every death was recognised as a tragedy for the person involved and for the impact it had on their family and friends.

Members recommended that TfL consider developing a waste strategy so that it was a leader in reducing green house emissions in its operations and also in the work it was doing to support housing. TfL would look at how it captured that information and report back to the Safety, Sustainability and Human Resources Panel. [Action: Jill Collis]

The Board approved the report prior to publication.

08/01/19 Viewpoint Survey Results - 2018

Tricia Wright introduced the item, which provided an overview of the key findings from TfL's annual Viewpoint staff survey and the proposed next steps. The survey had achieved a 66 per cent response rate, up from 57 per cent in 2017, an all time high for the survey in its current format.

The Scorecard measures for Total Engagement and the Inclusion Index were derived from the survey results. Total Engagement for 2018 was 56 per cent, which matched the 2017 score but was one per cent less than the Scorecard target. The Inclusion Index had remained constant at 43 per cent, though there had been fluctuations in the areas that contributed to the index for different parts of the organisation.

While Mike Brown was pleased about how proud staff were to work at TfL, he recognised that there was a lot of work to do to improve the Total Engagement and Inclusion Index figures. This is focused on recognition, empowerment and collaboration. Further engagement with staff was underway to understand the underlying reasons for the scores around engagement with leadership, learning from mistakes and dealing with poor performance so that these could be addressed. Management teams were required to develop action plans to address these issues.

Members recognised that there was a difference in the positive view that staff had of working for TfL and their view of management, in particular in relation to being given

autonomy to make decisions. Members suggested that taking swift action on a number of small hygiene issues and clearly communicating when action had been taken had been shown to be effective in raising scores in other organisations.

The need to learn from mistakes was a key theme and TfL was looking at how to address this and improve its culture and communications by cascading the practices of the better performing teams. Significant improvements had been made in some teams, such as the Jubilee line and Bus Operations, driven by new managers who placed a real focus on leadership and supporting their staff. TfL would also look at further learning from other organisations.

In December 2018 the Safety, Sustainability and Human Resources Panel had a discussion on the results and a further discussion was scheduled for February 2019.

The appendix would be recirculated to Members as data for London Underground was missing on three main indexes. [Action: Tricia Wright/Secretariat]

The Board noted the report.

09/01/19 Crossrail Update

The Chair said that when Crossrail Limited (CRL) announced the delay in the project at the end of August 2018, he had asked for two independent reviews to be undertaken into the project's governance and into the financial and commercial implications of the delay. As joint sponsors, TfL and the Department for Transport had commissioned KPMG to undertake these reviews. The KPMG reviews were published on the TfL website on 24 January 2019, as was a supplemental paper on the reviews for consideration by the Board, after the papers for this meeting were issued. Given the importance of an early Board discussion of the reviews, the Chair had agreed that the supplemental information be considered by the Board as a late addendum to the Crossrail Update item.

The Chair was pleased that both Tony Meggs as the new CRL Chair and Mark Wild as its Chief Executive Officer had agreed to attend future Board meetings.

At the request of the Chair, Mike Brown responded to three key issues raised by the former Chairman of CRL at the London Assembly Transport Committee meeting on 9 January 2019.

- 1. On the suggestion that the Mayor was told on 26 July 2018 that the Elizabeth line would not be ready to open in December 2018, this was not said at the meeting and the Mayor and TfL were not notified by CRL of a change to the schedule until after the CRL Board met in August 2018.
- 2. The suggestion that the Mayor and TfL knew about the delay to the schedule and prevented CRL from communicating it was also incorrect. Since February 2018, following the Chair and Mike Brown meeting the senior leadership of Bombardier to discuss progress, TfL had provided City Hall with updates most weeks on the delivery of the project. These were TfL updates, though much of the content came from CRL. TfL was complying with a London Assembly Transport Committee summons of all of the work on those notes and had already provided and published hundreds of emails and drafts that covered June to September 2018. Information for

- the remaining months would be released as soon as any necessary redactions for personal data and any commercially sensitive material had been made.
- 3. The documents showed that the regular update notes were reviewed and refined to ensure they were completely accurate, clearly written and free from jargon, as is the process for any information provided to the Board or the Mayor. It was clear that the first time CRL notified TfL of a delay to the Stage 3 opening date was in August 2018, when it issued the Adverse Event Notice.

The former CRL Chairman had referenced the removal of a paragraph during drafting of a note dated 19 June 2018. The drafting changes had been reviewed and the deleted paragraph did not say there was a change or risk to the opening date of December 2018; it described the pressure on completing the necessary testing by 1 October 2018, to allow handover to trial running and trial operations and went on to say that "an improved plan that balances construction and testing time is being developed over the next fortnight". The paragraph was removed as it was not consistent with what TfL had been told in any other meeting nor with what had been communicated at the regular face-to-face meeting with colleagues at City Hall the previous week. An important part of providing updates on any topic was to ensure the information presented was both accurate and consistent; as the particular paragraph was not in line with previous information, it had been taken out while further information was sought, rather than including potentially confusing or incorrect information.

On the suggestions that the delay to the project was because of a delay to the production of the new trains, the Mayor and Commissioner had seen the new trains at the depot at Old Oak Common. The new trains were in operation on the Shenfield line and Heathrow lines, as TfL Rail. While more testing was required on the software for the central section, the trains were being provided under a fixed price contract so if they had been the primary cause of the delay, TfL would not have needed to negotiate a financing package with the Government to provide more than £2bn additional capital funding for the project.

The governance review addressed issues up to July 2018. Significant changes had been made to CRL's governance since then. In July 2018, the Sponsors strengthened their oversight of the project by appointing additional nominees to the CRL Board, including TfL's nominees Anne McMeel and Dr Nelson Ogunshakin OBE. The reinforced Board had then scrutinised CRL, which resulted in the issues with the project being uncovered. Following the announcement of the delay, there had been important changes to the management of CRL with the appointments of Mark Wild as the Chief Executive Officer, Tony Meggs as the Chair, Nick Raynsford as Deputy Chair and David Hendry as the Chief Finance Officer. Mark Wild was reviewing the expertise in his leadership team and bringing in the further resource he required, including experienced Programme, Technical and Project Controls expertise.

Paragraph 3.2 of the KPMG governance report highlighted critical areas of focus and a detailed action plan was being drawn up. The Sponsors had also set out key priorities for the Chair and Deputy Chair.

Members noted the need to strengthen the independent Project Representative role, as while it had reported many of the key issues and risks around Stage 3 it had not provided an assessment of the potential impact on the opening date and did not sufficiently challenge the CRL executive in some of its assumptions about the schedule. Members did not support the suggestion that a further independent person be appointed to check

on the Project Representative and had full confidence in Mark Wild to ensure that issues were surfaced and addressed and that the Sponsors were kept fully informed. David Hughes confirmed that steps had been taken to bolster the Project Representative role and its relationship with the CRL executive had been reset. While short comings had been identified, the Project Representative had relied on the information it was being given by the former executive team. TfL would recommend that an additional third party role was not required.

Work was also underway to re-mobilise a full project delivery team, as it was now clear that Crossrail's executive should not have progressed with its demobilisation plan when the risks around the December 2018 opening date were becoming clear.

Members thought there were also lessons to be learnt by TfL as staff working alongside Crossrail or at joint stations could have raised concerns about the progress of the project. This needed to be encouraged as the project moved forward. Lots of work was underway with London Underground to prepare for the hand over of stations when they were completed and further detail would be included in future reports.

On the financial and commercial implications, Simon Kilonback advised that KPMG had assessed the 13 most significant remaining contracts and looked at six scenarios for a schedule of delivery and the run rate cost to complete them as well as looking at indirect costs. The main information was being used to inform the discussion with government on the funding required. The capital impact was estimated at £1.6-£2bn additional costs over the IP2 budget. While that range was the most likely outturn, KPMG had assigned an 80 per cent probability to the cost schedule. Therefore, when negotiating the funding package with government, a contingency arrangement had been agreed to enable a further loan of up to £750m (£450m over the KPMG range). A new schedule from Crossrail was expected in spring 2019.

Tony Meggs praised the new CRL Board for its expertise, particularly on trains and integration and the robust challenge that he had witnessed at his first meeting. The priorities for the CRL Board were: to see and review a proper plan for the project that was affordable, deliverable and safe; to establish an enhanced governance regime by working through the KMPG report with the sponsors to prioritise and track actions; to get absolute clarity on costs and to ensure resources were used prudently; and to have an open and transparent relationship with Sponsors to rebuild the trust.

On governance, CRL would reinstate its Audit and Assurance Committee and look at other committees to support the programme, including an Investment Committee. Project Representative reports were improving and CRL was putting in place an Integrated Assurance Plan, of which the Project Representative was one element, alongside expert panels that would scrutinise plans to provide confidence on the progress being made. The Sponsors were also being invited to the CRL Board meeting on 31 January 2019 for a discussion on key issues.

Mark Wild had welcomed the appointment of Tony Meggs and Nick Raynsford and the contribution they were making. The main focus for the CRL Board on 31 January 2019 would be safety as it remained the top priority. He confirmed that good progress was being made with appointments to the new management team and with engendering a spirit of transparency and openness with his Board and the Sponsors and with the Project Representative to provide appropriate challenge. The CRL team had moved to Endeavour Square and he was working hard to re-engage staff morale as it sought to deliver an amazing project.

Mark Wild reiterated that there were two critical paths for the project; dynamic testing and stations. On dynamic testing, a big step forward had been taken as a train had run for four days from Abbey Wood to Paddington, demonstrating that the software was at the correct level of maturity. During February 2019 he expected to have trains in both tunnels and then to move to two trains per tunnel and then four trains in close headway. A comprehensive plan was in place for the testing, though there was still a lot of work to do. He had been to Germany to see the test rigs and engineers and to meet the Global Head of Siemens for the signalling system and he would again be meeting senior staff from Bombardier in Derby. The results of testing would be shared with the Board and while there were still risks he was encouraged by the input from Siemens, Bombardier and CRL staff and the support he was getting from London Underground and the Major Projects Directorate.

There was less certainty on the timeline and progress with the stations. The core installation work needed to be completed. Progress was being made, with demobilisation complete at Woolwich, Farringdon and for the platform area at Whitechapel. Further information would be provided on the progress with Tottenham Court Road, Paddington and Whitechapel.

Once the core work was completed, the next challenge was station integration for the full digital railway, where 60,000 individual items had to be controlled and integrated. A plan was being developed and further information would be provided to the next meeting.

The Chair commended the new team at CRL for the quality of the information that he was receiving and the difference they were making. He also thanked Anne McMeel and Dr Nelson Ogunshakin OBE for the difference that they had made when they joined the CRL Board in July 2018.

Mark Wild and Tony Meggs recognised the desire for an opening date to be announced. Given the complexity of the project and the need for certainty, CRL needed more time to ensure it could give an achievable date for opening a reliable and safe railway. A deep dive briefing on progress would be offered to the Board in spring 2019.

[Action: Mark Wild]

Mike Brown confirmed his commitment that TfL would provide whatever help or resource was required including in discussions with the supply chain.

The Board noted the paper.

10/01/19 Board Appointments

Howard Carter introduced the item, which set out the process used ahead of the Mayor appointing Mark Phillips to the Board. The appointment took effect from 21 January 2019 and would expire on 6 September 2020 to be co-terminus with the appointment expiry dates of other Members.

Following discussions with Mark Phillips and Heidi Alexander, it was proposed that Mark Phillips be appointed to the Programmes and Investment Committee and the Safety, Sustainability and Human Resources Panel as these best reflected his skills, knowledge and experience. Appendix 1 of the paper set out the membership of the Committees and Panels if these proposals were agreed.

The Board noted the appointment of Mark Phillips to the Board, from 21 January 2019 to 6 September 2020 and appointed him as a member of the Programmes and Investment Committee and the Safety, Sustainability and Human Resources Panel.

11/01/19 Report of the meeting of the Audit and Assurance Committee held on 27 November 2018

The Chair of the Committee, Anne McMeel, introduced the item. The Committee had discussed a number of standing items along with the enterprise risk policy, critical accounting policies, Crossrail assurance arrangements and an update on Crossrail transition. There were no specific issues to draw to the attention of the Board.

The Board noted the summary report.

12/01/19 Report of the meetings of the Finance Committee held on 3 and 13 December 2018

In the absence of the Committee Chair, Ron Kalifa OBE, the Vice Chair Ben Story introduced the item. The Committee had exercised authority delegated by the Board in relation to agreeing funding for the Crossrail project (including through Chair's Action) and the approval of TfL's Business Plan. It had approved authorities in relation to the Elizabeth line rolling stock sale and leaseback, energy purchasing 2021 to 2022 and a contract for services between TfL and its subsidiary London River Services Limited. It had also noted updates on TfL's finances, treasury activities, the accommodation strategy and Transformation programme. There were no specific issues to draw to the attention of the Board.

The Board noted the summary report.

13/01/19 Report of the meeting of the Safety, Sustainability and Human Resources Panel held on 5 December 2018

The Chair of the Panel, Kay Carberry CBE, introduced the item and drew the Board's attention to the discussion on a new plan to reduce workplace violence and that the Panel would track its progress.

The Board noted the summary report.

14/01/19 Report of the meeting of the Programmes and Investment Committee held on 11 December 2018

In the absence of the Committee Chair, Prof. Greg Clark CBE, the Vice Chair Dr Nelson Ogunshakin OBE, introduced the item. The Committee had approved authority for a number of programmes and considered updates on Crossrail and its strategic risks. There were no specific issues to draw to the attention of the Board.

The Board noted the summary report.

15/01/19 Report of the meeting of the Remuneration Committee held on 23 January 2019

The Chair of the Committee, Ben Story introduced the item. The Committee had discussed TfL's pay gap analysis and remuneration benchmarking. There were no specific issues to draw to the attention of the Board.

The Board noted the summary report.

16/01/19 Member suggestions for future agenda discussions

The Chair expressed his thanks to the Committees and Panels for the invaluable work that they did to provide him and the Board with assurance and staff with support and guidance. Suggestions for future discussions were a standing item at each of their meetings as it gave Members the opportunity to shape the forward plans. The agenda for the Board was set by the standing items and by matters reserved to the Board but Members were invited to make suggestions for items for Board consideration to Heidi Alexander or Howard Carter.

17/01/19 Any Other Business the Chair Considers Urgent

There were no further items of urgent business.

18/01/19 Date of Next Meeting

The date of the next meeting was scheduled for Wednesday 23 March 2019 at 10.00am.

The meeting closed at 2.20pm.	
Chair:	
Date:	

Agenda Item 4

Board

Date: 27 March 2019



Item: Matters Arising, Actions List and Use of Delegated

Authority

This paper will be considered in public

1 Summary

- 1.1 This paper informs the Board of actions agreed at previous meetings and the use of delegated authority.
- 1.2 There has been no use of Chair's Action or other authority delegated by the Board to its Committees since the last meeting.
- 1.3 Appendix 1 provides an update on the actions, all of which are completed or being addressed.

2 Recommendation

2.1 The Board is asked to note the Actions List and the use of authority delegated by the Board.

List of appendices to this report:

Appendix 1: Board Actions List

List of Background Papers:

Minutes of previous meetings

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Board Actions List (reported to the meeting on 27 March 2019)

Actions from the meeting held on 30 January 2019

Minute No.	Item/Description	Action By	Target Date	Status/Note
04/01/19	Matters Arising – London Overground Stations Arriva's conclusions and proposals arising from its consideration of the London TravelWatch review would be presented to a future meeting of the Customer Service and Operational Performance (CSOP) Panel.	Gareth Powell	June 2019	On CSOP Panel forward plan.
05/01/19 (1)	Commissioner's Report – Crime Reduction Members welcomed the initiatives but requested details on how the equality impacts of initiatives were assessed.	Siwan Hayward	July 2019	Information will be provided to the Safety, Sustainability and HR Panel.
05/01/19 (2)	Commissioner's Report – Direct Vision ISO standard Members suggested that TfL's international consultancy look at how the Direct Vision initiative could be converted into an ISO standard.	Gareth Powell	March 2019	This is being reviewed and an update will be provided.
05/01/19 (3)	Commissioner's Report – Congestion Charge Removal of Private Hire Exemption Members had received a letter from the Chair of the United Private Hire Drivers Branch of the IWGB Union objecting to the change and would receive a copy of the response when sent.	Secretariat	February 2019	Completed.
05/01/19 (4)	Commissioner's Report – Crossrail Updates Members requested that future reports on Crossrail and the Elizabeth line also provide more information on TfL's readiness for the integration of services and stations.	Nigel Holness	March 2019	Agreed. Further detail will be provided in future reports.

Minute No.	Item/Description	Action By	Target Date	Status/Note
05/01/19 (5)	Commissioner's Report – Bank Station step free access Members would be sent details of the cost and feasibility work that meant there was not a business case for providing step free access to the Central line at Bank station.	Stuart Harvey	March 2019	See also 75/09/18 (4) below. An update was provided to the Programmes and Investment Committee. The Committee has requested further stakeholder engagement or public consultation.
05/01/19 (4)	Commissioner's Report – High Speed 2 Members requested a future paper to the Programmes and Investment Committee on the risks and opportunities relating to the wider interdependencies of High Speed 2 services and TfL's stations, services, tracks and other public transport connectivity.	Alex Williams	May 2019	On Programmes and Investment Committee forward plan.
05/01/19 (4)	Commissioner's Report – Pay Gap Analysis The Remuneration Committee had a detailed discussion on the pay gap and the minutes would be shared with the Board.	Secretariat	March 2019	Minute to be sent ahead of this meeting.
05/01/19 (5)	Commissioner's Report – Sleep Out Event Gareth Powell and Nigel Holness had also volunteered for the Sleep Out event at London Bridge station on 31 January 2019 in support of the Railway Children charity. Details of how to sponsor Gareth and Nigel would be provided to Members.	Secretariat	January 2019	Completed.
06/01/19 (1)	Quarterly Performance Report Quarter 3, 2018/19 – Diversity Profile of Leavers Future reports would include more detail on the diversity profile of people leaving the organisation.	Tricia Wright	May 2019	Agreed and will be incorporated into the next report.
06/01/19 (2)	Quarterly Performance Report Quarter 3, 2018/19 – Debt and Interest Future slides would also include information on the total value of TfL's entire debt and interest position.	Simon Kilonback	May 2019	Agreed and will be incorporated into the next report.

Minute No.	Item/Description	Action By	Target Date	Status/Note
07/01/19 (1)	HSE Annual Report – Reducing Road Injuries Members suggested that the Safety, Sustainability and Human Resources (SSHR) Panel look at how local borough strategies were performing against the Mayor's Transport Strategy.	Gareth Powell	July 2019	Agreed. Paper on SSHR Panel forward plan.
07/01/19 (2)	HSE Annual Report – Waste Strategy Members recommended that TfL consider developing a waste strategy so that it was a leader in reducing green house emissions in its operations and also in the work it was doing to support housing. TfL would look at how it captured that information and report back to the Safety, Sustainability and Human Resources (SSHR) Panel.	Jill Collis	July 2019	Agreed. Paper on SSHR Panel forward plan.
08/01/19	Viewpoint Survey Results – Updated Appendix The appendix would be recirculated to Members as it was data for London Underground was missing on three main indexes.	Tricia Wright	February 2019	Completed.
09/01/19	Crossrail Update – Deep Dive Briefing A deep dive briefing on progress would be offered to the Board in spring 2019 ahead of any announcement of the revised opening date.	Mark Wild / Secretariat	April 2019	Date being arranged to coincide with a proposed discussion with the Programmes and Investment Committee.

Actions from previous meetings:

Minute No.	Item/Description	Action By	Target Date	Status/Note
44/05/18 (1)	Annual Update on the Mayor's Transport Strategy – Active Travel Work on promoting active travel would be brought to a future meeting of the Safety, Sustainability and Human Resources Panel.	Alex Williams	February 2019	Completed. Item considered at Customer Service and Operational Performance Panel.
75/09/18 (1)	Commissioner's Report – Green GB Week Members would be briefed on TfL's proposals to promote Green GB Week from 15 October 2018.	Vernon Everitt	September 2019	An update on promotional activity in 2018 and plans for 2019 on the Safety, Sustainability and Human Resources Panel forward plan.
75/09/18 (2)	Commissioner's Report – Major Events Following suggestions from Mee Ling Ng to Shirley Rodrigues, Mike Brown asked Gareth Powell and Vernon Everitt to have a strategic discussion with organisers of major events such as the Notting Hill Carnival on how to make their events more environmentally friendly. An update would be provided to the next meeting.	Gareth Powell and Vernon Everitt	July 2019	An item providing an overview on how TfL manages major events is on the Safety, Sustainability and Human Resources Panel forward plan.
75/09/18 (3)	Commissioner's Report – TPH compliance Members noted the work of the Taxi and Private Hire compliance team and the high non-compliance rate from vehicle checks. Gareth Powell said the vast majority of checks were safety related, such as the right number plates and documentation though the proportion of major non-compliance issues was much lower and resulted in the vehicles being immediately taken off the road. The Customer Service and Operational Performance Panel would receive a more detailed paper on this.	Gareth Powell	February 2019	Completed. Item considered at Customer Service and Operational Performance Panel.

Minute No.	Item/Description	Action By	Target Date	Status/Note
75/09/18 (4)	Commissioner's Report – Bank Station Step Free Access Members were disappointed that the entire station would not have step-free access. Redesigning the project now would be difficult but TfL had commissioned a report on this topic which would be shared with the Programmes and Investment Committee.	Nigel Holness	March 2019	An update was provided to the Programmes and Investment Committee. The Committee has requested further stakeholder engagement or public consultation.
77/09/18 (iv)	Quarter 1 Customer and Operational Performance Report – Borough engagement on active travel agenda A report on how boroughs were contributing to active travel would be submitted to a future meeting of the Customer Service and Operational Performance Panel.	Alex Williams	February 2019	Completed. Item considered at Customer Service and Operational Performance Panel.
95/11/18 (1)	Commissioner's Report – pedestrian casualties Members welcomed the research being undertaken to better understand the reasons for the increase in pedestrian casualties. Further information would be submitted to the Safety, Sustainability and Human Resources (SSHR) Panel.	Gareth Powell	February 2019	Completed. Item considered by the SSHR Panel.
95/11/18 (2)	Commissioner's Report – bus network proposals Further information on the purpose of the bus network and the detailed proposals would be discussed by the Customer Service and Operational Performance (CSOP) Panel.	Gareth Powell	February 2019	Completed. Item considered at Customer Service and Operational Performance Panel.

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Agenda Item 5

Board



Date: 27 March 2019

Item: Commissioner's Report

This paper will be considered in public

1 Summary

1.1 The Commissioner's Report provides an overview of major issues and developments since the meeting of the Board held on 30 January 2019 and updates the Board on significant projects and initiatives.

2 Recommendation

2.1 The Board is asked to note the report.

List of appendices to this report:

Commissioner's Report – March 2019

List of Background Papers:

None

Mike Brown MVO Commissioner Transport for London March 2019



Commissioner's Report

27 March 2019



About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners'. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people's experience in everything we do.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London's public transport services, including the London Underground, London Buses, the Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to central London's rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor's Transport Strategy; by doing so we can create a better city as London grows.

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This paper will be considered in public

I Introduction

This report provides a review of major issues and developments since the Board meeting of 30 January 2019.

2 TfL Scorecard

Period II

Breakdown of scorecard measures categories:

Safety and Operations: 25% Customer: 25% People: 25% Financial: 25%

Long-term objectives	2018/19 scorecard	Period II		Year-to-date		
Outcome	Measure	Actual	Target	Actual	Target	
Healthy Streets and healthy people (18%)						
London's transport system will be safe and secure	Reduction in people killed or seriously injured on the roads from 2005-09 baseline (%) ¹	Qtrly	n/a	39.8% ■	45.4%	
	Reduction in people killed or seriously injured on roads from 2005-09 baseline (incidents involving buses) (%)	Qtrly	n/a	57.4% ■	55.4%	
	Injuries on the public transport network	884 ■	905	9,769 ■	9,975	
London's streets will be used more efficiently and have less traffic	Operational improvements to sustainable travel	944	996	16,529 ■	13,008	Safety and operations (25%)
London's streets will be clean and green	Number of London buses that are Euro VI compliant ²	250 ■	n/a	6,300 ■	n/a	
More people will travel actively in London	Healthy Streets scheme assessment ³	n/a	n/a	12% ■	10%	
A good public transport experience (I7%)						
Journeys by public transport will be fast	Tube excess journey time (minutes)	4.37 ■	4.51	4.44 ■	4.48	
and reliable	Average bus speeds (mph)	9.4 ■	9.3	9.3 ■	9.2	
Public transport will be accessible to all	Additional time to make step-free journeys (minutes)	Qtrly	n/a	9.2 ■	9.6	5
Journeys by public transport will be pleasant	Customer satisfaction (percentage of Londoners who agree we care about our customers) (%)	Qtrly	n/a	49% ■	49%	Customers (25%)

I. Reduction in number of people killed or seriously injured: Measured in calendar years (YTD is January to December 2018). These are provisional estimates and may be subject to change

^{2.} Number of London buses that are Euro VI compliant: The full year target for this measure is 6,050 buses. There are no quarterly targets due to the unpredictability of when operators will offer new buses. The retrofitting programme is on track

^{3.} Healthy Streets scheme assessment: This a cumulative measure so only YTD is reported

Achieved	Partially achieved	■ Not achieved
_ / (0) 110 / 00		

Long-term objectives	2018/19 scorecard	Period II		Year-to-date		
Outcome	Measure	Actual	Target	Actual	Target	
New homes and jobs (2.5%)						
Transport investment will unlock the delivery of new homes and jobs	The percentage of affordable houses we take to market in the year (%)	Qtrly	n/a	40% ■	53%	
Mode share (5%)						
80% of journeys will be made by sustainable modes in 2041	Improve sustainable mode share: Movement of 4 elements compared to 2017/18: a. Increase in cycling in Central London zone b. Increase in public transport journeys c. Increase in walking d. Decrease in traffic index	0 of 2 ■	2 of 2	I of 3 ■	3 of 3	Customers (continued)
	Cycling (% increase to 2014 Baseline)	Qtrly	-	Increase	Increase	
	Passenger journeys (millions)	Decr. ■	Increase	Decr. ■	Increase	
	Traffic index	Increase	Decr.	Increase	Decr.	
	Walking ⁴	n/a	n/a	n/a	n/a	

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^{4.} Sustainable mode share improvement: The walking survey is scheduled to take place in Q4

Long-term objectives	2018/19 scorecard	Period II		Year-to-date		
Outcome	Measure	Actual	Target	Actual	Target	
All MTS themes (7.5%	All MTS themes (7.5%)					
All MTS outcomes	Deliver key investment milestones (%)	0% ■	90%	75% 📒	90%	Customers (continued)
	Open Elizabeth line central section	Delayed 	Deliver in PI0	Delayed _	Deliver in PI0	
People (25%)						
A capable and engaged workforce representative of London	Workforce representativeness - all staff (%) - director/band 5 (%)	Qtrly Qtrly	n/a n/a	69.9% ■ 40.6% ■	70.5% 46.6%	People (25%)
	Inclusion index (%) ⁵ Total engagement (%) ⁵	n/a n/a		43% ■ 56% ■	57%	
Financial (25%)						
We are prudent and cover our costs	Net operating surplus (£m)	£3lm ■	(£2)	£399m	£96m	Financial (25%)
	Investment programme (£m)6	£II4m ■	£I52m	£I,42Im	£1,774m	

^{5.} Inclusion index / Total engagement: These are final results

^{6.} Investment programme: This measure is rated amber as spend is behind target owing to rephasing rather than value engineering or other cost reductions

Our Period II scorecard, covering 6 January to 2 February 2019.

On Safety and Operations, while we are forecasting to be better than target for the number of injuries to customers and staff, we do not expect to meet the target for reducing the number of people killed or seriously injured on the roads. This demonstrates why our Vision Zero programme is so vitally important. There will be renewed focus on this for 2019/20.

We have improved on our target for sustainable travel. This measures the time saved for pedestrians, cyclists and bus users as a result of changes we make to traffic signal timings. We are also on track to meet our target for the number of buses that meet the latest Euro VI emissions regulations, which will improve air quality.

For London Underground, excess journey time is green for Period II, but it is in balance for the year end. Nigel Holness and his team are doing everything they can to hit this target.

We expect to achieve our customer care target and also the target for reducing the additional journey time for people making step-free journeys.

While our quarterly performance on taking affordable homes to market is below the original target that we set in March 2018, this is because we have reprogrammed our delivery during the year. We still expect to

have partners in place for delivering 10,000 homes, and to meet our full year target of at least 50 per cent of the homes brought to market being affordable.

We are unlikely to meet the target for mode share. For the first time, we have split out the mode share measure to demonstrate where we are seeing increases and decreases. For example, while we are seeing an increase in cycling, we are seeing a decrease in passenger journeys on public transport largely due to a subdued economy.

Our target for key investment milestones is at risk due to nine milestones being delayed. This section includes the impact of delays to the Elizabeth line.

Our workforce representation for all staff has improved overall, but due to our current low level of recruitment and the continuing change in our organisation, we are unlikely to meet either of our workforce representativeness targets. We also now know that, based on our annual Viewpoint survey, our total staff engagement measure has been missed by one per cent and our inclusion index measure missed by three per cent.

In terms of finances, we are forecast to be significantly better than target for net operating surplus, which aligns favourably with our longer-term objective to deliver a net operating surplus by 2022/23.

3 Safety and security

Croydon tram overturning

We are making significant progress in implementing the recommendations from the Rail Accident Investigation Branch (RAIB) following the tragic tram overturning at Sandilands in November 2016, working alongside the Office of Rail and Road and the wider UK tram industry.

Many of the most important recommendations have already been completed. These include speed reductions and improved signage. We have also worked with the tram operator, First Group, to improve the customer complaints procedure to ensure that immediate action is taken where a possible safety risk is identified. Work has begun on enhancing the window glazing on London's trams, with work on the whole fleet expected to be complete by the end of March 2019. We have contributed to setting up the newly formed Light Rail Safety and Standards Board, which the Government has now confirmed funding for, with Jon Fox, one of our Surface Transport Directors, representing us on the board.

As we deliver the RAIB recommendations, we are sharing our work with other tram owners and operators so that all networks across the country can learn from the tragedy at Sandilands. We are also publishing progress updates on the recommendations on our website.

Meeting and learning from road trauma victims

As part of our commitment to Vision Zero, we will never forget that the lives of real people are affected by collisions on London's roads. To help inform our plans, we are working with the charities RoadPeace and Brake. We also met with people affected by road trauma and their families with senior leaders from across the Greater London Authority (GLA) family and the Mayor on 3I January.

The purpose was to understand more clearly what we could do as an organisation, either directly or working with partners, to prevent unnecessary suffering and to support people who have suffered road trauma.

I joined the Mayor with the Deputy
Mayor for Transport, the Walking and
Cycling Commissioner, the Managing
Director – Surface Transport and the
Chief Superintendent of the Metropolitan
Police Service (MPS) to take part in
discussions with a group of people with
direct personal experience of collisions
and the subsequent aftermath. The
participants were an inspiring and highly
motivated group who were determined
to turn their own tragic experiences into
positive outcomes by giving their voice to
people affected by road trauma.

Participants identified opportunities where we could improve things at every stage of the process: from the support given in the immediate aftermath of an



incident, to better information during the course of the investigation; more appropriate outcomes from the criminal justice system; greater involvement on the changes that are made following an incident, such as changes to the road layout. The discussions were highly productive and we are using some of the suggestions to identify practical actions in response.

Vision Zero

Our close working relationship with the Roads and Transport Policing Command will be critical in delivering the Vision Zero action plan.

We have jointly delivered Operation Goldstein, using a problem-solving approach to tackle road danger at Tooting High Street, the A23 (Brixton Hill and Streatham High Road), Seven Sisters Road and Marylebone Road. Through this programme, we are able to identify and target the root causes of

road danger and deploy a combination of enforcement, engagement and engineering interventions to make a lasting change to road user behaviour. Enforcement activity has included on-street and camera enforcement to target speeding, red light jumping, encroachment of advanced stop lines and parking and loading contraventions, as well as engaging with people around crossing roads safely.

This year to date, 19 'close pass' tactics have been deployed across London to improve cyclist and driver safety. These tactics see a plain clothes officer riding on an unmarked bicycle and alerting a second officer on a powered two-wheeler if a close pass between vehicle and bicycle takes place. The vehicle will then be flagged down and directed to a designated stop site where the driver will be offered the choice of receiving a ticket or viewing a short educational presentation.

In January, we launched a crack down on illegal, dangerous and careless behaviours that create risk on our roads. During this enhanced programme, Roads and Transport Policing Command officers dealt with speeding, mobile phone use, no insurance, drink/drug driving, and mechanical defects such as problems with steering and lights. In total 84 drivers were arrested for offences including drink, drug, dangerous and disqualified driving.

Tackling crime on the network

Although crime remains at a low level on the transport network, we are supporting the police in any way we can. We worked with the British Transport Police (BTP) in February as part of Operation Sturgeon to tackle fare evasion, violence and antisocial behaviour. This work aims to detect and deter antisocial offences, including fare evasion and wider violence.

In February, three days of targeted enforcement action took place at Seven Sisters station. Uniformed and non-uniformed BTP officers were deployed alongside colleagues from the MPS who provided and operated a knife arch, as well as teams of Revenue Officers from London Underground, who assisted with fare evasion. Outside of these days of action there was a police presence at the station to reassure staff and customers.

Operation Tiber started on I5 February and ran for one month targeting organised begging on London Overground through deterrence based on high visibility policing and intervention with offenders. Officers from BTP with support from MPS Safer Transport officers were deployed in areas identified as having a high instance of begging.

Operation Winter Nights ran from I3 December to 22 February and targeted knife crime. Officers from the Roads and Transport Policing Command were deployed to bus hubs across London, which were identified the most high-risk locations. The operation resulted in I,604 stop and searches; 4,986 weapon sweeps; 80 knives recovered; 28 other weapons seized; 9 firearms recovered and 277 violence related arrests.

From January 2019, the BTP have carried out 23 operations targeting knife crime on our network. Tactics such as knife arches, weapons sweeps and drug detection dogs have been used to catch offenders. A total of 137 stop and searches have taken place resulting in 38 arrests. A further 78 intelligence reports have been gathered as an outcome of this activity. Another 23 tactical operations are set to take place before the end of the financial year.



Direct Vision Standard

As part of Vision Zero, we are setting higher standards for heavy goods vehicles (HGVs) coming into London through our ambitious Direct Vision Standard.

We now have confirmation that the European Union has raised no objection to this work, allowing us to continue implementing the scheme. The Direct Vision Standard will allow for better detection of all vulnerable road users including cyclists, pedestrians and motor cyclists and help continue the trend of reducing the number of people killed or seriously injured on London's transport network.

We are developing the technology to ensure the DVS process is as straightforward as possible so that we do not overburden our vital road haulage industry. We have consulted on these proposals in the past, but wanted to share more detail on how it will work in practice

as the scheme develops. We carried out a further consultation which ended on I8 February and we are currently reviewing the responses to this.

Customer safety on the Tube

The movement of passengers between the platform and our trains is one of the highest risk areas on London Underground. We continue to explore innovative approaches to help passengers board and alight our trains safely.

We are trialling the use of blue lights at Baker Street, Farringdon, Tower Hill, Monument and Victoria. The lights on the underside of the platform shine on to the side of the train, and act as a reminder to customers about the gap between the train and the platform.

We expect the trial to run at these stations for I2 months and we will continue to monitor the impact of the lights throughout the trial period.

Workforce safety

One of our areas of focus over the winter was ensuring our Safe Systems of Work are effective. This includes making sure worksites are tidy, for example, no cables trailing around, and all equipment being in the correct places to avoid slips, trips and falls. We ran a campaign to encourage our project staff and contractors to work to the agreed standard. There have been some improvements in compliance, but there is room to increase managers' involvement in the campaign.

We launched a new safety film on slips, trips and falls and showed this to all our maintenance teams. In our Renewals and Enhancements track team we rolled out a new reporting app, which will make it easier for frontline staff to report near misses. The number of accidents to our staff and contractors has decreased by more than five per cent from last year. We are sharing lessons of what works between teams to ensure good practices are adopted.

Streetworks prosecution - Cadent Gas Ltd

On 25 February, we successfully prosecuted Cadent Gas Ltd for unsafe execution of streetworks at two separate locations on the Transport for London Road Network. The two offences were committed between April and June 2018 when Cadent Gas failed to comply with safety regulations in the course of carrying out the works in Kingsland Road and the North Circular. They failed to properly sign and guard the work area and forced pedestrians dangerously close to traffic narrowly avoiding traffic accident.

The Judge fined Cadent Gas £20,000 for each offence (£40,000 in total) and ordered it to contribute £11,909 towards the prosecution costs.

This is the second prosecution of Cadent Gas in the last I8 months and more than I69 Fixed Penalty Notices have been issued to them within the last year.

Safer Junctions

In April 2017, we identified 73 most dangerous junctions on our road network, defined as those with the highest vulnerable road user collision rates between 2013 and 2015. We have now completed work at 27 of these junctions and all have had some mitigation measures introduced to reduce road danger. We have undertaken an initial review of the completed projects, and have found a 25 per cent decrease in collisions, on average, across all locations. We are taking a further 46 schemes through design, with 14 of these scheduled to start construction by spring 2020.

Driving innovation in roadworks management

Our Lane Rental fund has provided £500,000 to the London RoadLab programme. The concept is to encourage experts and start-up companies to develop new solutions to help roadworks become safer, more inclusive and less disruptive. Nine bids were selected at the pitch day, including intelligent barriers which sound an alarm when breached, monitoring social media data (which will be anonymised) for better disruption alerts, and sensors to detect noise and air pollution at work sites. This is a new use of the Lane Rental fund. Projects will be finished and presented in May.

Intelligent Speed Assistance

We have been fitting Intelligent Speed Assistance (ISA) to our buses to improve compliance with road limits, particularly with many 30mph suburban zones being steadily redesignated as 20mph areas.

ISA enables vehicles to operate up to the speed limit wherever they are by tracking them geographically against a speed map of London. By April, around 700 buses will have this control available – and from this year all new buses will incorporate a wider range of safety equipment, including ISA, as part of the Bus Safety Standard.

The standard will additionally bring: improved nearside and offside mirrors to give a broader field of view and minimise blind spots, better interior anti-slip floors in passenger areas, technology making buses more conspicuous to pedestrians, cyclists and motorcyclists who might not otherwise be aware of them, and dashboard lights to signal when drivers accelerate or brake to help avoid rare incidents of pedal confusion.

Bus safety days

Our bus operators will be holding three safety days to improve safety on busy parts of the network. This will help contribute to our goal of no one being killed on or by a bus by 2030. The first event is scheduled for Walthamstow on 12 June, with Stagecoach acting as host organiser and inviting other companies to observe and travel on bus services to assess how best to operate safely there. There will be an autumn safety day in the Dalston and Shoreditch area and a further safety day in Stratford during the winter.

From the first half of 2019, operators will also be starting the roll out of a one-day road safety training course for their drivers. This will encourage drivers to focus on risks to vulnerable road users such as pedestrians, cyclists and motorcyclists, and provide the safest journeys possible for passengers and road users. The course will contribute to the Driver Certificate of Professional Competence, which they need to keep up-to-date to demonstrate continuing proficiency.

Bus security briefings

We have briefed 90 per cent of our bus drivers on the latest security information so they are better prepared for risks that might materialise on the network. Around 22,500 drivers have been advised on terrorism awareness, dealing with suspicious behaviour and packages, knives and chemical attacks. The last groups will be briefed by spring of this year. Content of the briefings has also been incorporated into bus operator inductions to ensure new drivers receive the current guidance.

London Bridge inquests

The inquests arising from the deaths in the London Bridge and Borough Market terror attack of 3 June 2017 will begin on 7 May 2019 at the Old Bailey before the Chief Coroner. The inquests will last approximately two months.

TfL is an 'interested person' in the inquests for the two people who died on London Bridge – Christine Archibald and Xavier Thomas. One of our senior employees will be giving evidence at the inquests about physical protective security measures on London Bridge.

United Cabbies Group (London) Ltd v Westminster Magistrates' Court

The United Cabbies Group challenged the decision on 26 June 2018 to grant Uber London Limited a London private hire vehicle operator's licence. As well as claiming bias on the part of the Chief Magistrate who heard the case, the claim also alleged that the Court applied an incorrect approach when considering whether an operator is fit and proper to hold a licence. The Licensed Taxi Drivers' Association (LTDA) supported the claim but on additional grounds that the Chief Magistrate made a mistake of law in finding it was irrelevant to the issue of whether Uber London Limited was fit and proper that it incentivises drivers to work in areas outside London where it is not licensed.

A High Court hearing took place on I3 February 2019 and on 26 February 2019 the Court dismissed the claim on both grounds.

Private Hire Congestion Charging Exemption

On I March we received a pre-action letter from the Independent Workers' Union of Great Britain (IWGB) concerning a proposed judicial review claim relating to the decision to remove the exemption from the Congestion Charging scheme for PHV drivers with effect from 8 April 2019.

The proposed grounds of challenge are that the decision failed to properly take into account the equalities implications of the change, indirectly discriminates against PHV drivers and is in breach of Human Rights legislation. A reply to the letter has been sent explaining that the decision to remove the exemption was made following a full public consultation and detailed consideration of the equalities impacts and answering all of the points raised.

Equality Act prosecutions

In October 2017, a disabled person in a wheelchair approached a taxi driver on a rank. Although the driver accepted the fare, he then proceeded to put on the taximeter to cover the period he would spend assisting the passenger into the taxi. The disabled person objected and decided to go with another taxi driver who did not charge extra. We prosecuted the driver for the offence of making an additional charge for the carriage of a disabled person and he was convicted.

The driver appealed to the High Court and the Court has rejected the appeal. Our published guidelines to taxi and private hire drivers on the carriage of disabled persons in a wheelchair is consistent with the decision.

On 27 February 2019, we also successfully prosecuted another taxi driver for imposing an additional charge for the carriage of a disabled person in a wheelchair, despite being notified by the passenger that it was unlawful to do so. The taxi driver pleaded guilty to the offence at Court and was fined £200, ordered to pay compensation of £200 to the disabled passenger and to contribute £250 to the costs of the prosecution.

4 Healthy Streets and healthy people

Eleven new projects to receive £50million investment to create Healthy Streets across London

On 5 March, we announced II new successful bids in our multi-million pound Liveable Neighbourhoods programme.

The funding, which has increased from £33m in November 2017 to £53.4m this year, will be used to transform local neighbourhoods in inner and outer London, with new walking and cycling infrastructure, new pedestrian crossings and rat runs closed to motor traffic. New pocket parks and revamped public spaces will improve air quality and make local streets more attractive places, helping to support local high streets.

The London boroughs of Bromley, Camden, Croydon, Enfield, Hounslow, Lambeth, Newham, Southwark, Tower Hamlets and Redbridge and the City of London Corporation have all been successful in being awarded funding.

On top of the £33m funding awarded last year, this means that I8 boroughs have now received Liveable Neighbourhoods money to reduce car use and turn local areas into safer, greener and healthier places for Londoners to live.

Liveable Neighbourhoods is part of a record £2.3bn of overall investment to create Healthy Streets across the capital, with the aim of increasing the proportion of people walking, cycling and taking

public transport to 80 per cent by 204I, and cut the damaging impact of air pollution in the capital.

Working with these boroughs to make our streets more welcoming for walking and cycling is vital for our health and wellbeing, but also essential for the future vibrancy and success of London's local high streets.

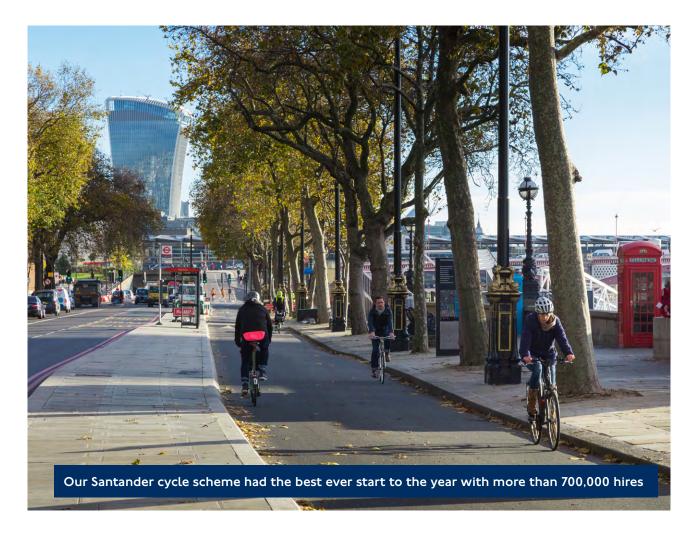
Walking and cycling

Cycleway 3

Work continues on the remaining sections of Cycleway 3 (East-West), which was substantially completed in 2016. We began construction on North Carriage Drive, the last construction package for the scheme, on 4 February following completion of detailed design work. We expect to complete construction in June 2019, and handover to Westminster City Council is planned once final anti-skid works at Buckingham Gate and Lancaster Gate are completed.

Cycleway 4

We are on course to begin construction work on Cycleway 4 this summer, following publication of the Response to Issues Raised report on I2 December 2018. Detailed design has been progressing well, along with the construction programme and traffic management designs. The London Borough of Southwark is planning to consult on the Lower Road gyratory section of the route later this year.



Cycleway 9

On 30 January 2019, we published the Response to Issues Raised report following our public consultation on Cycleway 9. At the same time we launched two further localised consultations on amendments to the design at Kew Bridge and Duke's Avenue. We expect to begin construction work on the route later this year, subject to these consultations and approvals.

Cycleway II

Following a court hearing on 6 September 2018, on 13 September the court made an order preventing us from starting construction works at Swiss Cottage. An application for permission to appeal to the Court of Appeal was filed on II October and was refused on 7 February 2019. We remain committed to improvements towards safer walking and cycling in the area and are considering next steps.

Santander cycles continues to break records

Following a record-breaking 2018 for Santander Cycles, January and February was our best-ever start to the year with more than 700,000 hires per month.

New cycling routes

We are making good progress with the route between Acton and Notting Hill Gate (formerly Cycleway I0). Detailed design was completed in February 2019 and construction started on I8 March on the outer section, between Acton and Wood Lane. Proposals for the inner section between Wood Lane and Notting Hill Gate are due to be consulted on in April.

Work continues on a number of major new routes, identified in the Strategic Cycling Analysis (2017) report. We started stakeholder engagement for four routes on 31 January to get views and suggestions on our initial plans. Public consultation is now planned for late spring on two routes, between Camden and Tottenham Hale and between Hackney and the Isle of Dogs. We also plan to consult the public later in the year on a number of additional routes including Dalston to Lea Bridge and Greenwich to Woolwich.

Mini-Hollands, Quietways, Central London Grid

We continue to make good progress on the Mini-Hollands, Quietways and Central London Grid programmes, with a focus on completing and opening whole or significant sections of these routes.

We will also be re-branding these as Cycleways over the coming months as outlined in our Strategic Cycling Analysis. We have constructed II6km and have a further six kilometres under construction, of the proposed 250km network of Quietway routes through inner and outer London.

Thirty-nine kilometres of the Central London Grid, of the original 85km network, is now complete, including strategically important routes such as Quietway I3 between Broadway Market and Old Street, and Quietway I5 between Earls Court and Belgravia. An additional eight kilometres of network is currently under construction, including a new pedestrian and cycle crossing across Edgware Road, which will remove a key severance point on the future extension of Quietway 2, unlocking a safe cycle

route from Marylebone to Bayswater and Notting Hill. A further 65km of potential Quietway routes have been identified to be delivered over the next few years and we continue to work with the boroughs to define more detailed plans. This includes important routes such as the link between Cycleways 2 and 3 in Tower Hamlets; a link between Dalston and Bethnal Green via Queensbridge Road in Hackney; and a route connecting Kensington High Street to Notting Hill in Kensington and Chelsea. The first of these routes will begin construction this spring.

The Mini-Holland programme involves 98 infrastructure schemes and five behaviour change schemes across three outer London boroughs - Waltham Forest, Enfield and Kingston. Thirty two of the 103 Mini-Holland schemes are now complete, including the AI05 Green Lanes scheme and a five-kilometre protected cycle route linking Enfield Town to Palmers Green. Enfield has also opened two new cycle hubs in Enfield Town and Edmonton Green. Further schemes currently under construction include segregated cycle routes on Wheatfield Way in Kingston, on the A1010 in Enfield, and on Lea Bridge Road in Waltham Forest. Further schemes are going through design and consultation, including a number of cycle links and Enfield's Quieter Neighbourhoods.



Rapid electric vehicle charging

We continue to build a network of rapid charge points across London to support the growing number of Zero Emission Capable (ZEC) taxis and the wider take-up of electric vehicles. The total number of charge points across London is now 162, a major step towards our target of 300 rapid charge points by December 2020.

At present, there are more than I,100 ZEC taxis licensed in London. Of the I62 rapid charge points installed, 64 are dedicated to taxi use. We continue to work closely with the taxi trade to identify the most favourable locations and are therefore focusing on the central Congestion Charging zone for taxi-dedicated sites.

The Mayor's Electric Vehicle
Infrastructure Taskforce has been
investigating the scale of infrastructure
required towards 2025 in London.
The taskforce is currently trying to
understand the barriers to implementing
this work and drafting a delivery plan to
set this out.

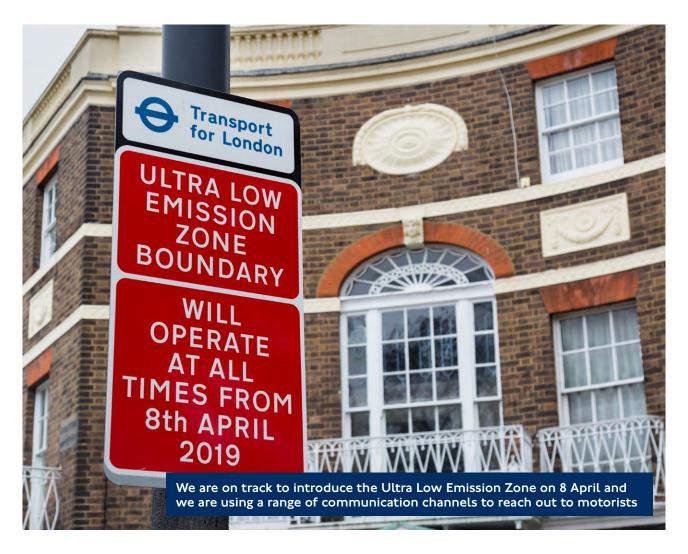
We continue to work with London borough councils to encourage and support the delivery of charge points on local roads. To date, I4 have been delivered as a result of this work. In October 2018, the London Councils Transport and Environment Committee endorsed a directive for each borough to identify 20 possible sites for rapid

charging points by January 2019. We received a good response with more than two thirds of boroughs providing a list by the deadline and are now working closely with borough councils to identify and deliver the sites.

Ultra Low Emission Zone

To help improve air quality, an Ultra Low Emission Zone (ULEZ) will be in place in central London from 8 April 2019. Most vehicles including cars and vans will need to meet new, tighter exhaust emission standards (ULEZ standards) or pay a daily charge to travel within the area of the ULEZ. The ULEZ will operate 24 hours a day, seven days a week within the same area as the current Congestion Charging zone.

We have now completed all key test phases to allow us to operate the ULEZ. In January, we carried out final system performance checks and undertook some further checks to tune the performance to a satisfactory level during February. Recruitment of additional call centre staff has started and staff were trained in February. We also installed more than 300 warning signs at the zone boundary in February. We continue to advertise the scheme via multiple communications channels and customer awareness continues to grow.



ULEZ readiness

Our vehicle fleets are in a well-advanced state of readiness for the launch of the ULEZ. Only ultra-clean hybrid double-deck Euro VI buses will operate in the central London area from 8 April. Production has started on 90 ULEZ-compliant Dial-a-Ride vehicles to operate in the zone. To date, 71 ULEZ-compliant Dial-a-Ride vehicles have been delivered and we are on track for delivery of the entire fleet by the end of March 2019. The vehicles have additional features such as City Braking to help avoid accidents, and improved heating and cooling systems, which we anticipate will make customers feel more comfortable on journeys. As the Dial-a-Ride minibuses are built in Rochdale, we are helping to boost the UK economy and safeguard manufacturing jobs.

Following a public consultation, the Mayor announced that in October 2021 the ULEZ will extend from the central London area to the North and South Circular Roads.

We have now completed a feasibility study to understand the options for delivering the systems and services.

Van scrappage scheme

On I5 February, the Mayor delegated the necessary powers and directed TfL to implement the van scrappage scheme announced in December 2018. The GLA transferred £23m to TfL by means of a revenue grant to cover the costs of the scheme. The Mayor is also calling for Government to match-fund this so the scheme can be expanded.

Under the scrappage scheme, eligible microbusinesses and charities can apply for funds to scrap older, more polluting vans and charity minibuses and switch to cleaner vehicles that either meet or go beyond the ULEZ standards. We are responsible for implementing and managing the ULEZ and will be administering the London scrappage scheme, including determining eligibility and making payments to third parties.

Freight and Servicing action plan

The Deputy Mayor for Transport launched our Freight and Servicing action plan on 7 March. Freight is essential to London. It supports almost all aspects of life in the city. Changes to London's economy, land use, purchasing habits, new technology and the growth of the service sector are contributing to a significant shift in the way that deliveries and servicing trips are made. Therefore, we need a fresh approach to the way that we manage freight.

This plan is the fourth 'daughter document' to the Mayor's Transport Strategy and includes key trends related to freight in London and evidence-based actions to ensure safe, clean and efficient freight, as well as setting out how we can protect land for freight. We have worked closely with our partners in developing this plan and continuing this work will be vital to achieving its ambitions.

Inspiring and supporting businesses to make their deliveries more efficient

Our Travel Demand Management (TDM) team is supporting businesses to streamline their deliveries and servicing. This is part of a programme of work to enable and encourage more efficient freight activity and minimise the impact of road congestion and poor air quality.

We are using major planned works as an opportunity to encourage businesses to make changes that will have a long-lasting legacy. We are doing this by running workshops to increase their confidence in implementing delivery reduction schemes, and through business toolkits, follow-up support and events that enable them to do so. We have seen an average 3I per cent increase in business confidence in streamlining deliveries following the workshops so far.

More than 200 businesses have been engaged to date and more workshops to encourage business to take action are planned in areas with transformational works such as Fitzrovia, Waterloo, Euston and the Liveable Neighbourhood schemes.

The most recent workshop was held on 5 February for businesses in the Old Street area, in conjunction with the Old Street District Partnership, as a critical part of the TDM strategy for the Old Street roundabout works. It also complements a partnership-led, TDM match-funded project in the area aiming to reduce waste vehicles. As with other workshops, TDM will be following up with Old Street attendees to offer further support to put their action plans into practice and create long-term behaviour change.



Bus emissions

We are more than two thirds towards the roll out of I2 Low Emission Bus Zones in London, bringing the total in place to seven. These busy roads are now served only by the cleanest diesel buses which emit a fraction of the most harmful tailpipe emissions and have been contributing to healthier streets and people, as each bus was upgraded during the conversion process. The remaining five zones will be in place by the end of 2019, and buses along these remaining corridors are progressively being retrofitted or replaced to improve emissions – with air quality increasing as each vehicle is improved.

As we want all London to benefit from the cleanest vehicles, we are continuing a parallel activity to update our entire 9,000-strong bus fleet to the same ultraclean standard – and are now two thirds of the way there. We are also growing our zero-emission bus fleet to more than 200 by the second half of 2019. Some of the newest electric buses to enter service will be 68 double-deck buses on routes 43 and 134 – marking an important milestone in the ability of this technology to move people around London. While mainly lighter electric single decks have been introduced to London because of technical barriers (such as vehicle weight and battery range), bus manufacturers are starting to overcome these barriers and, in turn, are enabling us to replace diesel with zero-emission vehicles in a more like-for-like way on shorter mileage routes. As London's bus fleet is made up of two-thirds double-deck buses, this marks an important step forward in our ultimate goal of making the fleet zero-emission no later than 2037.

Demand responsive bus trial

In line with commitments in the Mayor's Transport Strategy, we are trialling a demand responsive bus service to see if it can improve public transport outcomes in outer London, while also improving accessibility and air quality.

ViaVan Technologies B.V. in partnership with Go Ahead London will deliver the trial of up to eight vehicles in an area of Sutton where car dependency is high and public transport accessibility levels are low. The I2-month trial is expected to start in May 2019 and will be a new service to complement the existing public transport network. Consultation on the service area ran from 20 February to 20 March 2019. Due to the quality of the bids received during the procurement process, we are exploring the possibility of a second trial in another part of outer London.

Barking Riverside extension

This project will deliver a new station and line, extending the London Overground Gospel Oak to Barking services, and is due to be completed in 2021.

We have undertaken various enabling works in advance of the main works starting in April 2019, including surveys to ascertain existing asset and ground conditions and installing track monitoring equipment. We have also completed the removal of redundant wagons from the Barking sidings during several weekend possessions.

Rotherhithe to Canary Wharf crossing

This new river crossing for pedestrians and cyclists between Rotherhithe and Canary Wharf aims to relieve existing transport links, encourage more active travel and support growth in the Canada Water and Isle of Dogs Opportunity Areas. We are continuing with design development for our preferred option of a navigable bridge, as well as developing proposals for the way it will operate, and how it will be constructed.

As part of this work we are continuing to engage with a number of stakeholders and submitted a request for a formal scoping opinion to the Department for Transport (DfT) on 8 March. In consultation with statutory environmental bodies, this sets out how we will assess the potential environmental effects of the scheme. All of this work is helping us to prepare for the next public consultation, which is currently scheduled for April 2019. Feedback from the consultation will be used to help inform further development of our proposals in advance of a Transport and Works Act Order application later this year.

Bus priority

We have completed two bus priority schemes on the Transport for London Road Network so far this year at Brixton Hill and Streatham High Road. Large scale works at West Parkside in Greenwich started in early January and are on programme for delivery by the end of March. A further four projects will also be delivered before the end of March.

We are on target to deliver II2 traffic signal technology projects throughout London including 'call cancel' and similar efficiency improvements.

We continue to work with the boroughs to progress delivery of more than 100 bus priority schemes on their road networks this financial year.

Improving our network of traffic signals

We have set up a new signalling strategy in Putney to reduce the level of vehicle emissions and the air pollution they cause on Putney High Street. Following trials in 2018, and discussions with borough officers in Wandsworth, agreement has been given to set up a new automated strategy which detects congestion and then changes the signal timings to hold traffic away from the high street in locations with better conditions for emissions dispersal.

Upgrading our traffic signalling technology

We are making significant investments through our Surface Intelligent Transport Systems (SITS) programme in innovative, new road transport management systems to make journeys on foot, by bike and by bus, as well as essential emergency services and freight trips, as efficient as possible by modernising our road network control and incident response technology. This includes the Real Time Optimisation (RTO) which gives us a complete real time operational picture of the road network. Work is progressing at speed on this project and, in collaboration with our partner Siemens, we completed the detailed design phase on 24 January.

In February we closed our invitation to tender for external parties to bid to work alongside us in developing our Common Operational View and Incident Management System.

Pedestrian priority at traffic signals

In line with the commitment in the Walking action plan, we have installed a new pedestrian priority technique at seven signalised pedestrian crossings in London, including the crossing leading from Westfield Stratford to the Queen Elizabeth Olympic Park. This is a radical approach to setting up traffic signals in busy urban areas because the priority green signal is given to pedestrians, rather than vehicles. We will evaluate this approach to see how much it can improve conditions for pedestrians, and to understand issues of compliance at these crossings.

Efficient network prioritisation of roadworks

We are revising how we assess roadworks on our network and use our influence and statutory powers across London to mitigate their impact and promote sustainable forms of travel.

Using the latest technology and data sources, we have been working to create a critical network map which highlights those locations that are of greatest importance to keeping London's buses moving. This will allow us to focus our limited resources on the most critical locations when we assess and mitigate works on the Transport for London Road Network and the Strategic Road Network to ensure that buses can travel through roadworks as quickly as possible. This project is still in its early stages, but we believe we have the potential to make a dramatic difference in how we adjust behaviours around roadworks to promote Healthy Streets and encourage people to choose to travel by public transport.

Using traffic signals to reduce vehiclerelated air pollution

Southern Gas Networks has started work on the A2I Lewisham High Street using its cast-iron sealing robot. Rather than replacing the mains through traditionally disruptive open-cut methods, the sealing robots renew cast iron pipes by internally injecting all of the joints in a given area with an anaerobic sealant. This operates in live gas mains with

no disruption of services. Only one excavation is performed from the rear of a single box truck making the work less visible and decreasing the amount of traffic disruption, noise, pollution and excavation required.

We awarded Southern Gas Networks with Lane Rental funding for the development of the system and trials began on the Transport for London Road Network in 2014. Since then we have continued to work with Southern Gas Networks to enable it to renew more than 45km of gas mains in London. With another I3km planned each year to 2021, this innovative technology will dramatically reduce inconvenience to the public by minimising the footprint and duration of roadworks.

Events and protests on our network

Over the last two months we have seen several large-scale sporting events take place across our network including the London Winter Run, which has just completed its fourth year, and the second year of the Vitality Big Half marathon on 24 March. Both events saw large numbers of participants and spectators take the opportunity to attend the races around some of London's most iconic venues. We also saw several hundred thousand people attend St Patrick's Day celebrations on 17 March, as well as Chinese New Year celebrations on 9 and 10 February.

From the end of January and during February additional demand was placed on our network and staff by elements of the taxi and private hire vehicle (PHV) trades, as a series of protests took place. Our operational teams on the ground and within our 24/7 control centre worked in conjunction with the MPS, City of London Police and boroughs to minimise the impact of the protests.

Other protests have also taken place as we approach the leaving date from the European Union on 29 March, putting additional demands upon our staff and networks which we would not normally encounter during this period.

Heathrow Airport – judicial review

The Mayor has joined with the London Boroughs of Hammersmith & Fulham, Hillingdon, Richmond, Wandsworth, the Royal Borough of Windsor & Maidenhead and Greenpeace in bringing a legal challenge by way of judicial review against the designation by the Secretary of State for Transport of the Airports National Policy Statement (ANPS). The ANPS provides the policy framework for a third runway at Heathrow. The challenge is based on the failure of the ANPS to adequately address a number of fundamental environmental and social problems that will arise from the development. TfL is an interested party in the proceedings. Several other judicial review challenges have also been brought against the decision and were heard concurrently from II-22 March.

Healthier choices

On 25 February, new restrictions came into force for advertisements carried on our estate that display products high in fat, salt, or sugar. These restrictions are part of a package of measures announced by the Mayor to combat London's extremely high levels of child obesity.

Research shows that advertising impacts children's food choices. Our advertising sites make up 40 per cent of London's out-of-home advertising in terms of the revenue they provide, so a ban will have a real impact on the amount of junk food advertising children see.

These restrictions will prohibit the advertisement of foods and non-alcoholic drinks that are considered to be HFSS, as well as encouraging brands to advertise healthier products.

We have published guidelines on an exemption process which will enable brands to advertise a particular product if they can demonstrate, with evidence, that the product does not contribute to child obesity.

Since the measures were announced, our advertising team has been working with the brands, agencies and advertising industry groups to ensure that they are ready for the changes to our policy and that our revenue is protected, as far as is possible.

5 A good public transport experience

Rail Delivery Group (RDG) publishes proposals for 'Easier Fares for All'

The rail industry has published radical proposals to reform the UK's National Rail fares and ticketing system.

The proposals represent part of the industry's contribution to the Government's 'Williams Review' of the rail network, with a call for preparatory work to begin now in partnership with the Government to support a rolling programme of railway fares reform across Britain over the next three to five years.

Involving regulatory changes, the proposals would bring transparent/ simple fares, pay as you go with a best price guarantee, and integration with other modes. The required technology already exists and is in operation across London. With strong political and technical support, the benefits could be realised quickly.

These proposals will still require a decision by the DfT and concerted action across the rail industry to implement the required changes. The DfT has recently launched its own public consultation on pay as you go extension and associated fares reform.

Elizabeth line

Mark Wild and his team are focused on developing a detailed plan for an opening date and establishing a regime of project and cost control supported by a new visual management process. The result will be better reporting, a clearer understanding of issues, quicker resolution and greater accountability at all levels.

Dynamic testing, which began in January 2019, is continuing and involves trains running at service speed through both tunnels. During this process, a number of tests are carried out on the on-board train software and signalling systems. While the total number of tests completed is behind target, the number of tests passed and the number of test hours completed are both ahead of target.

Further work has been undertaken to gain clarity on completion dates on stations, shafts and portals which are critical to the standing up of the infrastructure managers and, readiness for trial operations and passenger services.

We also continue to make progress with the testing for Stage 2, Phase 2 where 4 trains per hour will be running between Heathrow and Paddington.

Step-free access at four stations

Customers can now benefit from easier journeys as lifts serving all TfL Rail platforms opened at Maryland, Manor Park, Seven Kings and Forest Gate stations. The work, to make the stations step free, is part of a wider programme of accessibility improvements across our rail network.

At Manor Park, the main station entrance has re-opened, providing direct access to Station Road. Other station improvements include a refurbished ticket hall with a new accessible ticket window, new ticket machines, automatic ticket gates and improved customer information screens displaying live travel information.

Similar improvements are in place at Maryland, where the ticket hall has also been refurbished. Minor work such as decorating and small repairs will continue at both Manor Park and Maryland stations, including work to improve platform furniture and canopies. At Seven Kings there are new live customer information boards, a refurbished waiting room and a new retail unit that will start trading in the coming months.

New lifts and a ticket hall have recently opened at Forest Gate station. New lifts at Gidea Park are also due to come into service in the coming months, along with a new accessible toilet.

Passengers who need assistance boarding a train already benefit from the same turn up and go service currently provided on the Tube and London Overground, with all stations staffed from first to last train. Once fully complete, all 4I stations on the Elizabeth line will have lifts providing step-free access from street to platform.

Level boarding could not be provided for the Elizabeth line trains at these stations due to the different types of trains, including freight trains, that already run along the western and eastern section stations. To alleviate this, we have station staff on hand whenever trains are running to deploy boarding ramps between the platform and train.

New London Overground trains introduced on the network

Since Monday 18 March, services on the London Overground Gospel Oak to Barking line are operating at 30-minute intervals using three, four-car electric trains. This temporary reduced timetable is because the new Class 710 electric trains are not yet ready for passenger service and the last diesel trains being used on the line have been released for use elsewhere in the country.

We are working with Arriva Rail London on driver training and initial familiarisation began at the end of February. This means that customers will begin to see the new trains on the line during service hours. More than 200 drivers need to be trained, which is expected to take around two months, subject to the training progressing as planned and no further software issues arising.

We share our customers' frustration and continue to push Bombardier Transportation to do everything they can to allow us to bring the new electric trains into service as soon as possible. The Mayor spoke directly with Bombardier and asked them to fund a month's free travel to customers on the line when the new trains are fully introduced. Details of the announced free travel will be published on our website in due course.

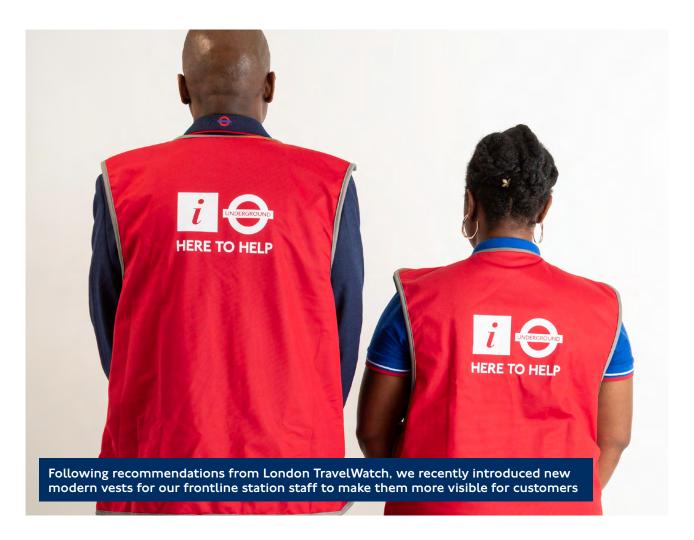
Upgraded Woolwich Ferry service opens

We have replaced the three old Woolwich ferries with two new, modern, lowemission vessels that are more reliable and environmentally friendly – one is named Ben Woollacott and the other Dame Vera Lynn. The Woolwich Ferry service was re-opened to the public on a limited service following the upgrade, which includes improvements to the mooring system.

Unfortunately, we did experience some teething problems when we opened the service due to exceptionally low and high tides. However, the service has been operating as normal over the past few weeks and we are continuing to monitor it closely to ensure the service is up to standard.

In addition to providing I4 per cent more space than their predecessors, the new ferries offer additional capacity and are able to carry 150 passengers, with a total of 210 metres of space for vehicles across four lanes, as well as having improved accessibility with separate areas for pedestrians and cyclists. The boats are powered by hybrid-propulsion engines, improving fuel efficiency and reducing noise. They are fitted with equipment to reduce emissions of diesel particulates by 90 per cent and nitrogen oxides (NOx) by 70 per cent, so the vessels are compatible with the emission standards for the ULEZ. These new vessels are also helping us work towards the Mayor's ambition to grow river transport and improve air quality.





London Underground

On 10 February, we launched a new, modern vest for London Underground station staff as part of a programme of improvements to customer service on the Tube network. Frontline station colleagues are wearing the new vests to boost visibility and help customers identify who to speak to for assistance.

The vests are reversible, pairing the standard orange high-visibility on one side with red on the other, featuring a 'Here to Help' message on the back. The red side is visible for customer service duties in ticket halls and around gatelines, while the orange side will be visible when dispatching trains, assisting on platforms and in emergencies.

The vests have been implemented following recommendations from London TravelWatch on how we could improve customer service. Other recommendations implemented are already making a positive difference to the customer experience

across the network. These include more and better signs directing customers to lifts and visitor centres, improved processes supporting disabled customers, faster access to Oyster credit refunds and other upgrades to ticket machines.

New deal agreed for Tube track renewals

On I4 February, we announced that a contract for London Underground track renewals will be awarded to Balfour Beatty. The contract, worth around £220m, encompasses all aspects of track renewal – including track, points and crossings, and trackside drainage – and will help to ensure value for money and a strong focus on safety.

The four-year contract will start in April 2019, with an option included to extend the contract for up to a further six years. London Underground track assets include track drainage, depots and long timber bridges as well as elements like rails, points and sleepers.

The contract replaces a previous eightyear agreement with Balfour Beatty which contributed to modernising around 75 per cent of the Tube network. Our comprehensive and strict procurement process evaluated key criteria focused on safety, behaviours, delivery expertise and value for money.

Northern Line Extension

The Northern Line Extension will provide twin tunnels from Kennington to a new terminus at Battersea Power Station, via a new station at Nine Elms.

This new infrastructure is a catalyst for the regeneration of the Vauxhall Nine Elms Battersea Opportunity Area. The end of December 2020 target opening date is currently under review. The review has been driven by the need to adapt the construction programme as the designs for Battersea Power Station's over-site development and the Tube station beneath it have evolved.

At Nine Elms station, concrete work is going ahead on both the northbound and southbound track. We have now poured the mezzanine concrete floor slab for the eastern superstructure, and the mould is in position for the concrete ceiling of the ticket hall. The casting of the lining wall and column encasement is on schedule. Work on the blockwork to make the internal walls and rooms continues. Installation of the cable management system has begun in the basement service corridors.

At Battersea, we are working on the internal walls to form the rooms in the new station. Installation of the architectural ceiling in the station ticket hall continues with 88 out of 92 sections in place. The last four sections will go in when the tower cranes are decommissioned and removed from site in mid-March.

At Kennington Park, removal of the upper level of props has begun and the level one basement concrete slab is complete. At Kennington Green, work continues to join the shaft to the basement to provide ventilation and emergency access and evacuation.

Rail installation in the northbound and southbound tunnels is complete and is going ahead in Nine Elms station.

All the 22kV cabling has been successfully installed through Oval southbound platform. This represents a major milestone as we take the first steps on the path towards energising the high voltage and direct current power systems. We have completed the testing of the tunnel telephones, which makes it possible to discharge the traction current in the event of an emergency, from plungers on the platforms or remotely from a control centre, as with other London Underground lines.

Modernising the Circle, District, Hammersmith & City and Metropolitan lines

We are installing a new digital signalling system on the Circle, District, Hammersmith & City and Metropolitan lines, enabling trains to run closer together and increasing frequency and capacity. Overall, the modernisation will make journeys quicker on 40 per cent of the Tube network.

We are focusing on installing new lineside and in-cab signalling systems. We are also working on depot and sidings upgrades and building signalling equipment rooms around the network. We have currently completed 3I out of 46 signalling equipment rooms.

We expect the first sections of new signalling to go live soon, and we continue to test and improve the software. We have also now tested trains running in automatic mode between Hammersmith and Monument/Stepney Green.

Lineside signalling installation progresses to schedule and we have completed I50 out of I92 in-cab installations and I8 (out of 33) engineering vehicles.

Bank

On I5 March, the modernisation of Bank station reached a significant new milestone, with the first breakthrough between a new entrance on Cannon Street and the newly constructed Northern line tunnel. The breakthrough will make further construction work easier, helping to ensure the hugely important upgrade is delivered by 2022.

The project to upgrade Bank station, which is being delivered alongside contractor Dragados, will increase capacity by 40 per cent by 2022, making journeys quicker and easier for the I20 million customers who use the station every year.

Engineering and construction teams have been working 24 hours a day underground, since 2016 to excavate over 1.000m of tunnels and build a new station entrance. All the tunnels have been excavated using two diggers as the confined tunnel space prevented the use of a tunnel boring machine. In some instances, tunnelling has been undertaken by hand, using traditional mining techniques used on the Tube for over 100 years. The tunnelling has produced nearly 200,000 tonnes of material, equivalent to nearly 16,000 Routemaster buses and capable of filling 52 Olympic-sized swimming pools. This material has been repurposed and transported to Dartford, where it is being used as part of a housing development. At the site of the new entrance, the project has excavated an area 30m deep in order to connect to the tunnels below

We have also installed new wayfinding signage on the Waterloo & City line platforms at the recently opened entrance on to Walbrook, below Bloomberg's new European HQ.



Paddington

At Paddington, we are creating a stepfree link from the Bakerloo line to the new Paddington Elizabeth line station. We have installed, tested and commissioned two new escalators and a new lift. We expect to complete the fitting of hard wearing non-flammable wall panels by the end of March.

The link is ready for trial operation leading to full operational service when the Elizabeth line Paddington station opens.

Holborn

Holborn station is a key interchange on the Central and Piccadilly lines and sees significant congestion in peak periods. Our forecasts of future demand show that more controls will be needed in the future to safely manage this congestion, particularly with the improvements in train service as we modernise the Deep Tube lines. Our proposed upgrade will see Holborn station more than double in size, increasing capacity by around I40 per cent, as well as creating a second station entrance and exit on Procter Street. Step-free access will also be provided as part of the plans, with the installation of three new lifts in the existing Kingsway entrance. Seven hundred metres of tunnel will create new interchange routes between the Central and Piccadilly lines, helping to reduce crowding during peak periods.

It is critical that we deliver this upgrade in an efficient and cost-effective way, and we will shortly be starting a competitive dialogue procedure to drive innovation and savings on the current proposed design and delivery for the project. We have successfully used this model of innovative contractor engagement on other projects in the past, such as the Bank station capacity upgrade.

Finsbury Park

On 28 January, we opened two new lifts at Finsbury Park into service, providing step-free access to the Piccadilly and Victoria lines as well as to platforms in the National Rail station. This makes it easier for customers with mobility needs, buggies or heavy luggage to use Tube and National Rail services.

The new lifts are the first milestone in a major upgrade, which will also create a new, larger entrance on the western part of the station. The new entrance will also provide an alternative step-free route. New ticket gates and a larger staircase have already been installed, making journeys quicker and more comfortable for customers using the station.

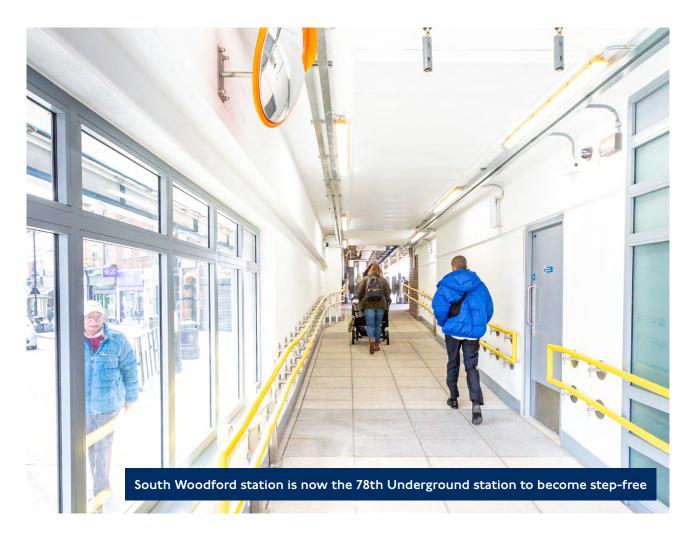
The work has seen two new lift shafts dug, with 7,500 tonnes of spoil, roughly equivalent to 600 double-deck buses, removed and disposed of in an environmentally friendly way. Finsbury Park is the fourth busiest station outside Zone I, with more than 3I million customers. It provides a crucial link between north London and stations such as King's Cross St. Pancras and Victoria, as well as a connection to National Rail services.

The improvements at Finsbury Park are the result of our collaborative work with City North Finsbury Park, the developer of an adjacent mixed residential and commercial site. This site will create shops, office space and more than 300 new homes, as well as providing the new western entrance to Goodwin Street and Wells Terrace. The new entrance will make access quicker from the bus station at Finsbury Park to the platforms and to the new commercial development.

Victoria

At Victoria, the new escalators that were installed as part of the station upgrade are in service. We are refurbishing three of the remaining six older escalators to make them safer and more reliable. The three escalators that are being worked on lead from the ticket hall directly to the Victoria line platforms. Work began on the first escalator on 18 February, and refurbishment of the second and third will begin on 20 August and 20 January 2020. Each escalator will take 22 weeks to complete.

While this work takes place, customers are directed to use the new escalators and intermediate level passageways to get to and from the Victoria line, with the remaining two escalators being used for exit only at peak times.



South Woodford

On I8 March, South Woodford station became fully step-free, improving access to the transport network for thousands of people. The station serves the Central line, one of London's busiest Tube lines, and sees almost 5.3 million customer journeys each year.

South Woodford was previously only step-free for customers using the eastbound entrance for services to Epping. With the installation of a new ramp at the westbound entrance, the station has become step-free for customers travelling into central London as well. South Woodford is the 78th Underground station to become step-free and the third of five stations on the eastern section of the Central line to be made step-free in the coming years.

South Woodford station will be further improved in the coming months with the installation of better platform lighting.

Love poems on the Underground

In February, Poems on the Underground launched a new series of love poems on the Underground, featuring works by Emily Dickinson, Robert Browning, Boris Pasternak, Robert Burns, Michael Donaghy and Jane Draycott. In addition, a leaflet featuring a selection of love poetry from the 30 years of the Poems on the Underground programme was made available at Zone I stations.

6 New homes and jobs

Crossrail 2

The Crossrail 2 team is already learning lessons from the experience of Crossrail I. In particular, an improved assurance framework has been developed. As well as internal assurance of our work by TfL and Network Rail experts, a number of Expert Review groups will be established to scrutinise the team's work on issues including cost, risk, schedule, casemaking analysis, scheme design and engineering. Separately an Independent Assurance Panel will also be set up to provide independent assurance and expert advice to the Crossrail 2 Sponsors.

The Independent Assurance Panel will review the planned and in-progress development of the project, the quality and rigour of outputs from the project organisation, and the proposals for delivery of the scheme. The Chair of the Independent Assurance Panel will work closely with the Expert Review groups, seeking their advice and challenge on specific technical issues. The proposals have the support of the Department for Transport and the framework is in line with the Government's 'three lines' of assurance.

Borough leaders and Chief Executives along the route are being updated on the pressing need to update the 2015 safeguarding directions.

The Crossrail 2 Programme Board held in February focused on how Crossrail 2 supports the delivery of 200,000 new homes and how colleagues in the Ministry of Housing, Communities and Local Government, Homes England and the GLA work together agreeing delivery mechanisms.

The National Infrastructure Commission published their second Annual Monitoring Report at the end of February. This provides an update on the progress of Crossrail 2 following the publication of their 2016 Report, 'Transport for a World City'. Building upon the 2018 Annual Monitoring Report, the report details our achievements and challenges encountered over the past year.

Finally, a programme of work to assess the impact of Crossrail I on the delivery of Crossrail 2 is well underway, considering timescales and funding mechanisms, alongside continuing to implement lessons learned.



Affordable homes

Landmark Court planning application submitted

Over the past year, we have been developing plans with our partner U+I on proposals to transform our site on Southwark Street to provide new homes and office space, while taking inspiration from the rich heritage of the area. Following months of engagement with the community and borough, we have now submitted a planning application to the London Borough of Southwark for the development of 35 new homes and 1,800 square metres of commercial space. The office and workspaces will be designed to attract and encourage independent businesses and entrepreneurs.

Our development will open up this site again to the public, creating new walking routes, restoring some of the medieval lanes, providing a new marketplace, cycle parking and a new entrance to the Crossbones Graveyard. We have also been working with the Friends of Crossbones and Bankside Open Spaces Trust to preserve and improve the space which plays an important part in local heritage.

Beechwood Avenue

On 4 March, our first site from the Mayor's Small Sites, Small Builders programme was given the go-ahead by Barnet Council's planning committee. Beechwood Avenue, in Finchley, will deliver 97 homes, 50 per cent affordable and construction is due to start later this year. This is another great example of how we work with small and medium sized builders like Kuropatwa Limited to build the homes that London desperately needs, while also generating revenue to reinvest into the transport network.

Colindale planning application submitted

We have submitted a planning application for around 300 new homes next to Colindale station, as well as considerable improvements to the station. These include:

- A new, enlarged ticket hall
- Step-free access from street to platform
- Nine new ticket gates to reduce crowding
- Wider paving in front of the station
- New commercial space within the ticket hall
- A car-free development with 50 per cent affordable housing

Our plans provide significant improvements to the station and the area around it, joining up the public realm improvements already planned in the area. We will retain Blue Badge parking on site.

Subject to planning, we expect to start work in 2021 and deliver step-free access by 2022.

New homes for Barnet

We have selected Taylor Wimpey to help us bring forward approximately 1,000 new homes across two sites in Finchley Central and High Barnet, of which 40 per cent will be affordable.

Covering more than I4 acres these two sites will create hundreds of new affordable homes, and will provide new commercial units, improve the public realm, and provide better connections for pedestrians.

New homes for Wembley Park

We have started the search for a partner to provide approximately 400 new homes near Wembley Park station, 50 per cent affordable, as well as reinstalling the operational facilities currently on-site.

The site is located within the Wembley Growth Area which seeks to provide at least II,500 new homes by 2026.

We expect to choose our partner for the site later this year and to begin consultation with the local community in early 2020.

Build to Rent progress

We have now received the bids to select our partner to help us deliver our plans for Build to Rent on our land. Together, we will deliver an initial wave of 3,000 homes, with a minimum of 40 per cent affordable on all new planning consents. Over the coming months, we will work with our selected partner, the local community and the boroughs to develop plans for the sites before submitting planning applications later this year.

There are approximately two million private renters in London and this number is growing. Making this significant move into the Build to Rent sector has huge benefits for us and London as a whole.

Sutton Link consultation

A public consultation on options for the Sutton Link project ran from October 2018 to January 2019. The Sutton Link would create a high-capacity route for people travelling between Sutton town centre and Merton using zero-emission vehicles, along a corridor with potential for growth. This consultation sought the views of the public and stakeholders on three route options and whether the project should be developed as a tram extension or a new bus rapid transit route.

In principle, there was strong support with around 86 per cent of respondents stating they support or strongly support the scheme. We are currently preparing a report summarising the responses we received, which will be published soon. These results will be used to inform the next steps for this project. We expect to publish a Response to Issues Raised report later this year, setting out the next steps for the Sutton Link project.

7 Our people

Bus driver toilets

We continue to work closely with communities as we look for suitable sites to locate bus driver toilets for 42 prioritised routes on the network. We are halfway to providing permanent and temporary toilets after advising residents of our plans and discussing sites in more detail with boroughs.

Toilets in the right locations are an important part of running a safe and efficient bus network so drivers can use them at the end of a route, rather than stopping in service and disrupting passenger journeys, or being potentially distracted behind the wheel. We realise that the siting must be right to minimise the impact on the communities we serve. We have been providing advance leaflets of our plans and liaising with residents where concerns have been raised.

International Women's Day

To celebrate International Women's Day, our Women's Staff Network Group hosted a week of 32 events with more than 1,000 people attending.

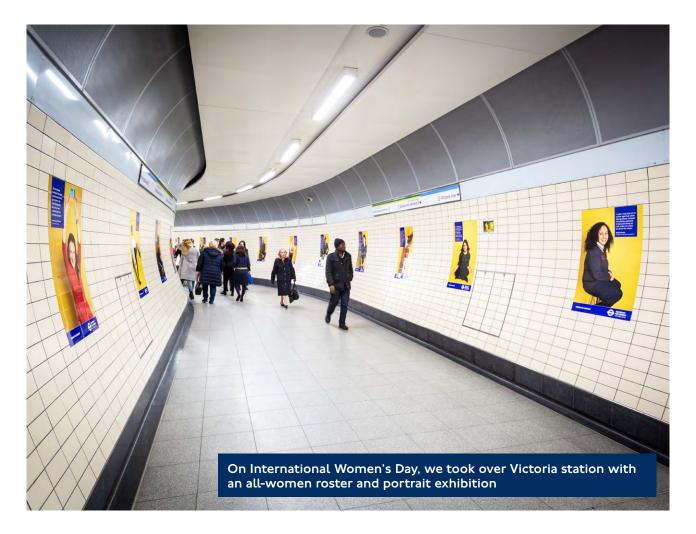
To mark International Women's Day on 8 March, female colleagues took over Victoria Station with an all-women roster and portrait exhibition, to highlight to our customers the inspirational women who work at TfL.

The programme of events this year not only celebrated women, but also the importance and the power of an inclusive workplace with a diverse and collaborative workforce.

Innovate TfL in association with Cleshar schools challenge

On 4 March, four finalist teams attended our Endeavour Square offices to present their innovations to improve our organisation. Huge congratulations to this year's winning team 'Mind the Girls' from Northwood College for Girls whose fantastic innovation suggests the introduction of a fob device designed to be used by wheelchairs users. The device would be activated while they wait for a bus, which would in return send an alert to the bus driver, giving them advance notice to activate a message in the bus for passengers and buggy users to create space for the wheelchair.

The winning team was awarded tablet computers which were presented by Jennette Arnold, Assembly Member Hackney, Islington and Waltham Forest, and Damian Tiernan, Executive Director Cleshar. Well done to runners-up from The Henrietta Barnett School who were highly commended and to the other two finalist teams from London Academy and Yavneh College. All finalists will be undertaking work experience at TfL before the summer holidays.



Innovate is one of our skills and employment activities promoting Science, Technology, Engineering and Maths and Transport careers with students designing an innovation addressing at least one of the three objectives of the Mayor's Transport Strategy. Innovate is open to all schools, targeting girls schools and schools with high deprivation indicators. Sixty-one schools, colleges and youth groups registered to take part this year, including I2 girls schools - our highest numbers to date.

Annual London Transport Awards

On 7 March, our Bakerloo line Edgware Road station team were among the winners at the I6th annual London Transport Awards, which celebrates the achievements of those who work hard to make a real difference to transport across London.

The Edgware Road team was recognised for its world-class treatment of customers at the station, from regular commuters to visitors from outside the city. This followed a comprehensive survey of passengers and commendations received, with the focus on customer care.

The awards are by judged by a panel including Professor David Begg; Janet Cooke, Chief Executive, London TravelWatch; and Katharina Winbeck, Head of Transport, Environment and Infrastructure. London Councils.

CIBSE Building Performance Awards

At the Chartered Institution of Building Services Engineers (CIBSE) Building Performance Awards 2019, our Facilities Operations team won the Facilities Management Team Award.

The CIBSE awards recognise the people, products and projects that demonstrate engineering excellence in the built environment. They focus on actual, measured performance outcomes, not just design intent or performance specifications. Our team demonstrated that it had both significantly reduced carbon emissions and made six-figure savings on energy use.

Golden Whistle Awards

On 25 January at the Golden Whistle Awards, the Bakerloo line received the gold award and the Northern line took the silver award for Underground line performance.

The Institution of Railway Operators Golden Whistle Awards recognise those who have gone above or beyond expectations to deliver excellence in railway operations. They are awarded on the basis of operating improvement statistics, celebrating the best of railway operating and the greatest strides in punctuality and best practice. London Underground lines are judged on performance, based on the highest improvement in lost customer hours.

Construction skills

We have seen the first students embark on training as part of our construction skills programme. Working with London Transport Museum as part of our Route into Work programme to support underrepresented Londoners access our apprenticeships, we are setting up three temporary on-site practical learning hubs. We also recently became a Mayor's Construction Academy hub, to help better coordinate demand and supply of construction training and to work closely with a number of partners including London boroughs, the London Legacy Development Corporation, construction employers, training providers and targeted charities that support hard to reach groups.



8 Securing value and generating income

Securing value

Our change programme has already delivered substantial, recurring savings. To date, in 2018/19, operating costs are £31Im below budget - £277m of this is from net cost reductions across the business. We are continuing with this programme, which includes further reducing back and middle office costs over the next three years by 30 per cent and building our capability to raise revenue.

Consultation has now closed on our new HR function and in January, we launched consultation with staff and trade unions in respect of the Finance and Commercial Senior Management Teams. We are currently considering options for a number of further business areas ahead of potential consultation at the end of this month.

Change is not solely about cost savings but also modernising our ways of working. Smart working will make us a more attractive employer and create improved work-life balance for our people. It is also vital in supporting the consolidation of our office accommodation allowing a 30 per cent reduction in demand for desks by December 2019. Pilots in three areas have seen a reduction in desk use of 30 per cent. A wider implementation plan begins in April 2019.

We are adapting our approach to managing change to learn from the past and mitigate future risks. This includes acting on feedback from staff, including results from the latest Viewpoint staff survey. We are focusing on three priorities: how we improve the effectiveness of communication and engagement with staff; how we measure and manage the effect of change on diversity, inclusion, talent, health and wellbeing and management capability; and how we make better use of data to deliver and understand financial benefits.

Fitch places UK Government and government-related entities on negative watch

Our borrowing for 2018/19 has been completed and we are now looking at the most appropriate options for our 2019/20 borrowing requirement.

On 20 February, Fitch placed the UK government on Rating Watch Negative owing to the ongoing uncertainty over Brexit and the likely impact on the UK economy. On 25 February, Fitch placed TfL (and certain other bodies with links to UK government) on Rating Watch Negative as a result. Fitch will look to resolve the Rating Watch on the UK within the first half of this year.

Women We See competition

We launched a competition in July 2018 to encourage advertisers to create more positive and inclusive campaigns after research revealed that Londoners did not feel represented by most of the adverts they saw around London. Sponsored by our media partners, ExterionMedia and JCDecaux, the competition called on



brands to create advertisements that reflect London's diversity, feature women from all backgrounds, and move away from harmful gender stereotypes.

The competition received more than 80 entries from a diverse range of big brands and agencies. In January, we announced Holland & Barrett as the winner for its 'Me. No.Pause' campaign, which was aimed at challenging misconceptions around the menopause and featured women aged 40-55. Holland & Barrett won £500,000 worth of advertising value on the TfL estate for this campaign, and it will be displayed across the TfL rail and bus network including on the iconic Canary Wharf advertising screens.

The runner-up for the competition was Mothercare which submitted a campaign on new mums and post-birth bodies. It received £50,000 in match funding for its campaign.

We partnered with Universal to launch its new programme, 'Proven Innocent', a legal drama centred on Madeline Scott, played by Rachelle Lefevre, and her opposite number, District Attorney Gore Bellows, played by Kelsey Grammer.

This partnership saw a whole range of experiential activity, roaming actors, filming, social media coordination and themed public address announcements.

As well as being fun for customers, this campaign is a good example of how brands can use our stations in an engaging way. It is yet another illustration of how we can work with brands to create flexible and dynamic opportunities and generate revenue to reinvest in the transport network.

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Agenda Item 6

Board

Date: 27 March 2019

Item: Crossrail Update



This paper will be considered in public

1 Summary

- 1.1 This paper provides an update on the status of the Crossrail Project and actions being taken by Crossrail Sponsors and Crossrail Limited (CRL) in response to two reviews by KPMG.
- 1.2 As CRL may be in a position in April 2019 to make announcements on its opening schedule and budget, decisions may need to be made by TfL that are reserved to the Board. To enable decisions to be taken quickly, the Board is asked to delegate to the Programmes and Investment Committee authority to approve all matters reserved to the Board in relation to the Crossrail Project. Information will be made publically available as soon as possible.
- 1.3 Discussions are underway on further appointments to the Board of CRL. If these are sufficiently advanced, proposals will be made to the Board through a supplementary addendum to this paper, which will be exempt from publication by virtue of paragraph 2 of Schedule 12A of the Local Government Act 1972 in that it will contain information that reveals an individual's identity, prior to a decision being taken on their appointment. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendation

2.1 The Board is asked to note the paper and

- (a) delegate to the Programmes and Investment Committee authority to approve those matters reserved to the Board in relation to the Crossrail Project including, without limitation, any Financial Authority (whether budgeted or unbudgeted), Programme and Project Authority and any Procurement Authority and any appointments to the Board of Crossrail Limited, including a TfL nominee; and
- (b) subject to discussions being appropriately advanced, to approve the appointment of additional non-executive directors to the Board of Crossrail Limited, including a TfL nominee.

3 Crossrail update

3.1 Work on the high-level plan to complete the Elizabeth line and bring the railway into passenger service is ongoing and this work is expected to be completed by CRL in April 2019. Once complete, this plan will chart the course for Elizabeth line services to commence through central London as early as possible, followed by a phased introduction of services across the entire route thereafter.

- 3.2 Health and safety performance remains good and within annual targets; however there has been an increase in the number of safety incidents across the project in terms of reported near misses and accidents. Each of these incidents is investigated and there is no single reason for this increase. However, following the start of main dynamic testing in January 2019, the Crossrail Project is now working in both a construction and operational/energised environment and this has changed the risk profile. This changed safety environment is being carefully considered at all levels and there is a continued and dedicated focus on prevention of incidents. The Chair of CRL has taken lead board responsibility for health and safety.
- 3.3 A new leadership team has been put in place including a new Programme Director and Technical Director. Their focus together with the Chief Operating Officer and Chief Financial Officer is on developing a detailed programme to identify an opening window for the central section and establishing a regime of project and cost control.
- 3.4 A new visual management process has been put in place across individual projects including stations, systems and dynamic testing with a total of 14 visual management centres across the project. When fully implemented, each project leadership team will meet daily to flag their top issues and these will come to director level on a weekly basis. This significantly changes the dynamic of the project from a periodic rhythm to a daily/weekly one. The result should be better reporting, clearer understanding of issues, quicker resolution and greater accountability at all levels.
- 3.5 A Systems Integration team has now been established. The team's immediate remit is to develop a software and systems migration plan as part of the work to define the opening window. Other key deliverables include leading on the systems integration of the signalling and train systems, understanding and communicating technical risks and providing support to ensure the programme's assurance plans are fully aligned.
- 3.6 The main dynamic testing commenced in January 2019 and includes trains running at service speed through both tunnels. During this process a number of tests are carried out on the onboard train software and signalling systems. While the total number of tests undertaken is behind target, the proportion of tests passed is ahead of target at this early stage. At a check point on 13 February 2019, progress was reviewed to identify constraints. The key constraints in the short term are the level and availability of Siemens resources and the timing of further releases of Bombardier and Siemens software. These constraints continue to be addressed at high level with the contractors concerned by both CRL and the Sponsors.
- 3.7 Maintenance staff have started to be deployed alongside, and in support of, the Crossrail Tier 1 contractors in the test and commissioning phase. Currently they are engaged in familiarisation work at Mile End and Eleanor Street shafts, they are also working with the track, points and overhead line electrification teams on the main railway system. In the next few weeks, activities will progress into tangible maintenance application as the team gains competence in readiness for future handover into Operations.
- 3.8 Operations training has continued to prepare for the commencement of operations. Simulated Desktop Exercises are being carried out to give a realistic experience of the Control Room environment. Trial Operations planning continues

- with exercise packs being produced in readiness for an announcement of new programme dates.
- 3.9 The delivery schedule includes Tier 1 Substantial Demobilisation (TOSD) dates, staged completion and handover dates for the stations, shafts and portals. Achieving the TOSD dates is critical in reducing CRL's periodic spend. Three more TOSD dates have been achieved in the past month bringing the total to 14 out of 22. These were at Limmo Peninsula shaft (15 February 2019), Fisher Street shaft (22 February 2019) and Tottenham Court Road (25 February 2019).
- 3.10 Further work has been undertaken to gain clarity on completion dates on stations, shafts and portals which are critical to the standing up of the infrastructure managers and, readiness for trial operations and passenger services.
- 3.11 The focus across all stations is completing the fit-out followed by testing and commissioning so each station can be integrated with the rest of the railway. At Tottenham Court Road and Farringdon, which are two of the more advanced stations, the teams have started testing and commissioning and are completing the final fit-out. At Paddington and Bond Street there is still mechanical and electrical installation fit-out work underway.
- 3.12 Network Rail has now appointed a contractor to install platform cameras required for the implementation of a TfL Rail service between Paddington (high-level) and Reading at the end of this year. Focus is on improving the delivery schedule of these works as well as the platform extensions required for a nine car train service.
- 3.13 Mobilisation by Network Rail for the stations enhancement works at West Drayton, Hayes & Harlington, and Southall stations has commenced and preparatory documentation is in production prior to a start on-site. The exact start date has not yet been confirmed. Network Rail has extended the planned award for the work to enhance West Ealing, Ealing Broadway and Acton stations to early April to select the preferred bidder and conclude the procurement process. These enhancements include step-free access works as part of the programme to ensure that all surface stations on the Elizabeth line will be step-free to platform level.

4 KPMG update

- 4.1 At the meeting of the Board on 30 January 2019, it was set out that TfL had published two reviews by KPMG into governance and, the financial and commercial aspects of the Crossrail Project. The paper gave a brief overview of the reports and summarised the actions that had already been taken in response to the recommendations and findings contained in the reports. This included strengthening governance arrangements through the appointment of a new Chair and Deputy Chair.
- 4.2 Since the last Board, CRL and Crossrail Sponsors (TfL and Department for Transport (DfT)) have worked collaboratively through a prioritised action plan to implement further recommendations across all aspects of the project to strengthen oversight, governance and assurance. This has included further strengthening of the Project Representative team, engaging expertise covering risk, commercial and station delivery in addition to the team's leadership changes made previously. Sponsors are also working to appoint an independent member to the Sponsor Board as well as an independent technical advisor.

- 4.3 In addition, CRL has strengthened its internal project controls and risk functions as well as introducing a new visualisation management process to increase oversight of delivery and progress. Sponsors have also discussed with CRL the structure and content of its periodic reporting, ensuring that there is greater clarity of progress reported, risk identification and management, and other areas that may require action or mitigation. These changes, once fully implemented by CRL, will ensure greater transparency and provide the CRL Board and Sponsors with better oversight of project delivery.
- 4.4 With regards to KPMG's findings and recommendations on CRL's audit and remuneration functions, CRL is re-establishing its Audit and Assurance Committee and is merging its Nominations and Remuneration Committees. Both of these Committees report directly to the CRL Board the Terms of Reference for which are currently being finalised. The first meeting of the Audit and Assurance Committee is scheduled for March 2019.
- 4.5 The CRL Audit and Assurance Committee will be responsible for approving audits related to the delivery of the Crossrail Project. The KPMG governance report also notes that the TfL Audit and Assurance Committee will continue to be responsible for audits falling within TfL's remit (i.e. related to the operation of the Elizabeth line).
- 4.6 Sponsors are continuing to work with CRL to ensure any further actions as a result of the KPMG recommendations are implemented as soon as possible. This will ensure that CRL is in the best position to deliver the railway and the Sponsor Board and CRL Board are able to provide effective challenge, scrutiny and oversight of the Crossrail Project.
- 4.7 Separately, TfL is also reviewing how lessons from the Crossrail Project can be applied to the rest of the investment portfolio. This includes Crossrail 2, which has already incorporated many of the principles in its assurance process, recently reviewed by the Independent Investment Programme Advisory Group.

5 CRL Board Appointments

- 5.1 The Sponsors Agreement between TfL and the DfT, and the Shareholders Agreement between TfL, Transport Trading Limited and CRL each set out the requirement for an independent board. The Sponsors can nominate members of the CRL Board and are also required to approve the appointment of any directors proposed by CRL.
- 5.2 The Finance Committee, under authority delegated by the Board on 19 September 2018, has considered numerous papers concerning the Crossrail project since CRL announced in August 2018 that the opening of the central section would be delayed. Those papers have addressed the independent review of the governance of Crossrail carried out by KPMG, which was also on the agenda for the meeting of the Board on 30 January 2019.
- 5.3 The independent review by KPMG of the governance of CRL made a number of recommendations, including that, "There are skills and experience which would augment the current CRL Board, in particular in the areas of Commercial, Construction, Construction close-out, Railway systems and Network Integration".

Proposed appointments

- 5.4 The changes that have been made over recent months to the CRL Board mean there is scope for additional appointments to be made to the CRL Board, including a further TfL nominated non-executive director. Discussions on the proposed candidates are underway.
- 5.5 Discussions with CRL on the number of appointments and proposed candidates are ongoing. If these have concluded in time for this meeting, it is proposed that an addendum with details be circulated in advance or at the meeting, on Part 2 of the agenda, to enable the appointments to be made.

6 Delegation of Authority to the Programmes and Investment Committee

6.1 As CRL believes it should be in a position in April 2019 to confirm a revised schedule and budget, the Board is asked to delegate to the Programmes and Investment Committee authority to make decisions on matters reserved to the Board. That delegation will also cover appointments to the CRL Board in the event that information on the proposed appointments above is not available for this meeting.

List of Appendices:

None

List of Background Papers:

Crossrail update - TfL Board 30 January 2019

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Agenda Item 7

TRANSPORT

Board



Date: 27 March 2019

Item: Quarter 3 Customer Service and Operational Performance

Report

This paper will be considered in public

1 Purpose

- 1.1 The purpose of this paper is to update the Panel on TfL's customer service and operational performance for Quarter 3 2018/19.
- 1.2 This report covers the period from 16 September 8 December 2018.
- 1.3 The Customer Service and Operational Performance Panel considered this item at its meeting on 13 February 2019. The Panel did not raise any specific issues to draw to the attention of the Board.
- 1.4 The format of this report continues to align with the Mayor's Transport Strategy and to clearly highlight TfL scorecard measures within the report, as well as providing additional information requested by Members at the previous meeting. The report will continue to be updated to better reflect reporting information requested by the Panel.
- 1.5 In this report we have included additional information on the top causes of injury, as well as further insights in the 'Our system will be safe and secure' section of the report. We have also made Travel Demand Management a quarterly feature, following the spotlight provided previously.

2 Recommendation

2.1 The Board is asked to note the report.

List of appendices to this report:

Appendix 1: Quarter 3 Customer Service and Operational Performance Report

List of Background Papers:

None

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Transport for London customer service and operational performance report

Quarter 3 (16 September 2018 – 8 December 2018)



About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners'. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people's experience in everything we do.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add IO per cent to central London's rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing TfL fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor's Transport Strategy; by doing so we can create a better city as London grows.

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8	Mayor's Transport Strategy themes in this report
10 12 24 36	Healthy Streets and healthy people London's transport system will be safe London's transport system will be secure More active travel
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114	Glossary

Introduction

Our customers and users expect a safe and reliable transport network, offering value for money and innovation to make journeys easier. We put customers at the heart of everything we do.

We are committed to listening to our customers and investing to improve journeys. We also focus on tackling our customers' most common day-to-day frustrations.

The safety and security of our customers, staff, suppliers and contractors is our top priority. We work closely with the police and other agencies to ensure that our network remains a low crime environment.

We have continued to develop this report under guidance from the Panel, and now provide additional information on the top causes of injury, as well as further insights in the 'Our system will be safe and secure' section of the report. We have also made Travel Demand Management, the steps we take to manage disruption and to spread demand for our services, a standing feature.

Within Surface Transport, the bus network continues to operate reliably, with excess wait time at record reliability levels. On the road network, serious and severe disruption continues to decline, and has done so for the past four quarters.

This report includes a spotlight on 'Hello London', our bespoke training for all London bus drivers. It provides an overview of the work to improve the experience for bus passengers and the positive impact this is delivering.

During this quarter, we experienced our busiest day ever on London Underground, with more than five million journeys made on 7 December. During that week, we also had our busiest week in history, with more than 30 million journeys made using the Tube network. Our performance on London Underground during this quarter was slightly worse than the previous quarter due to industrial action, and staff and asset issues for which improvement plans are in place.

Our Contact Centre has ranked in the UK Top 50 Contact Centres for seven consecutive years. This year, we improved our position, moving up from 43rd place to 37th, due to a 15 per cent improvement in the overall quality of our service. We also won two awards: the 'Most Improved Social Media' and the 'Commitment to Improvement' awards, given by the Top 50 Companies for Customer Service, the UK's independent customer service benchmarking programme.

Nigel Holness

Managing Director, London Underground

Gareth Powell

Managing Director, Surface Transport

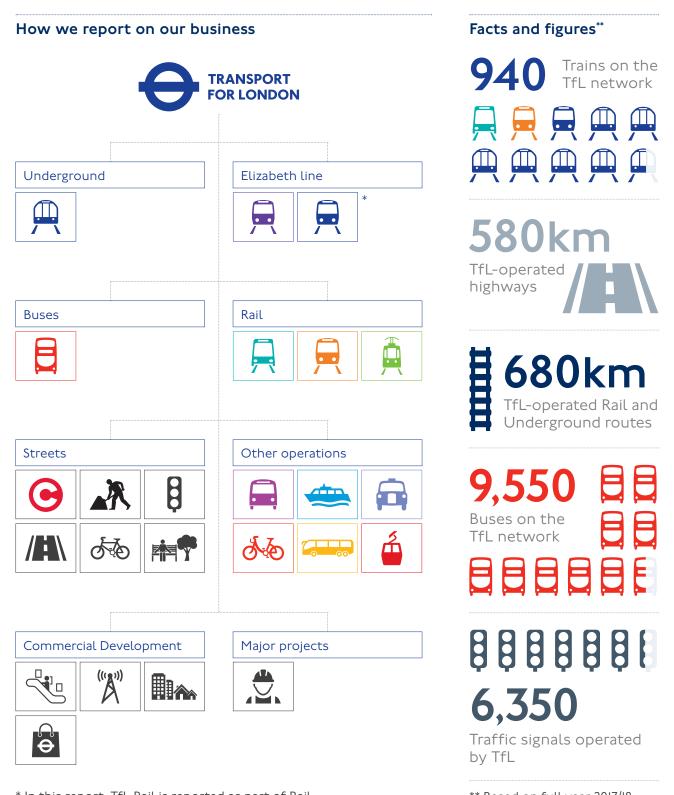
Vernon Everitt

Managing Director, Customers, Communication and Technology



Business at a glance

Keeping London moving, working and growing to make life in our city better



^{*} In this report, TfL Rail is reported as part of Rail

^{**} Based on full year 2017/18





Mayor's Transport Strategy themes in this report

Our role is to deliver the Mayor's Transport Strategy in partnership with London's boroughs, businesses, local communities, consumer organisations and many others. The ambitious plan will increase the attractiveness of public transport and make cycling and walking easier and more convenient options.

We are providing more trains on our busiest services, and investing in upgrades and step-free access schemes. We are making local streets healthier and more pleasant places. Listening to, and acting on, the suggestions of our customers enables us to make walking, cycling and public transport the first choice for the vast majority of trips. And we will continue to improve services to unlock the new jobs and housing our city needs.

This report looks at our performance in relation to the following themes from the Mayor's Transport Strategy:

Healthy Streets and healthy people



A good public transport experience



Scorecard measures

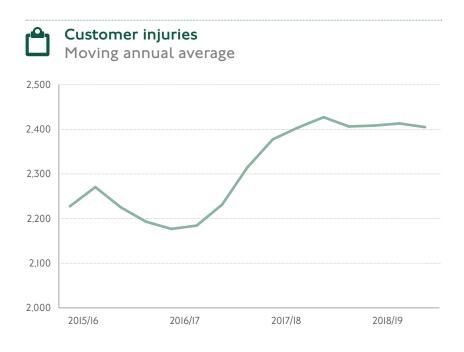
We use a scorecard to measure our performance against the Mayor's Transport Strategy. In this report, the scorecard measures are marked like this.







London's transport system will be safe



Across our public transport networks, a total of 2,230 customers were injured, down five per cent against the same quarter last year. This was driven by significant reductions in the number of people injured on bus and rail networks. There were two passenger fatalities during the quarter: one on buses and one on LU. The moving annual average at the end of Q3 was 2,405 injuries, which is a one per cent improvement against Q3 2017/18.

Improvement activities during the quarter included:

- Launch of the ground-breaking Bus Safety Standard, which will introduce a range of new safety features to London's bus fleet over the next five years
- Vison Zero Summit, with leaders of London boroughs and other key stakeholders to further the road danger reduction agenda
- Selection of a supplier for technology to prevent speeding on the tram network
- Launch of a 'Stairs Excellence' programme at LU stations to promote the safe use and management of stairs, complementing the existing 'Escalator Excellence' programme

Number of injuries on the LU network this quarter (I4% against Q3 2017/18)

Number of injuries on the bus network this quarter (17% ▼ against Q3 2017/18)



1 94

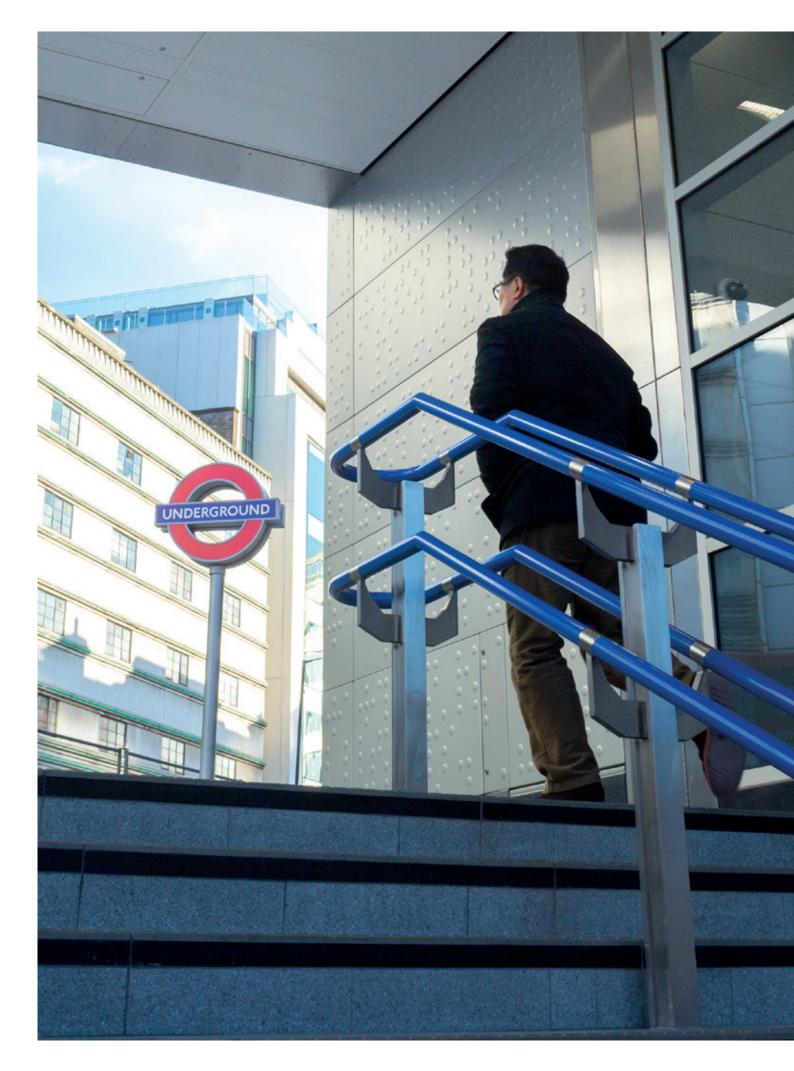
Number of injuries on our rail network this quarter (19% ▼ against Q3 2017/18)



Number of injuries within our other operations this quarter (4% ▲ against Q3 2017/18)

^{*} TfL Rail commenced 3I May 2015

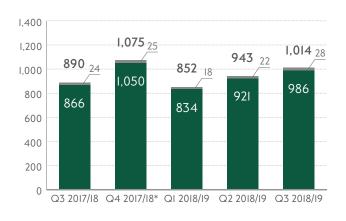




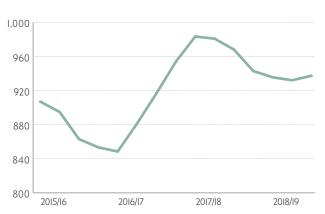
Underground A

Customer injuries

Past five quarters



Moving annual average



■ Minor ■ Major

Top three causes of injury

Slips, trips and falls	86%
Hit by doors, gates or other objects	12%
Other	2%

In Q3, there were I,014 customer injuries. This equates to 2.9 injuries per million passenger journeys, a I2 per cent increase on the same quarter last year; 2.7 per cent of LU customer injuries this quarter were major injuries. A customer was fatally injured at Farringdon station when he fell between the platform and a train coming into the station.

Preventing slips, trips and falls, which happen mainly on escalators, stairs and at the platform train interface, continues to be the focus of our improvement activities, which during the quarter included:

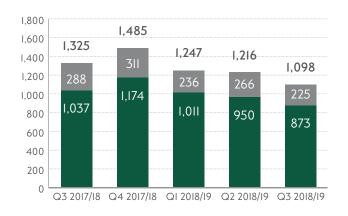
- Installation of new 'hold the handrail' escalator signage for stations outside the top 20 for escalator incidents, and continued use of the Escalator Excellence awards that promote the safe management and use of escalators
- Roll-out of a similar Stairs Excellence programme at 36 stations
- Infrastructure changes to realign the edges of platforms at Victoria and East Putney to reduce the gap between the train and the platform, and continued delivery of our Platform Camera Improvement project

^{*} Quarter 4 is longer than quarters I to 3 (I6 weeks vs I2 weeks)

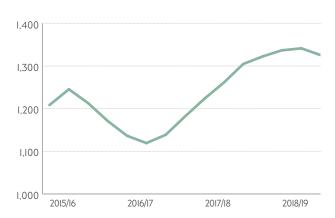
Buses 🛢

Customer injuries

Past five quarters



Moving annual average



■ Minor ■ Major

Top four causes of injury

Slips, trips and falls	58%
Struck by/against object	22%
Trapped fingers/limbs	8%
Collisions	7%

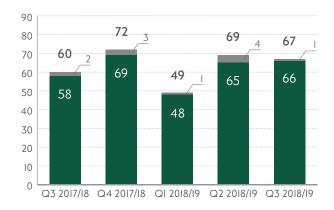
There were I,098 injuries in Q3. This equates to 2.I injuries per million bus passenger journeys, a I4 per cent improvement compared with the same quarter last year. Twenty per cent of injuries required hospital treatment, I2 per cent were treated at the scene, and the remaining 68 per cent required no treatment. In the quarter, there were four fatalities connected with TfL's bus operations: three pedestrians were killed in collisions with our buses and one passenger later died from injuries sustained following a fall on a bus.

We continue to drive improvements through our vehicle specifications, research and partnership with bus operators. During the quarter, this included:

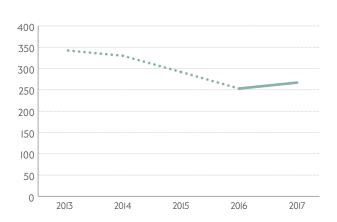
- · Launch of the Bus Safety Standard at TfL's second Bus Safety Summit on 16 October
- Expanding the use of Intelligent Speed Adaptation to 700 buses across 50 routes
- An Operators' Forum to share learning from the Safety Innovation Fund projects

People killed or seriously injured*

Past five quarters



Annual totals*



■ Seriously injured ■ Killed

The number of people killed or seriously injured reported by, or to, the police in Q3 rose by I0 per cent compared to the same quarter last year. In Q3 2018/19, 22 (32 per cent) of these involved vulnerable road users. Pedestrians continue to make up the largest proportion, representing 77 per cent of vulnerable road users killed or seriously injured during Q3. When compared to the same period last year, the number of vulnerable road users killed or seriously injured involving a bus has reduced by 33 per cent, although the proportion related to pedestrians has risen by five per cent.

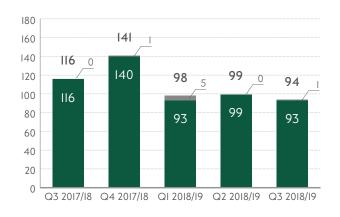
On 16 October, we held our second Bus Safety Summit, which launched the Bus Safety Standard. The standard details the bus safety features that all bus operators will need to progressively implement by 2024. From next year, all new London buses must include the following safety measures:

- Technology that automatically limits the speed at which buses are able to travel
- · An audible alert for pedestrians and other road users to the presence of buses
- Slip reduction measures inside buses such as high-grip flooring
- More blind-spot mirrors and reversing cameras, as a result of adapting our Direct Vision Standard for HGVs to suit buses
- Special warning pedal indicators for drivers to correct 'pedal confusion'
- * Figures from the end of 2016 have been reported using a new system (COPA). The dotted line in the graph for calendar years 2013-2016 denotes back-estimated figures following analysis undertaken with the Transport Research Laboratory to indicate how incidents would have been reported under this system in previous years



Customer injuries

Past five quarters



Moving annual average*



■ Minor ■ Major

Injuries by mode

London Overground	49
DLR	20
TfL Rail	15
Trams	10

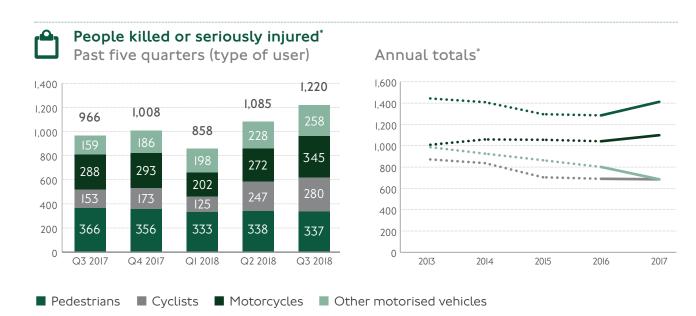
A total of 94 customers were injured in the quarter: one of the injuries was major, resulting from a customer being stabbed at Clapham Junction station. This equates to 0.9 customer injuries per million passenger journeys, a 2I per cent improvement on the same period last year.

Key improvement activities during the quarter included:

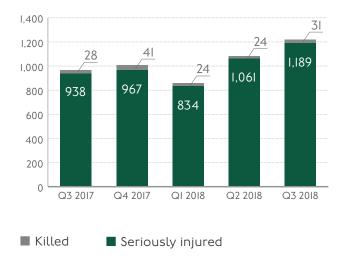
- The procurement of suppliers for technology to prevent speeding on the tram network and installation of improved emergency lighting for trams to address RAIB recommendations
- Ongoing work to investigate fatigue across the rail networks, including the trial of wearable fatigue monitors on DLR
- Work to reduce risk at the platform train interface (PTI), including testing the operational and safety impacts of different lengths of DLR door chime in line with accessibility regulations
- The start of PTI assessments across the DLR using the new version of the RSSB PTI tool



Streets O A P /A &

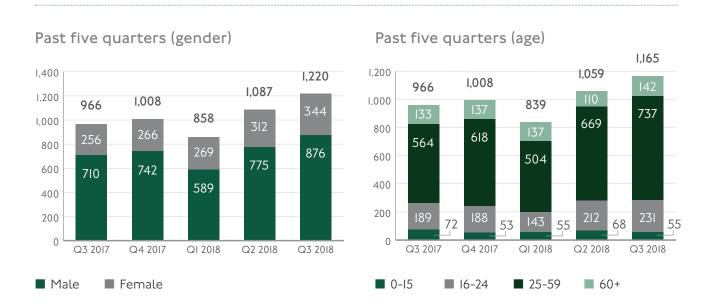


Past five quarters (KSI)



For the most recent quarter available, July-September 2018, provisional figures indicate that a total of 3I deaths were recorded on London's roads, an increase from 28 in Q3 2017. All incidents involved adults – II were 60 years old or more. Pedestrians accounted for half of the fatalities. The provisional figures for Q3 2018 indicate that the number of people killed or seriously injured increased by 26 per cent compared to the same quarter last year. The greatest increase (up by 83 per cent) was among cyclists – this quarter more cyclists were killed or seriously injured as a result of collisions with cars. The increase partly reflects weather conditions, with Q3 2018 being one of the driest and warmest on record, and July 2018 being the second warmest ever recorded. Levels of cycling increased by 7.5 per cent in central London during Q3 2018 compared to the same quarter last year, to the highest level on record. Incidents involving motorcycles increased by 20 per cent, while there was an eight per cent reduction in pedestrians killed or seriously injured. The number of car occupants killed or seriously injured increased.

^{*} Figures from the end of 2016 have been reported using a new system (COPA). The dotted lines in the graph for calendar years 2013-2016 denote back-estimated figures following analysis undertaken with the Transport Research Laboratory to indicate how KSIs would have been reported under this system in previous years



Safety improvements to make our road network safer for all users progressed during the quarter, including:

- The start of on-site enabling works for improvements at Old Street gyratory
- The opening of Quietway 6 between Wanstead Flats and Barkingside; Quietway 14 from Blackfriars to Tower Bridge Road; and Quietway 22 (Newham Greenway)
- · Completion of works at Bruce Grove

We also continued to engage key stakeholders with the Vision Zero agenda. We did this through events such as our Vision Zero Summit, to inspire senior leaders across London to take ownership and accountability for Vision Zero within their organisations, and one-to-one support to London boroughs to develop the Vision Zero elements of their Local Implementation Plans.

In November, the Roads and Transport Policing Command began to implement Operation Vision Zero, to tackle sources of road danger. In the first week, there were more than 80 arrests, and officers issued in excess of 2,000 traffic offence reports for a range of issues, including drink/drug driving, speeding, mobile phone use and driving without insurance.

Other operations 📮 👄 🛱 🏍 💴 🖆





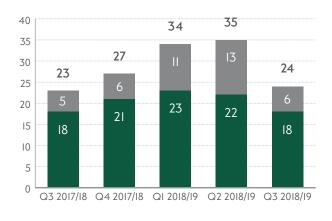




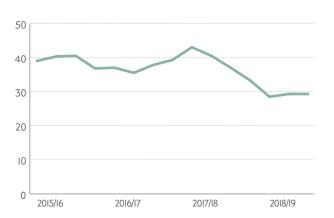


Customer injuries

Past five quarters



Moving annual average



■ Minor ■ Major

Top four causes of injury

Slips, trips and falls	50%
Collisions	14%
Cuts/abrasions	14%
Trapped fingers/limbs	9%

Twenty-four customers were injured across our other operations - this equates to 4.6 customer injuries per million passenger journeys. This is an improvement on the same quarter last year, when it was 4.9 injuries per million passenger journeys.

In the quarter, a significant proportion of injuries occurred within Dial-a-Ride (46 per cent). Victoria Coach Station accounted for 25 per cent of injuries, there were 21 per cent within Santander Cycles, and eight per cent within Emirates Air Line.

Safety – feedback from customers Number of complaints

	Q3 2017/18	Q3 2018/19
London Underground	345	387
London Buses	1,133	1,437
DLR	23	24
London Overground	38	67
TfL Rail	22	21
London Trams	13	8
Emirates Air Line	1	0
Congestion Charge	0	0
Dial-a-Ride	4	9
London River Services	5	1
Santander Cycles	1	0
Taxis*	3	2
Private Hire*	0	2
Total	1,588	1,958

The rise in safety-related incidents compared to the same quarter last year can largely be attributed to the improved ease of reporting safety issues through our website. Safety feedback about buses continues to be the main reason for contact, with the main themes as follows:

Injury to person, which includes:

- Drivers moving off before customers have sat down, causing a fall
- Drivers braking harshly/emergency stops, causing customers to fall
- Drivers closing the doors as customers are boarding/exiting and so trapping customers

Damage caused by buses, which includes:

- Buses hitting other road users
- Buses clipping parked cars

LU safety feedback has also increased from Q3 last year. The key themes are:

- Customers getting trapped in closing doors
- Escalator related (customers falling, having clothing trapped in mechanism)
- Customers slipping on wet floors
- Platform over-crowding

Taxi and Private Hire complaint numbers are not directly comparable due to the way they are received and recorded



London's transport system will be secure

We are committed to keeping our customers safe and secure. Neither crime, nor the fear of crime, should deter people from using London's streets and transport system. We work closely with the Metropolitan Police Service (MPS), the British Transport Police (BTP) and the City of London Police to tackle crime and antisocial behaviour. We also work with our policing partners to address the risk of terrorism and to support the Mayor's Vision Zero ambitions.

Overall, the volume of crime on London's transport network is comparable to that of a year ago – the decrease in bus-related crime has been offset by an increase in reported crime on the London Underground network. To address this, the BTP, at our request, has reinstated local policing teams on TfL networks. The BTP has also re-established a staff assaults team, with a joint strategy being developed. These teams will deal with issues related to low-level violence affecting our services at busy commuter times.

We continue to address instances of knife crime on our network. Targeted high-visibility patrols have been carried out to provide a visible deterrent to violent offenders on the bus network, and daily weapons sweeps at transport hubs have taken place.

The Roads and Transport Policing Command (RTPC) ran Operation Winter Nights, a pan-London knife reduction operation, from 3-I3 December. During this period, officers conducted 295 stop and searches and 44I weapons sweeps, including seizure of a loaded hand gun, and made I32 arrests. Officers from the RTPC are also continuing work on Operation Venice, targeting moped-enabled crime.

All figures below are per million journeys

10.2

Number of crimes on the LU network this quarter (14% ▲ against Ω3 2017/18)

8.3 Number of crimes on the Trams network this quarter (14.1%▼ against Q3 2017/18)

Number of crimes on the TfL Rail network this quarter (16.6% ▲ against Q3 2017/18)

Number of crimes on the London Overground this quarter (0.4% against Q3 2017/18)

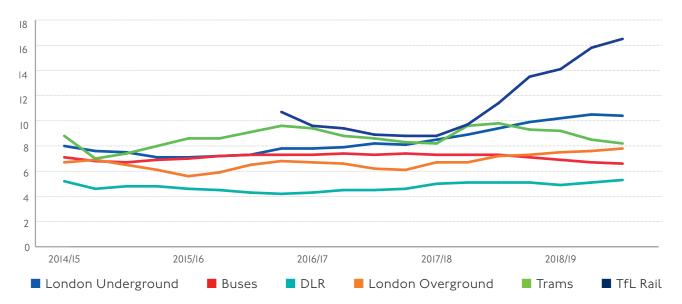
6.5 4 Number of crimes on the bus network this quarter (8.7%▼ against Q3 2017/18)

Recorded crime rate*

Recorded crimes by mode per million passenger journeys (Q3 2017 vs Q3 2018)



Annual trend (moving average)**



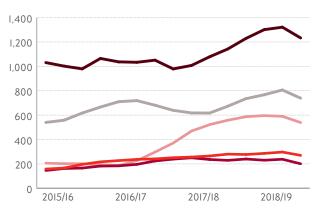
^{*} All crime and outcome figures are based on data from April to November

^{**} Crime information used in the annual trend moving average for Q3 2018/19 includes only October and November, whereas all previous quarterly information is based on three months of data. This is owing to the availability of crime information at the time this report was produced, and does not affect the long-term trend

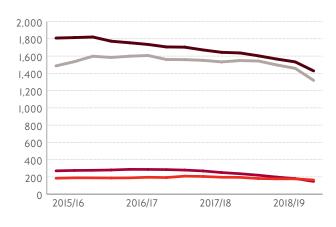
Recorded crimes by mode

	Q3	Q3	
	2017/18	2018/19	Variance %
London Underground	8,375	9,551	14.0
Buses	10,766	9,834	-8.7
DLR	419	466	11.2
London Overground	1,040	1,044	0.4
London Trams	191	164	-14.1
TfL Rail	518	604	16.6

London Underground – top five categories of crime (moving annual average)



Buses – top four categories of crime (moving annual average)



■ Theft of passenger property ■ Vid

■ Violence against the person

Serious public order

■ Sexual offences ■ Criminal damage

On LU since 2016/17, Violence against the person, Theft of passenger property and Serious public order have followed a rising trend – however, this has fallen slightly in Q3 2018/19. Sexual offences and Criminal damage have remained relatively static throughout 2018/19.

On the bus network over the past years, Theft and Criminal damage have followed a falling trend. Violence against the person has remained relatively static but began to fall during 2018/19. Sexual offences have seen little change.

Recorded crimes by mode

London Underground

	Q3 2017/18	Q3 2018/19	Variance %
Violence against the person	1,724	2,104	22.0
Sexual offences	797	844	5.9
Criminal damage	560	484	-13.6
Line of route*	33	25	-24.2
Theft of passenger property	2,986	3,558	19.2
Motor vehicle/ cycle offences	297	301	1.3
Robbery	84	128	52.4
Theft of railway property/burglary	143	140	-2.1
Serious public order	1,522	1,559	2.4
Serious fraud	62	82	32.3
Drugs	103	233	126.2
Other serious offences	64	93	45.3
Total notifiable offences	8,375	9,551	14.0

We continue to address the rise in reported crime, which has been driven by more low-level violence, public order offences, theft and robbery, and increased reporting of sexual offences following our campaign to encourage this. High-visibility policing operations are being focused on key transport hubs to help address this, and the BTP and MPS are working in partnership to tackle theft by organised gangs. There have also been targeted patrols on sections of the Underground network to identify known suspects and disrupt their activity.

London Buses

	Q3 2017/18	Q3 2018/19	Variance %
Burglary	28	14	-50.0
Criminal damage	602	400	-33.6
Drugs	123	82	-33.3
Fraud or forgery	1	1	0.0
Other notifiable offences	136	131	-3.7
Robbery	727	722	-0.7
Sexual offences	498	482	-3.2
Theft and handling	4,395	4,198	-4.5
Violence against the person offences	4,256	3,804	-10.6
Total notifiable offences	10,766	9,834	-8.7

The overall decrease in reported bus-related crime was driven by decreased violence against the person, a reduction in theft and handling, and criminal damage, and decreased reporting of sexual offences. The latter and the impact of the 'Report It To Stop It' campaign are being assessed. The reduction in violent offences is partly a result of sustained intelligence-led operations by local teams on the bus network, which have had a highvisibility presence. The network has also not seen the capacity issues that have driven some of the increase in crime on London Underground.

^{*} Malicious obstruction on the railway, and/or damaging stock, endangering passengers

DLR

	Q3 2017/18	Q3 2018/19	Variance %
Violence against the person	111	137	23.4
Sexual offences	13	31	138.5
Criminal damage	16	21	31.3
Line of route*	6	3	-50.0
Theft of passenger property	130	109	-16.2
Motor vehicle/ cycle offences	10	18	80.0
Robbery	6	21	250.0
Theft of railway property/burglary	17	14	-17.6
Serious public order	101	90	-10.9
Serious fraud	0	1	100.0
Drugs	6	13	116.7
Other serious offences	3	8	166.7
Total notifiable offences	419	466	11.2

Reported crime on DLR remains low in volume, with minor changes in some offence categories.

London Overground

	Q3 2017/18	Q3 2018/19	Variance %
Violence against the person	202	251	24.3
Sexual offences	64	59	-7.8
Criminal damage	113	65	-42.5
Line of route*	5	1	-80.0
Theft of passenger property	159	198	24.5
Motor vehicle/ cycle offences	117	102	-12.8
Robbery	18	17	-5.6
Theft of railway property/burglary	35	8	-77.1
Serious public order	302	298	-1.3
Serious fraud	3	6	100.0
Drugs	16	29	81.3
Other serious offences	6	10	66.7
Total notifiable offences	1,040	1,044	0.4

Reported crime on London Overground remains low in volume and is very similar to last year, with minor changes in some offence categories

^{*} Malicious obstruction on the railway, and/or damaging stock, endangering passengers

London Trams

	Q3 2017/18	Q3 2018/19	Variance %
Violence against the person	64	55	-14.1
Sexual offences	3	8	166.7
Criminal damage	25	13	-48.0
Line of route*	11	2	-81.8
Theft of passenger property	14	21	50.0
Motor vehicle/ cycle offences	11	5	-54.5
Robbery	9	7	-22.2
Theft of railway property/burglary	4	0	-100.0
Serious public order	41	41	0.0
Serious fraud	0	2	100.0
Drugs	9	10	11.1
Other serious offences	0	0	100.0
Total notifiable offences	191	164	-14.1

Reported crime on London Trams remains low in volume and is lower than last year, with some minor changes in certain offence categories.

TfL Rail

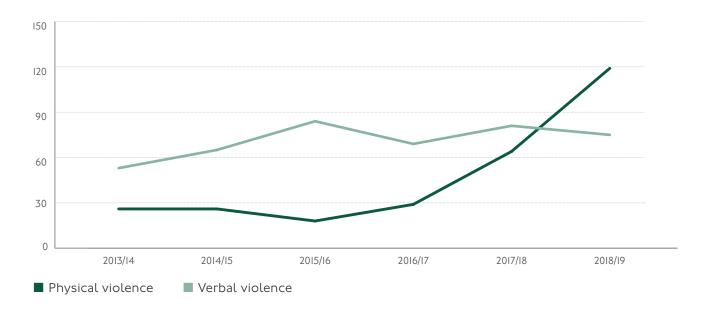
	Q3 2017/18	Q3 2018/19	Variance %
Violence against the person	139	156	12.2
Sexual offences	27	23	-14.8
Criminal damage	27	56	107.4
Line of route*	3	2	-33.3
Theft of passenger property	77	106	37.7
Motor vehicle/ cycle offences	83	92	10.8
Robbery	14	12	-14.3
Theft of railway property/burglary	26	15	-42.3
Serious public order	106	114	7.5
Serious fraud	1	4	300.0
Drugs	12	16	33.3
Other serious offences	3	8	166.7
Total notifiable offences	518	604	16.6

Reported crime on TfL Rail remains relatively low in volume. The large volume and percentage rise in crime, as shown in the annual trend graph on page 26, is partly due to the fact that the figures include offences reported on the Paddington to Heathrow service introduced during May last year. Analysis comparing the same network year on year, irrespective of whether or not the Heathrow Connect section was in operation, indicates a small rise, driven by theft of passenger property.

^{*} Malicious obstruction on the railway, and/or damaging stock, endangering passengers

Staff* absence caused by assaults

London Underground: number of lost time injury (assaults) per period



This year to date, there have been 194 assaults that resulted in a member of staff being absent. Of these, II9 (6I per cent) were due to exposure to physical violence; and 75 (39 per cent) were due to exposure to verbal violence – which includes threats of violence and verbal abuse.

This compares with I45 assaults resulting in absence at the same time last year, an increase of 49 (25 per cent).

The trend due to incidents of verbal violence is stable at present, with an average of seven per period. However, the trend in physical violence incidents has increased significantly, from an average of three during 2016/17 to an average of nine per period since the beginning of 2017/18.

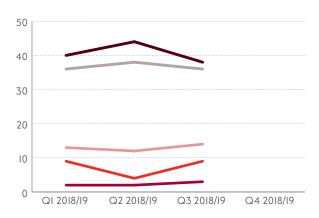
^{*} TfL-employed staff

Personal security perception Q3

We commission a regular safety and security survey to help monitor Londoners' perceptions of the safety and security of transport.

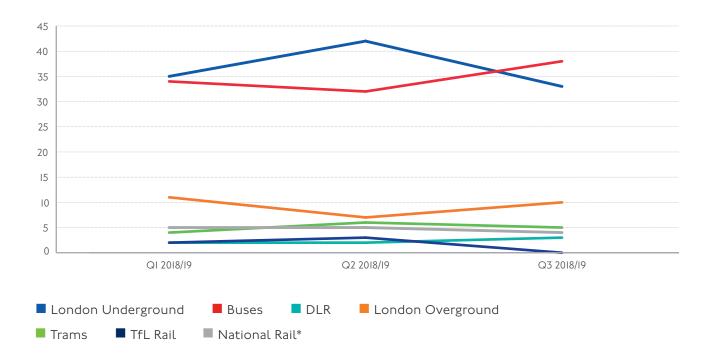
This quarter's survey shows that just over one guarter of Londoners surveyed are worried about their personal security on public transport, with incidents on the LU and bus networks causing the most worry. Incidents that have caused worry generally relate to other people's language and threatening behaviour, drunken passengers (including those drinking alcohol), a busy environment including overcrowding, and passengers pushing/shoving each other. We have launched initiatives with the BTP to address these issues, including high visibility patrols, poster campaigns and the promotion of byelaws and penalties.

Impact of worrying personal security incident on usage of mode on which it occurred (%)



- Don't know
- No, did not put me off
- Yes, put me off but I still travel
- Yes, stopped me temporarily
- Yes, stopped me completely

Percentage of customers who felt worried about personal security on public transport



^{*} National Rail is included as, while not a TfL service, it serves Londoners

Positive outcomes and detections

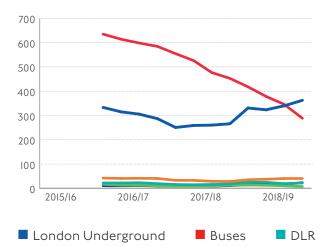
The BTP and the MPS report this information differently as reflected in the data tables. The BTP reports on a broad range of outcomes, while the MPS reports the number of crimes detected through a formal sanction (a suspect being charged or cautioned for an offence).

Positive outcomes include detections and take account of restorative and reparative outcomes. The positive outcome rate comprises the number of positive outcomes recorded (which can relate to crimes committed in any year) as a percentage of crimes recorded during the year.

The volume of detections and positive outcomes is following a falling trend aon the bus and Trams networks, with a rise on London Underground and TfL Rail; DLR remains relatively static throughout 2018/19.

The rates of detections and positive outcomes have fluctuated over the long term. Currently, all modes are experiencing a slight rise with the exception of the bus network.

Positive outcomes and detections (moving annual average)



Positive outcomes and detections rate (moving annual average)



Sarah Hope Line



The Sarah Hope Line offers comprehensive help and support to anyone involved in, or affected by, a serious incident on our network. Our dedicated team, based within our Contact Centre Operations in North Greenwich, offers a range of services, from counselling to reimbursement of medical costs. We also work in partnership with organisations including Assist Trauma Care, The Samaritans and a range of private therapy clinics to provide further specialised support.

The Sarah Hope Line has been supporting people in relation to a number of incidents on London Underground and London Overground relating to persons under trains. The team has supported witnesses and the families bereaved by these events. It is working in partnership with the London Underground Suicide Prevention Team to improve its response to this issue.

The team continued to provide support to those affected by the Sandilands tram overturning.

The Sarah Hope Line received I4I calls in Q3, resulting in 28 new cases of people needing our help. These were split as follows:

Total	28
Trams	10
London Streets	1
Buses	3
London Underground/ Overground/DLR	14



More active travel

Healthy Streets Check for Designers

The Healthy Streets Check for Designers (HSCD) is a tool that reviews whether proposed changes to the street will result in improvements against the IO Healthy Streets Indicators.

The tool provides a score for both the existing street layout and proposed design, with the uplift demonstrating the scale of the improvement of the street

for people's health. The average uplift across all schemes delivered by TfL (in scope for the Check) is a TfL Scorecard metric, with a target average uplift of 10 percentage points across all eligible schemes. The HSCD aids designers in aligning to the Healthy Streets Approach; the outputs do not reflect the cost or scale of the project.

Summary of uplifts of Healthy Streets Checks for Designers completed since the start of the financial year

Table I. Number of Healthy Streets Checks undertaken on the TLRN

	QI 2018/19	Q2 2018/19	Q3 2018/19	Cumulative results to date
Number of schemes with a completed Healthy Streets Check for Designers	2	6	3	11
Average percentage point uplift across schemes	7	11	16	12

Scheme average RAG rating

Red	Average uplift across the schemes is <7 percentage points
Amber	Average uplift across the schemes is 7–9 percentage points
Green	Average uplift across the schemes is >10 percentage points

From I6 September 2018–8 December 2018, three HSCDs were completed, while a total of II have been carried out on the TLRN between the beginning of the financial year and the end of Q3. The average uplift across the II projects was I2 percentage points.

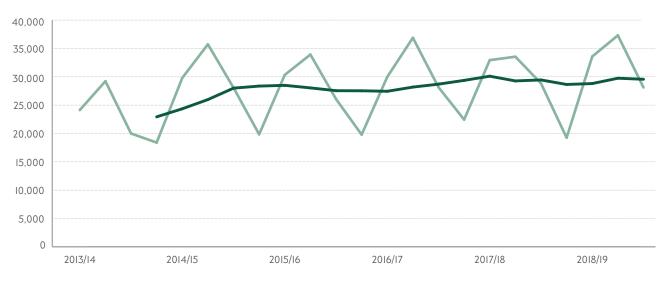
Santander Cycles usage

Santander Cycles is London's cycle hire scheme. It was launched in summer 2010 with 330 docking stations and around 8,400 docking points, and since then it has more than doubled in size. Currently, it

has 78I stations, just under 2I,000 docking points and more than II,700 cycles. A total of I.29 million Londoners live within 400 metres of a docking station.

Santander Cycles

Average daily hires



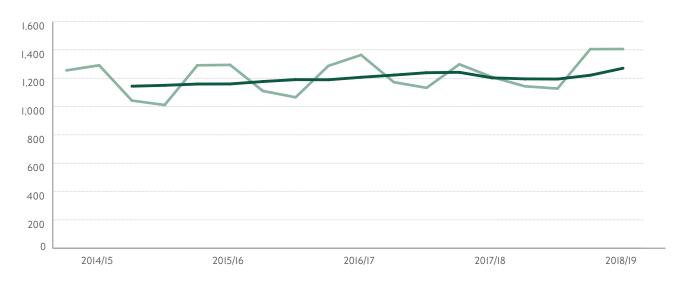
Average daily hires

■ Moving I2-month average daily hires

Although Santander Cycles usage varies seasonally, the moving I2-month average shows a general increase since the scheme began.

In Q3 2018/19, the average daily number of cycle hires was 28,118, up from 19,995 in Q3 2013/14, an increase of 41 per cent. This reflects a record-breaking year in 2018 for Santander Cycles, with every month from May to December seeing a new record number of hires for that month. This has contributed to the highest-ever annual number of hires in 2018, with the scheme registering more than 10.5 million hires for the first time despite the cold, windy and snowy weather at the start of the year.

Central London daily cycle flow*



■ Average daily cycle flow per km ■ Moving I2-month average daily cycle flow

The quarterly cycle flows are shown to be seasonal. In Q2 2018/19, the central London area average daily cycle flow was the highest it has ever been since monitoring began. Weather conditions can affect levels of cycling and this period was one of the driest and warmest on record.

In 2017, cycling levels were marginally down on 2016, but increases have been seen recently in areas where investment in high-quality infrastructure has taken place, such as in central London. Data collected from new cycle routes has shown increases in cycling levels of more than 50 per cent. Studies have also shown significant increases in cycling levels in Mini-Holland boroughs. Continued investment in high-quality infrastructure is required to enable more people to cycle. This in turn will help reach the target of 1.3 million daily trips by 2024, as set out in the Cycling action plan, published in December 2018.

As well as investing in new infrastructure, a range of additional measures will be required to break down all barriers to cycling in the Capital. The Cycling action plan sets out in detail the evidence-based barriers to cycling, and the action TfL and boroughs are taking to overcome them.

^{*} Cycling data is based on calendar quarters rather than financial quarters, ie Q2 is April to June and is the latest available data.

The London Travel Demand Survey

The London Travel Demand Survey gives the best available data on active travel by Londoners, giving a snapshot of their daily travel behaviour. We are exploring options for a more immediate and direct measure of the impact of our investments on increasing the proportion of people who are active for inclusion in future Scorecards.

Percentage of Londoners who report two x 10-minute periods of active travel per day (2014-2018)

100 90 80 70 60 50 40 30 34 32 31 30 20 10 0 2014/15 2015/16 2017/18 2016/17

■ Not active

Approximately one-third of Londoners have reported achieving two I0-minute periods of active travel on a given day over recent years. Some variation from year to year has been observed over the past decade, but there was a statistically significant decline between 2014/15 and 2017/18. It is thought that this is likely to be a reflection of the wider trend towards lower overall trip rates for Londoners. This decline is a cause for concern for achieving the Mayor's Transport Strategy objective for all Londoners to do at least the 20 minutes of active travel they need to stay healthy each day by 2041.

Cycle training

Year to date



The above graph shows the most recent data held for the number of adults and children trained in the current financial year. For adults, the time-adjusted target was I6,I25 trained from I April 2018-18 December 2018. The number of adults trained within this period exceeds the target at 22,2I3. For children, the time-adjusted target was I5,000 trained from I April 2018–30 September 2018. The number of children trained within this period exceeds the target at 23,000.

Active







The public transport network will meet the needs of a growing London

Passenger journeys

Year to date

2,786m total number of journeys



London Underground







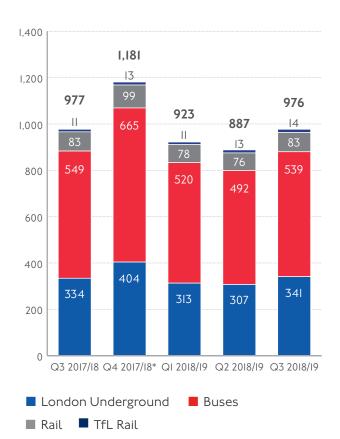
London Overground



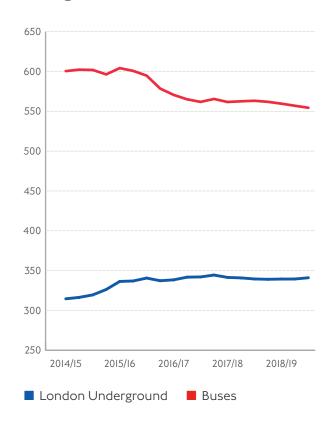


Passenger journeys

Past five quarters (millions)



Annual trend – moving quarterly average (millions)



London Underground passenger journeys were eight million better than the same period last year, with customer journeys continuing to increase following suppressed demand in the previous year. The first week of December was a record-breaking week. Friday 7 December was the busiest day ever on the Tube, with slightly more than five million journeys.

Bus passenger journeys were two per cent lower than last year. Initial analysis shows a reduction mainly in off-peak journeys (evenings and weekends), and we are carrying out further analysis of the decline.

^{*}Quarter 4 is longer than quarters I to 3 (I6 weeks vs I2 weeks)



Underground A

Passenger journeys

	Q3 YTD 2017/18	Q3 YTD 2018/19	Variance (%)
Number of passenger journeys (millions)	953	961	0.8
Number of passenger journeys (normalised)	958	965	0.8

Passenger journeys

Underlying demand is recovering from the downturn seen last year, despite three service strikes in Q3. The first week of December was the busiest on record, with demand comfortably surpassing 30 million journeys in one week. Underlying normalised passenger journeys year-on-year change



1.3%



1.0%▼



0.8%

Compares underlying passenger journey numbers in the quarter with those in the corresponding quarter in the previous years. Not actuals – adjusted for one-off events such as strike days, timing of public holidays and the number of days in each quarter. Income remains above budget.

Buses 🛢

Passenger journeys

	Q3 YTD 2017/18	Q3 YTD 2018/19	Variance (%)
Number of passenger journeys (millions)	1,582	1,550	-2.0
Number of passenger journeys (normalised)	1,583	1,556	-1.7

Bus journey numbers declined by two per cent in Q3 2018/19 compared to the equivalent quarter in 2017/18. The decline is the result of a number of economic and lifestyle changes, as well as some transfer to rail following capacity upgrades.

We continue to actively promote the £1.50 Hopper fare and the improving reliability of bus journeys. This includes emails to individual customers to encourage them to start using the network again.

Underlying normalised passenger journeys year-on-year change







Compares underlying passenger journey numbers in the quarter with those in the corresponding quarter in the previous year. Not actuals – adjusted for one-off events such as strike days, timing of public holidays and the number of days in each quarter.







Passenger journeys

	Q3 YTD 2017/18	Q3 YTD 2018/19	Variance (%)
London Overground Number of passenger journeys (millions)	133.0	131.9	-0.8
DLR Number of passenger journeys (millions)	84.9	85.3	0.5
TfL Rail Number of passenger journeys (millions)	32.1	38.1	18.7
London Trams Number of passenger journeys (millions)	20.5	20.2	-1.5

London Overground performance and passenger numbers have declined compared to Q3 2017/18 due to the variable train service performance at the start of the year. However, demand has improved since the autumn.

DLR has seen an improvement since the downturn in journeys in the last quarter. Passenger journeys have grown slightly compared to Q3 2017/18.

TfL Rail demand has increased by 18.7 per cent compared to Q3 2017/18. This is linked to an increasing number of journeys being made following the introduction of new services from Paddington to Hayes & Harlington, as well as to Heathrow, in May 2018.

Passenger journeys on London Trams in Q3 2018/19 remain broadly the same as in Q3 2017/18.



Volume

	Q3 YTD 2017/18	Q3 YTD 2018/19	Variance (%)
Congestion Charge volumes (thousands)	10,987	9,015	-17.9

Traffic flow volume

Annual trend (moving quarterly average – index)



■ Central London
■ Inner London

Outer London

Traffic volumes in central London (four per cent of all London traffic volumes) have fallen over the last five years as a result of increases in the Congestion Charge and the development of schemes such as better junctions and Cycle Superhighways to enable TfL to move greater numbers of people more effectively.

Traffic remains stable in inner London, while in outer London flows have started to rise due to housing/population growth of about one per cent per annum.





Other operations 📮 👄 🛱 🏍 📖 🍎





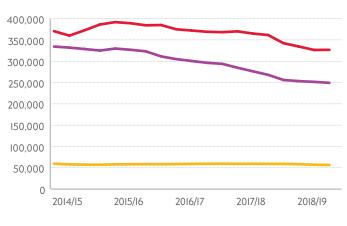






Victoria Coach Station - London Dial-a-Ride & Emirates Air Line

Annual trend (moving quarterly average)



Private Hire & Taxi

Annual trend (moving quarterly average)



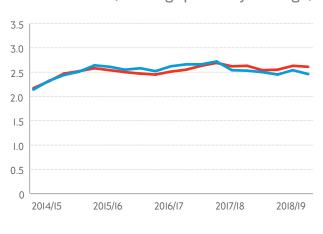
■ Victoria Coach Station ■ Dial-a-Ride

■ Emirates Air Line



Santander Cycles & London **River Services**

Annual trend (moving quarterly average)



■ Santander Cycles River Services

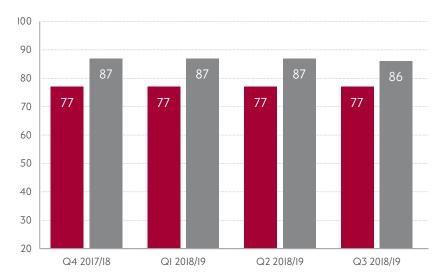
Overall volumes across our other operations have stabilised during 2018/19 compared to the fluctuations in previous years. Dial-a-Ride has continued to see a slow decline in the number of journeys taken and this is linked to the growth of online shopping and home deliveries, as well as the closure of day centres and other traditional activities, which have reduced demand for the service. River volume was affected during Q3 due to the planned closure of the Woolwich Ferry.



Public transport will be accessible to all

Additional time to make step-free journeys

Past four quarters (minutes)



- Average journey time by quickest route
- Average journey time by bus and step-free stations

Our vision is to deliver a fully integrated transport network that provides inclusive, accessible and seamless end-to-end journeys for our customers. This requires a focus on the principles of inclusive design and stakeholder engagement as well as work to address the barriers to travel experienced by those with non-physical impairments. This is in addition to our existing important commitment to step-free access.

In line with this, our focus over this quarter has been on reviewing our equality impact assessment process and we will be launching our improved process with a new training programme in Q4. We have also continued to place stakeholder engagement and consultation at the heart of our work – all of which is overseen by our Accessibility and Inclusion Steering Group. During this quarter, we have also been developing the evidence base we need to make more inclusive decisions about our infrastructure and in Q4 we will be publishing our latest 'understanding diverse communities' report.

step-free access stations across the London Underground network (270 stations in all)

99.2%

step-free access availability on LU (0.8%▲ against Q3 2017/18)



99.0%

step-free access availability on TfL Rail

(0.3%▲ against Q3 2017/18)



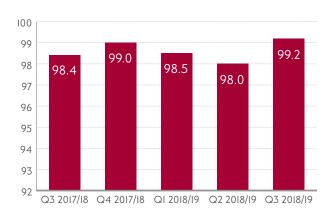
89.2%

Dial-a-Ride journey requests scheduled (I%▲ against Q3 2017/18)

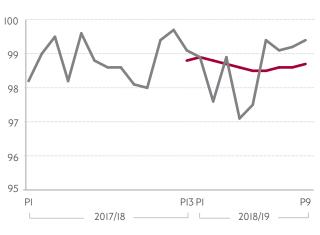


Underground step-free availability

Past five quarters (%)



Annual trend* (moving average)

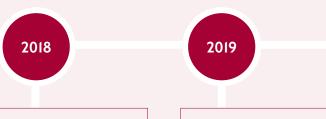


■ Period result ■ Annual trend (moving average)

There was an increase in the availability of our lifts during Q3 as the hot weather dissipated, our contractors' performance became better and our response to faults improved as we captured data in real time through station staff iPads. We also saw an improvement in Network Rail asset availability.

Underground step-free access

Our plans for new step-free access stations across the Underground



September-December

- Bromley-by-Bow
- Buckhurst Hill
- Newbury Park
- Victoria
- Bank (Waterloo & City)

January-March

Finsbury Park

Summer

• South Woodford

January-March

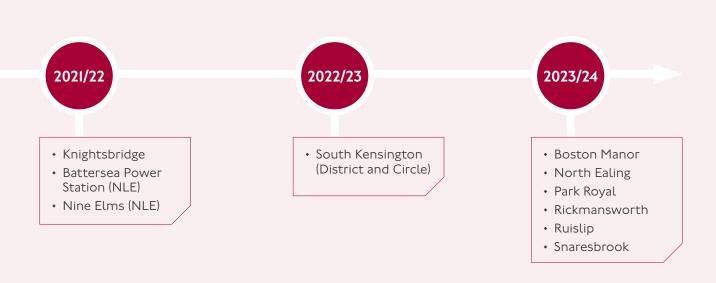
- Moorgate (Elizabeth line)
- Burnt Oak
- Debden

2020

- Hanger Lane
- Ickenham
- Northolt
- Sudbury Hill

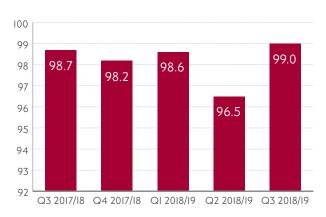
- Wimbledon Park
- Cockfosters
- Amersham
- Osterley
- Harrow-on-the-Hill (South)
- Mill Hill East
- Whitechapel
- Ealing Broadway (Elizabeth line)

^{*}Moving annual average data available only from late 2017/18



TfL Rail step-free access

Past five quarters (%)

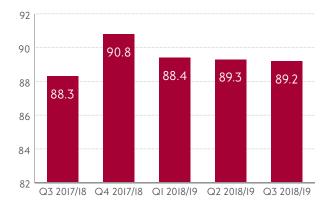


Annual trend (moving average)



TfL Rail step-free access availability was above target in Q3. The station operator (MTRC) continues to seek opportunities for improvement by establishing regular stakeholder meetings to identify and address issues.

Dial-a-Ride journey requests scheduledPast five quarters (%)



Annual trend (moving average)



Dial-a-Ride met its 89 per cent trip requests scheduled target for the quarter. This is more than one per cent above the same period last year, and the second consecutive period in which the target was met. Overall trip requests were some six per cent lower than last year, reflecting ongoing reduction in demand.





Journeys by public transport will be fast and reliable

In Q3, London Underground performance, as measured by excess journey time, deteriorated slightly in comparison to previous quarters. The major issues that affected performance included industrial action on the Central and Waterloo & City lines, staff availability and asset-related failures, for which an improvement plan is in place. During the quarter, we continued to build on the improvements, with reductions in signal-related incidents and customer issues.

We have continued to save pedestrians, cyclists and bus passengers time as a result of our signal timing reviews. Bus passengers, usually the highest volume of people using a junction, saw the most benefit. Pedestrian benefits contribute I2 per cent of the total, up from four per cent in Q2 as reviews of central London locations like Oxford Street, Victoria and Waterloo have been concluded.

We have measured the improvements gained from reviewing the timings of 655 traffic signals. The most productive review in Q3 was of Oxford Street where pedestrians now wait less time to cross the road, benefiting the circa 500,000 pedestrians who walk Oxford Street every day.



minutes
of excess
journey
time on the
Tube this
quarter
(I.9%▼
against
Q3 2017/18)



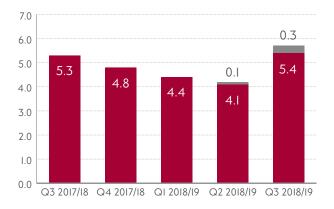
minute of excess wait time on the bus network this quarter (2.8%▼ against Q3 2017/18)



resolution hours on the TLRN, per event (0% against Q3 2017/18)

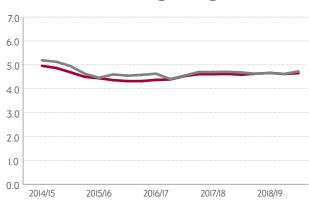
Underground A

Journey times – excess journey time Past five quarters (minutes)



Including industrial actionExcluding industrial action

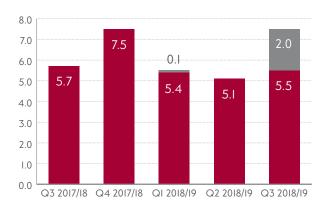
Annual trend (moving average – minutes)



- Including industrial actionExcluding industrial action
- It took our customers longer to complete their journeys during Q3 than in Q2. This was primarily due to industrial action in September/October on the Central and Waterloo & City lines, a decrease in staff availability, a slightly worsening performance across our assets and an increase in customer-related incidents.

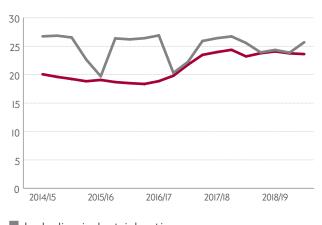
Lost customer hours

Past five quarters (millions)



Including industrial actionExcluding industrial action

Annual trend (moving average – millions)

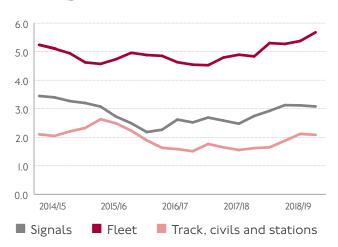


Including industrial actionExcluding industrial action

Lost customer hours is the metric used to understand the causes of excess journey time. During Q3, we saw a 2.9 per cent increase in the number of incidents compared to Q2, mainly due to fleet, customer and staff issues.

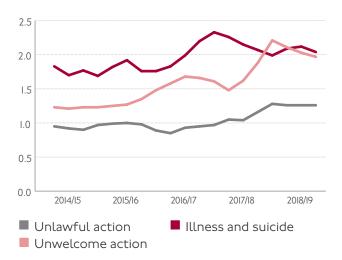
Lost customer hour trends

Asset-related – annual trend (moving total – millions)



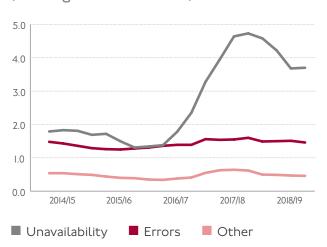
Performance of our assets remains a challenge, especially relating to Jubilee line trains with component failures. Improvement plans are in place, targeting these areas. We have seen a 19.6 per cent drop in the number of signalling-related incidents.

Customer-related – annual trend (moving total – millions)



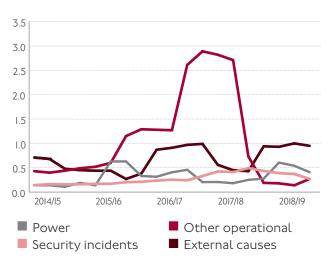
We continue to see a reduction in the number of delays caused by customers being taken ill on trains, although this still accounts for I8 per cent of all customer-related incidents.

Staff-related – annual trend (moving total – millions)



After a promising increase in staff availability in Q2, disappointingly we saw a drop of 0.6 per cent during Q3; this was against a backdrop of industrial action.

Other – annual trend (moving total – millions)

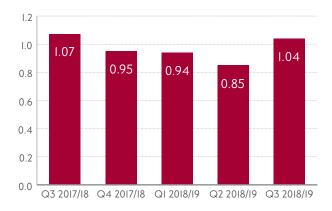


We saw a recurrence of wheel flats on the Piccadilly line due to leaf fall; immediate actions were taken to address the issues.

Buses 🗏

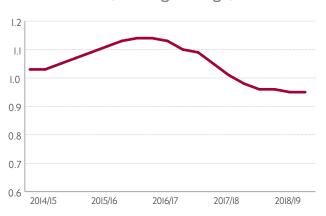
Excess wait time

Past five quarters (minutes)



Performance continues at an all-time high, with Q3 2018/19 better than the same quarter a year ago. This is largely due to more normal traffic levels, enhanced signal timings and control measures for reliability. Q3 is seasonally the worst quarter.

Annual trend (moving average)



Excess wait time is at record reliability levels following continual improvement over the past three years. This is due to better operating conditions on our roads, enhanced signal timings to expedite bus services and control room measures.

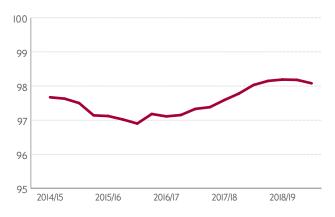
Scheduled services operated

Past five quarters (%)



Q3 has been impacted by events such as LUL strikes, taxi driver demonstrations and various protest marches. Performance fell just short of the same quarter last year. Q3 tends to be the worst performing quarter, when road disruption is seasonally higher.

Annual trend (moving average)



Operated mileage has improved over the past two years due to reduced disruption to bus services from road works and enhanced signal timings to expedite buses passing through busy junctions. Before Q3, which was impacted by higher than expected levels of disruption, performance had stabilised in 2018/19.

ů

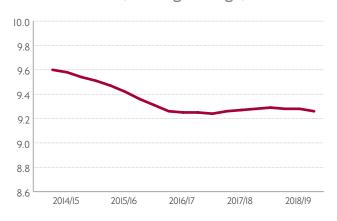
Weighted average speed

Past five quarters (mph)



Average bus speeds have stabilised and given passengers more journey time consistency. Q3 tends to be the worst performing quarter for seasonal road traffic conditions, and this quarter's performance matched that of Q3 2017/18.

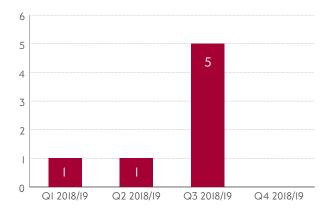
Annual trend (moving average)



Bus speeds have stabilised through a combination of reduced road disruption, enhanced traffic signal timings and bus priority after several years of decline. The most recent improvement is concentrated in inner London, with outer London unchanged.

Roads disruption*

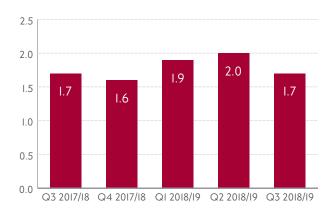
Past three quarters (%)



Disruption to average London vehicle journey times is five per cent, which is within the I5 per cent target. Q3 is usually busier in terms of traffic levels, works and events.

TLRN resolution time

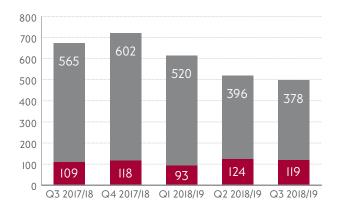
Past five quarters (disruption hours per event)



Disruption hours per event in Q3 are I.7 hours compared to a target of I.85 hours.

London-wide serious and severe disruption

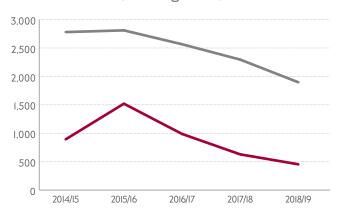
Past five quarters (hours)



■ Planned ■ Unplanned

Serious and severe disruption in Q3 is 497 hours (II9 planned and 378 unplanned) compared to a target of I,045 hours.

Annual trend (moving total)

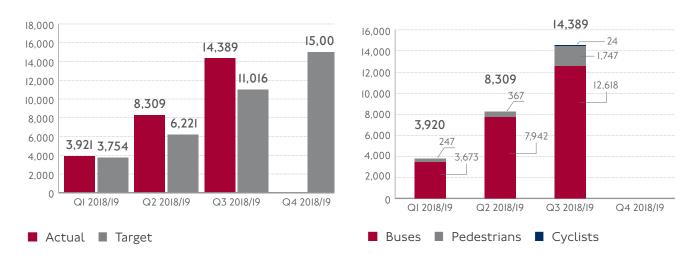


■ Planned ■ Unplanned

Both planned and unplanned serious and severe disruption continue to fall following the peaks seen in 2014/15 and 2015/16, when construction activity impacted the road network.

^{*} This replaces the former metric of TLRN journey time reliability (as reported in the QI 2018/19 Report). Data is only available for three quarters as this is a new metric, introduced in QI 2018/19

Traffic signal time savings This year (hours)

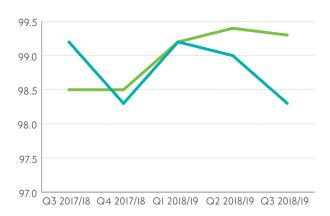


Hours saved to sustainable modes by signal timing reviews are higher per site than predicted for the 655 sites completed so far as at Q3.



DLR and London Trams – scheduled services operated

Past five quarters (%)

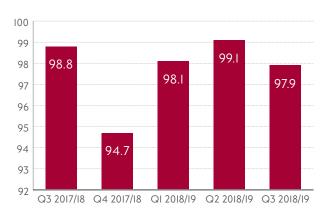


■ DLR ■ London Trams

DLR performance was impacted by two significant infrastructure incidents in Q3, leading to service suspensions. London Trams continues to operate an above-target service.

Emirates Air Line availability

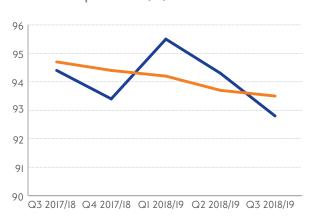
Past five quarters (%)



While Emirates Air Line's availability was lower than Q3 2017/18, it remained above target. The main impact on service was the seasonal weather.

London Overground and TfL Rail – public performance measure

Past five quarters (%)



■ London Overground ■ TfL Rail

London Overground's performance continued to be affected by Network Rail infrastructure and fleet issues during Q3. As a result, MAA has fallen compared to Q3 2017/18. Although TfL Rail performance was below the target of 94.75 per cent, its western services continue to outperform those of the previous operator.

Other operations 📮 👄 🛱 🏍 🚐 🍎







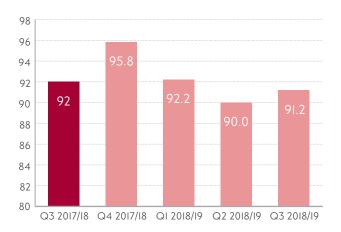






Santander Cycles availability

Past five quarters (%)

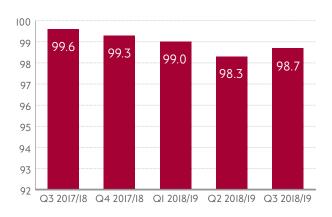


Percentage of time able to hire bike Availability to return or hire a bike

Q3 2018/19 saw 91.2 per cent availability of spaces and bikes. We continue to work with our service provider to respond to customer feedback and ensure availability is tailored to our user profile and geographic make-up of the scheme.

London River Services scheduled services operated

Past five quarters (%)



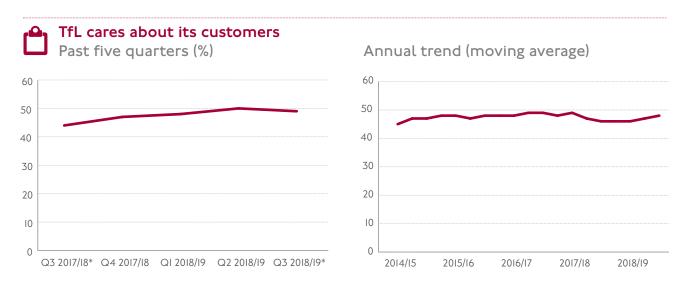
While down compared to Q3 2017/18, this quarter saw an improvement compared to Q2, with numbers being similar to QI 2018/19.

Journeys by public transport will be pleasant

Customer care

'TfL cares about its customers' is the measure we use to understand whether we are meeting our customers' expectations and delivering on 'Every Journey Matters' for Londoners. Care measures Londoners' overall perceptions of TfL delivery, and is the best reflection of how we meet customers' expectations during every interaction with us, not just the last journey.

TfL tracks Care through an online survey, which asks I,000 Londoners about their opinions of TfL and our services. An ongoing focus on Care helps us understand how we work for our customers and in the longer term will encourage greater use of active, efficient and sustainable travel.



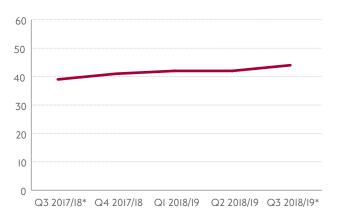
Care has decreased by one percentage point this quarter to 49 per cent. The slight decline has been driven by worsening perceptions of support when things go wrong and a negative media landscape. The Central line strike and announcement of further disruption before Christmas are likely to have influenced these.

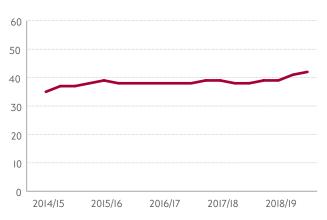
^{*} Quarter 3 is longer than the other quarters (16 weeks instead of 12)

TfL provides good value for money to fare payers

Past five quarters (%)

Annual trend (moving average)





We remain on a positive trajectory for perceptions of value for money, and have again met the all-time high of 44 per cent agree. Campaigns such as Hopper, £1.50 fares and off-peak promotions continue to positively influence perceptions.

TfL is an organisation I can trust

Past five quarters (%)**

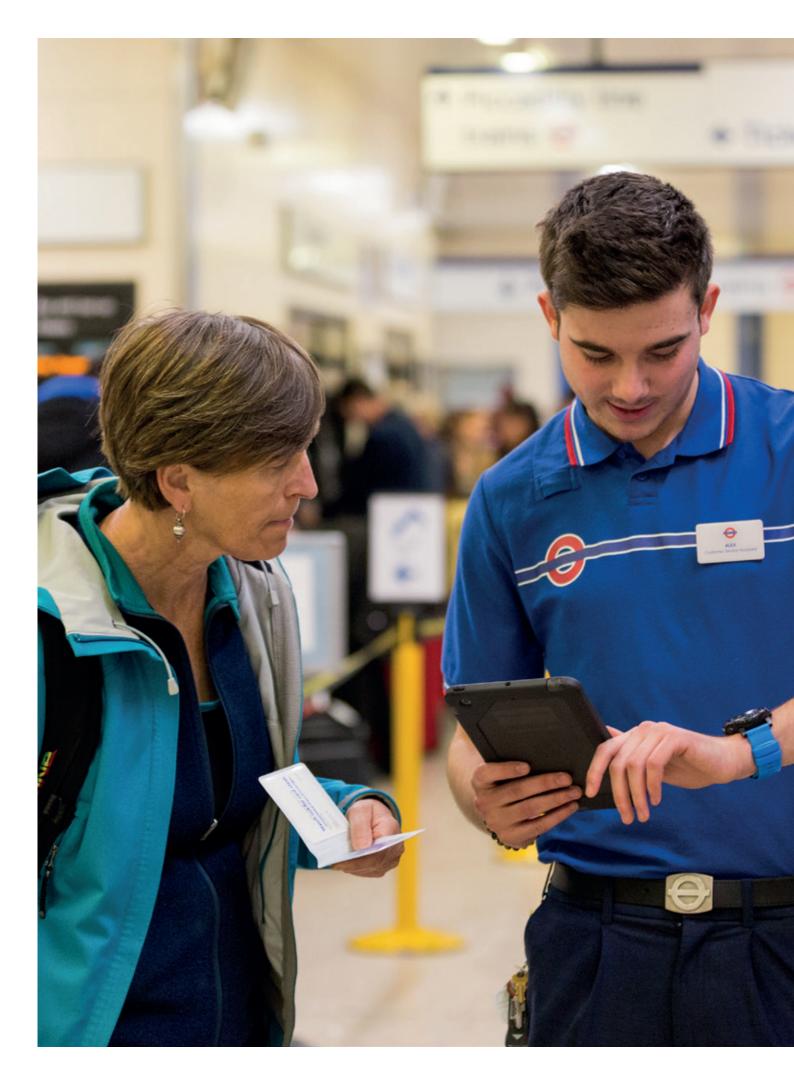
80 70 60 50 40 30 20 10 0 Q3 2017/18* Q4 2017/18 Q2 2018/19 Q3 2018/19*

Annual trend (moving average)

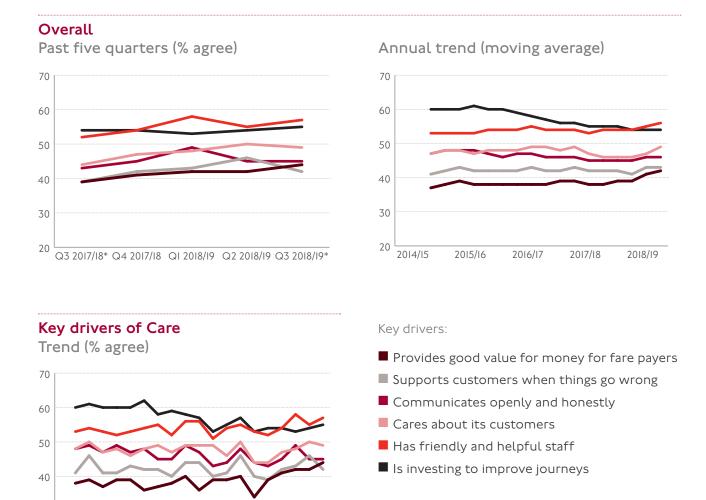


Trust remains stable at 6I per cent agree. For TfL, the key driver of trust is safety, which has also remained relatively flat this quarter, and is likely to have influenced the stability of the score. The QI trust score was not available due to an error in data collection.

^{**} There is no data for QI 2018/I9 due to an error in data collection



Customer supporting metrics trend



The small decrease in those agreeing TfL cares about its customers this quarter was largely driven by worsening perceptions of support when things go wrong.

2018/19

2017/18

Despite the decline, we remain on a positive trajectory, with perceptions of our staff becoming increasingly favourable, and value for money once again hitting an all-time high. To achieve our target, we need to continue to provide a positive customer experience, particularly focusing on how we support customers when things go wrong.

30

20

2014/15

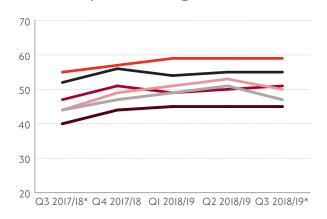
2015/16

2016/17

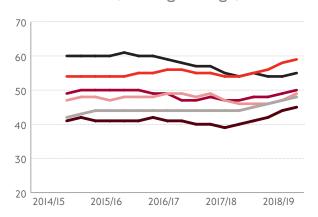
^{*} Quarter 3 is longer than the other quarters (16 weeks instead of 12)

London Underground

Past five quarters (% agree)

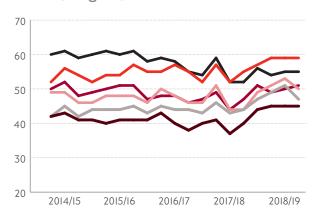


Annual trend (moving average)



Key drivers of Care

Trend (% agree)



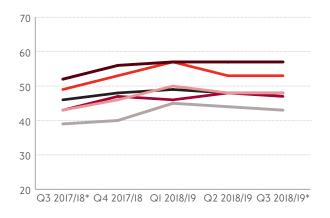
Key drivers:

- Provides good value for money for fare payers
- Supports customers when things go wrong
- Communicates openly and honestly
- Cares about its customers
- Has friendly and helpful staff
- Is investing to improve journeys

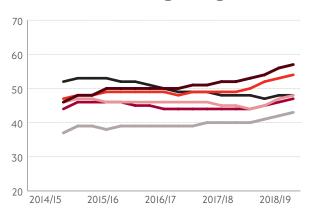
Customers' perceptions that London Underground cares about them have decreased by three percentage points this quarter to 50 per cent, marking the end of an upwards trend. The Central line strike, and the announcement of further disruption before Christmas are likely to have influenced the score. Londoners' perceptions of how well we support customers when things go wrong also declined, possibly linked to the resulting disruption from the strike.

^{*} Quarter 3 is longer than the other quarters (16 weeks instead of 12)

BusesPast five quarters (% agree)

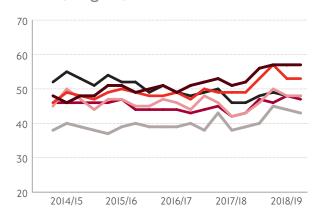


Annual trend (moving average)



Key drivers of Care

Trend (% agree)



Key drivers:

- Provides good value for money for fare payers
- Supports customers when things go wrong
- Communicates openly and honestly
- Cares about its customers
- Has friendly and helpful staff
- Is investing to improve journeys

Care for Buses remained stable at 48 per cent agree in Q3. Buses have seen progress in the key components of Care, including friendly and helpful staff, support for customers and open and honest communication. Perceptions of value for money in particular remain at an all-time high for the third consecutive quarter, reflecting the impact of campaigns such as the Hopper fare.

Customer satisfaction

Past five quarters

	Q3 2017/18*	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19*	2017/18 full year target
London Underground	85	85	85	83	84	85
Buses	86	85	85	85	86	86
DLR	88	87	88	87	88	88
London Overground	83	83	84	83	83	85
London Trams	90	91	91	90	90	89
Emirates Air Line	93	95	93	90	93	93
TfL Rail	83	81	83	82	84	83
Transport for London Road Network	70	n/a	n/a	n/a	71	69
London Dial-a-Ride	n/a	n/a	89	n/a	n/a	91

The majority of customer satisfaction scores increased in Q3. TfL Rail increased two points to 84. London Underground, Buses, DLR and the Transport for London Road Network (TLRN) all increased one point to 84, 86, 88 and 71 respectively. London Overground and London Trams remained stable at 83 and 90. Emirates Air Line increased three points to 93.

TfL Rail experienced increases in both east and west sections. In the east, scores relating to crowding and availability of seats improved. In the west, those who had experienced disruption or delay to their journey fell by two per cent.

London Underground's increase was largely driven by improvements in satisfaction with train service attributes.

However, the number of people seated for the majority of the journey fell three per cent from Q2.

Buses saw improvements in numerous areas including comfort, journey time, bus reliability and value for money. The DLR experienced similar increases in comfort, journey time and personal safety, among others. For the TLRN, improvements were seen at the network level in the speed of journey and congestion.

London Overground's score remained stable despite decreases in some measures, including value for money, which fell by three points. London Trams' scores also remained stable, with the exception of ease of interchange, which fell after an unusually high Q2 score.

^{*} Quarter 3 is longer than the other quarters (16 weeks instead of 12)

Past five years

					Year to date
	2014/15	2015/16	2016/17	2017/18	2018/19
London Underground	84	85	85	85	84
Buses	85	86	86	86	85
DLR	89	89	89	88	88
London Overground	83	84	84	84	83
London Trams	89	90	90	91	90
Emirates Air Line	93	93	94	93	92
TfL Rail	n/a	83	83	83	83
Cycle Hire – members	81	80	80	80	n/a
Cycle Hire – casual	85	86	86	85	n/a
Transport for London Road Network	74	70	70	70	71
London River Services	90	90	90	n/a	n/a
Victoria Coach Station	82	81	81	n/a	n/a
London Dial-a-Ride	92	92	91	92	89

Despite broadly positive Q3 results, which saw increases compared to Q2 for the majority of modes, the overall picture year to date remains mixed.

Some modes have already achieved, or are on track to achieve or exceed, targets. The TLRN has exceeded its target of 69 with an annual score of 7I. The DLR is on track to achieve its target of 88, having achieved that score year to date. London Trams looks set to exceed its target of 89, achieving a year-to-date score of 90. TfL Rail has achieved a score of 83 year to date and looks set to achieve its target of the same.

However, other modes remain behind target or have already fallen short: London Overground is two points behind its target and has been affected by late delivery of new trains; London Underground's year-to-date score of 84 is behind its target of 85; Buses remains one point behind the target of 86 on 85 year to date; and London Dial-a-Ride fell two points short of target, with a score of 89.

No surveys have been carried out on Cycle Hire, London River Services or Victoria Coach Station to date in 2018/19.

Contact Centre

TfL Customer Services

Past five quarters

	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19
Telephone calls	744,904	792,189	613,777	665,330	697,107
Abandonment rate (%)*	9.4	9.0	9.0	12.0	11.2
Correspondence	135,141		128,167	137,660	148,914
Closed in SLA (%)**	91.4	93.9	94.4	73.7	72.5
Quality score (%)***	90.7	92.3	79.6	81.2	82.3
Average speed of answer (seconds)	101	99	74	99	142

Call demand increased this quarter, in line with our forecasts, due to the start of the academic year. We missed our target for correspondence closed within SLA due to an increase in correspondence of eight per cent on last quarter, largely attributable to the increased use of contactless payment cards (journeys

were up by I5 per cent). External issues, such as Barclays and Amex customers experiencing delayed processing and a service outage on the O2 network, added to this. Performance in Q4 improved and returned within target, and we are on track to achieve our end-of-year performance target.

Past five years

	Telephone calls		Correspo		
	Calls received	Abandonment rate (%)*	Demand	Closed in SLA (%)**	Quality score (%)***
2014/15	2,919,467	10.4	404,201	83.2	85.8
2015/16	3,195,430	13.0	478,166	81.7	86.8
2016/17	2,942,589	12.5	496,116	82.7	89.8
2017/18	2,834,466	10.5	542,760	85.7	91.3
2018/19 year to date	1,976,214	10.8	414,741	79.0	80.2

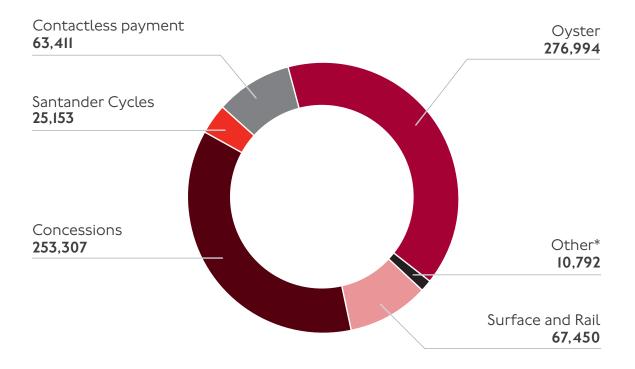
^{*} Abandonment rate target 15 per cent or lower

^{**} Cases responded to within the agreed timeframe. Our target is 80 per cent of correspondence responded to within three working days, or 10 working days for more complex issues which require investigation

^{***} Quality score target 80 per cent or over for both calls and correspondence as measured by rigorous internal assessment and external mystery shopping

Telephone calls

This quarter



^{*} Other includes Public Help Points, Taxi and Private Hire, Ticketing App, Sarah Hope Line and Street-related calls.

Concessions demand increased by a further 29 per cent this quarter in line with our forecasts, tied to the start of the academic year as students apply for new photocards.

Other contact centres

Road user charging

Past five quarters

Phone number 0343 222 2222 (outsourced to Capita)	Q3 2017/18	Q4 2017/18	QI 2018/19	Q2 2018/19	Q3 2018/19
Calls received	271,600	312,044	238,797	258,084	259,501
Calls answered	265,130	301,291	230,558	246,407	251,147
Abandonment rate (%)	2.4	3.4	3.5	4.5	3.2
Average speed of answer (seconds)	31	45	49	53	36

Capita's Congestion Charge Contact Centre continues to show steady performance well within the contractual targets. The average speed of answer was 36 seconds, while the percentage of calls abandoned was 3.2 per cent, well within the target of abandoning no more than 12 per cent of calls. T-Charge and ULEZrelated calls continue to be received and handled within agreed service levels.

Past five years

	Calls received	Calls answered	Abandonment rate (%)	Average speed of answer (seconds)
2014/15	1,564,500	1,432,462	8	*
2015/16	1,562,628	1,417,825	9	*
2016/17	1,698,215	1,407,304	17	207
2017/18	1,245,815	1,166,545	6	73
2018/19 year to date	756,382	728,112	4	46

^{*} Data not recorded

Taxi and Private Hire

Past five quarters

Phone number 0343 222 4444	Q3 2017/18	Q4 2017/18	QI 2018/19	Q2 2018/19	Q3 2018/19
Calls received	177,501	205,353	186,072	183,060	218,784
Calls answered	159,992	186,999	149,640	135,347	118,587
Abandonment rate (%)	9.3	8.5	19.4	25.7	45.6
Average speed of answer (seconds)	147	117	326	528	1,484

The figures combine our volumes for licensing, answered by Taxi and Private Hire, and the booking of vehicle inspections, carried out by our outsourced provider, NSL.

The end of this quarter saw the highest number of calls attempted over the past I2 months. The increased call waiting times have led to the length of calls increasing, which overall has resulted in a reduction in the number of calls answered. Additional training is being provided to increase the number of calls that can be fully resolved.

We have focused resources and activities on the reasons for calls being made as well as the reasons for repeat callers. It is anticipated the number of calls answered will increase in Q4 following this approach.

We continue to see high call volumes from customers wanting to book a vehicle inspection. NSL has allocated more staff to take calls, performance has started to improve and the average handling time and abandonment rate are beginning to reduce. We are working closely with NSL to find additional opportunities to improve the overall service.

Past four years

	Calls received	Calls answered	Abandonment rate (%)	Average speed of answer (seconds)
2015/16	536,344	475,051	11	134
2016/17	608,398	553,233	9	104
2017/18	684,904	623,837	8	118
2018/19 year to date	587,916	403,574	31	734

Dial-a-RidePast five quarters

Phone number 0343 222 7777	Q3 2017/18	Q4 2017/18	QI 2018/19	Q2 2018/19	Q3 2018/19
Calls received	142,715	171,787	136,003	127,499	135,188
Abandonment rate (%)	17.3	7.8	6.8	9.0	11.69
Average speed of answer (seconds)	441	181	127	203	276
Email bookings	12,130	15,657	11,215	9,817	11,427
Fax bookings	1,684	1,655	1,314	1,254	1,451
Passenger services letter	33	14	16	18	36
Passenger services email	65	45	50	49	59

Call volumes were five per cent lower than the same period last year, and six per cent higher than last quarter. This is in line with annual seasonal trends and corresponds with higher numbers of trip requests. The call abandonment rate for the quarter exceeded our 10 per

cent target, at II.69 per cent. However, this is significantly better than the same quarter last year due to improvements in call-handling processes. Email bookings accounted for 8.5 per cent of all bookings.

Past five years

	Calls received	Abandonment rate (%)	Email bookings	Fax bookings	Passenger services letter	Passenger services email
2014/15	662,097	9	-	-	137	199
2015/16	661,978	7	-	-	117	281
2016/17	646,060	9	36,700	7,946	110	251
2017/18	596,161	10.5	45,655	6,064	98	276
2018/19 year to date	398,690	9.16	32459	4,019	70	158

Customer complaints

Complaints per 100,000 journeys	Q3 YTD 2017/18	Q3 YTD 2018/19	Variance (%)
London Underground	0.84	1.03	+23
London Buses	2.75	3.17	+15
DLR	0.69	0.80	+16
London Overground	1.46	2.10	+44
TfL Rail	1.98	2.48	+25
London Trams	1.51	1.19	-21
Emirates Air Line	2.37	3.92	+66
Congestion Charge	4.78	1.50	-69
Dial-a-Ride	92.79	69.40	-25
London River Services	0.66	1.27	+91
Santander Cycles	4.56	4.24	-7
Taxis*	7.89	6.65	-16
Private Hire*	4.61	3.06	-34
Contactless	0.13	0.19	+46
Oyster	0.18	0.16	-10

^{*} Journeys not recorded; figures based on survey data

Contactless continues to gain new customers, and with this comes a period of bedding-in, as users familiarise themselves with the product and services available to them. As a result, this quarter saw a further rise in complaints per 100,000 journeys using contactless, although the actual volume of complaints still represents a fraction of one per cent of the overall number of customers for the product.

The takeover of the Paddington to Heathrow service in May 2018 caused complaints to rise year on year for TfL Rail. Service disruptions were also a factor in the 25 per cent increase, with vandalism, and damage to overhead equipment caused by National Rail's testing of new trains causing major disruption for our customers.

Bus services were affected by a number of road closures, as well as the knock-on effects of the closure of the Woolwich Ferry, and the withdrawal of route 10 in favour of extending route 23.

Customer complaints

Past five years

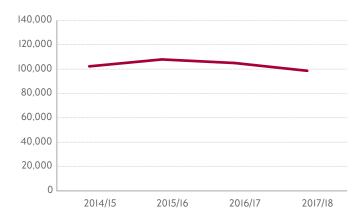
Comitor	2014/15	2015/14	2017/17	2017/10	Year to date
Service	2014/15	2015/16	2016/17	2017/18	2018/19
London Underground	14,429	13,731	14,546	12,037	9,861
London Buses	65,452	71,268	66,300	64,990	49,251
DLR	2,460	1,318	1,302	980	680
London Overground	3,822	6,660	4,328	3,103	2,785
TfL Rail	n/a	1,338	1,460	1,121	943
London Trams	397	565	627	470	240
Emirates Air Line	52	62	28	33	39
Congestion Charge	1,372	1,368	3,117	959	235
Dial-a-Ride	1,908	1,305	1,088	842	493
London River Services	70	64	58	79	99
Santander Cycles	687	354	359	465	353
Taxis*	1 255	4,048	3,373	4,918	3,098
Private Hire**	4,255	4,046	2,995	2,692	1,451
Contactless	566	552	587	989	1,210
Oyster	6,763	5,283	4,808	4,912	2,932
Total	102,233	107,916	104,976	98,590	73,670

 $^{^{*}}$ Taxi and Private Hire split not available for 2013/14 to 2015/16

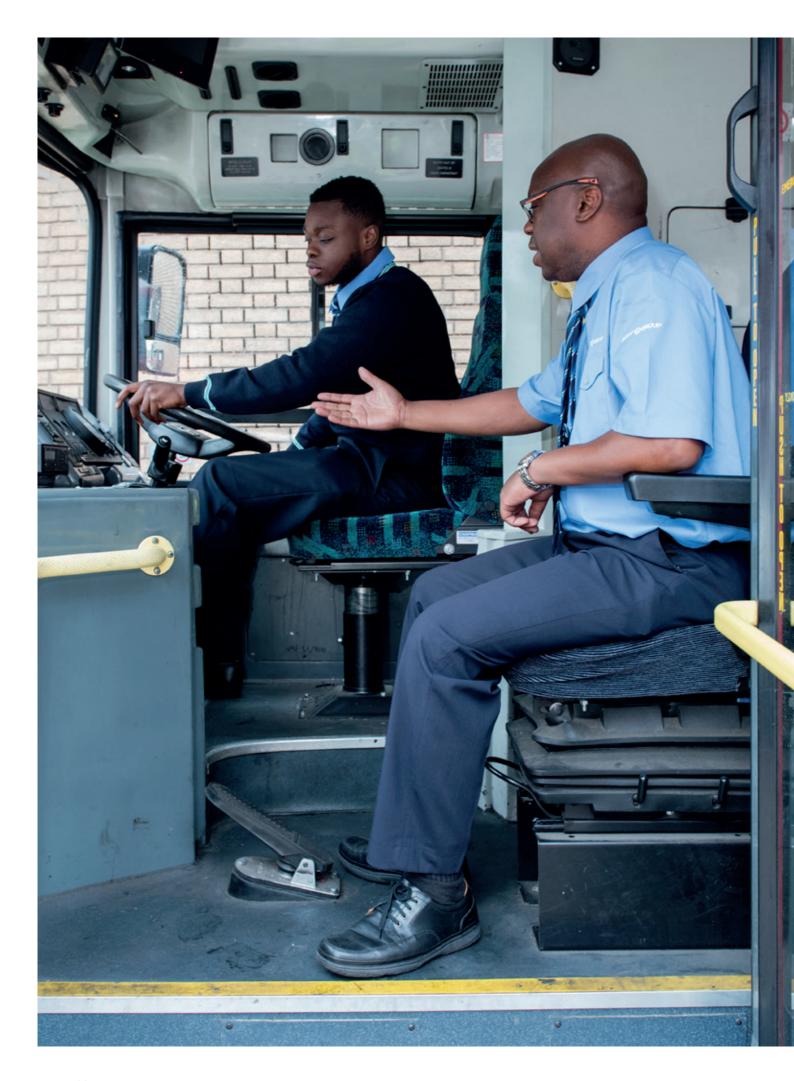
^{**} Taxi and Private Hire and Taxi complaint numbers are not directly comparable due to the way they are received and recorded

Customer complaints

Annual trend (annual total)



We still anticipate customer complaints will continue to fall this financial year, despite significant growth in our services. This is due to analysis of complaint data across several of the main themes, which has supported us in developing operational changes in response. This approach, led by London Underground, has been very successful in delivering improvements, and is soon to be adopted across other modes.



Improving the bus user experience

We are committed to providing the best experience for our customers when using our transport network. In 2015, customer research suggested that bus users' experience of both bus drivers and bus operators was variable. Complaints generally focused around buses failing to stop at bus stops and drivers showing poor customer service.

'Hello London'

To help address these concerns, we pulled together and ran 'Hello London' – the first ever bespoke, two-day customer experience training course for all London bus drivers. 'Hello London' launched in April 2016 and ran until March 2018; around 23,100 bus drivers and 2,000 garage support staff took the course.

Course content

An independent training provider ran the course for all London bus drivers to ensure consistency in the customer experience across bus operators, and to help develop a sense of common purpose and commitment.

The training focused drivers' attention on:

- Ensuring stopping at bus stops to let customers on or off
- Acknowledging customers as they board the bus
- Making announcements
- Managing and avoiding conflict
- Managing the wheelchair priority area

23,100 London bus drivers trained alongside 2,000 support staff



2,600
Attendee suggestions to improve the customer experience

77% increase in driver commendations





38% increase in Public Announcement system usage

To address these issues, the course comprised a mix of large group sessions reflecting on key issues and follow-up smaller workshops to develop specific skills and techniques. This use of peer-to-peer learning was key to engaging attendees to help them understand their role in providing good customer service and how they can improve it, as well as making them realise they each are able to come up with solutions to common challenges.

Results

Since the launch of 'Hello London' in 2016, driver commendations are up by 77 per cent and we have found drivers have engaged better with passengers by using the on-board PA system more (an increase of 38 per cent) to deliver personalised key messaging. London Buses staff have also been rated more highly in our Bus Customer Experience (mystery traveller) Surveys, meaning that they are seen as being more friendly and helpful. Driver surveys have also shown they feel more customer focused and have an improved understanding of their key role in keeping London moving.

Legacy

We know that good customer experience is not a given, and that we cannot become complacent. We have continued our work with the 'Hello London' training provider and the bus operators to help them develop their own training packages for new drivers and for other staff who engage with drivers. We will also provide financial incentives for bus operators to improve their bus Customer Experience Survey scores. This will help ensure that bus operators take ownership of the key 'Hello London' messages, and embed them within their own activities and culture to enable them to continue delivering an improved customer experience.



Commendations

Past five quarters

Service	Q3 2017/18	Q4 2017/18	QI 2018/19	Q2 2018/19	Q3 2018/19
London Buses	879	1,222	865	880	951
London Underground	464	625	513	548	541
London Overground	51	56	49	46	51
DLR	31	43	41	38	41
London Trams	9	9	4	8	3
TfL Rail	13	25	25	20	25
Taxi and Private Hire	71	51	45	34	33
TfL Road Network	20	17	16	28	10
Dial-a-Ride	5	1	2	5	1
London River Services	0	1	3	3	3
Emirates Air Line	4	6	3	3	6
Santander Cycles	3	0	1	1	1
TfL Policy	170	202	111	140	153
Total	1,720	2,258	1,678	1,754	1,819

5,000 4,000 2,000 1,000

Q3 2017/18 Q4 2017/18 Q1 2018/19 Q2 2018/19 Q3 2018/19

This quarter saw a further increase (four per cent) in the number of commendations on last quarter, with the most significant gains being made on TfL Rail and London Overground services. This achievement is particularly noteworthy when put in the context of some of the operational difficulties seen on these services during the quarter.

London Underground saw a minor drop in commendations in the same period, yet this number is still up 17 per cent on the same period last year. This is thanks to the excellent work being done across London Underground to improve customer and staff interactions through initiatives such as the Staff Information Survey.

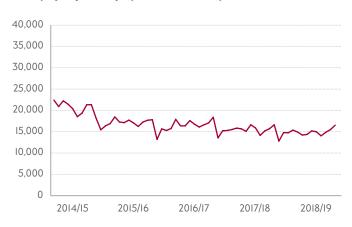
London Buses saw an increase of eight per cent in commendations, thanks mainly to customer interactions with drivers themselves.

Ticketing

Bus and Underground

Paper tickets

Fare payer journeys per four-week period (millions)



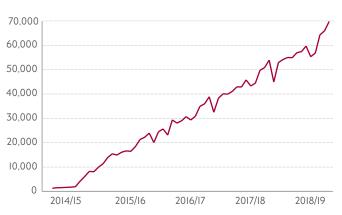
Oyster

Fare payer journeys per four-week period (millions)



Contactless payment cards

Fare payer journeys per four-week period (millions)



588,000

automated refunds were issued in Q3, with £2.7m refunded





46m

contactless bank cards and mobile devices have been used on bus, Tube and rail services



2.5m

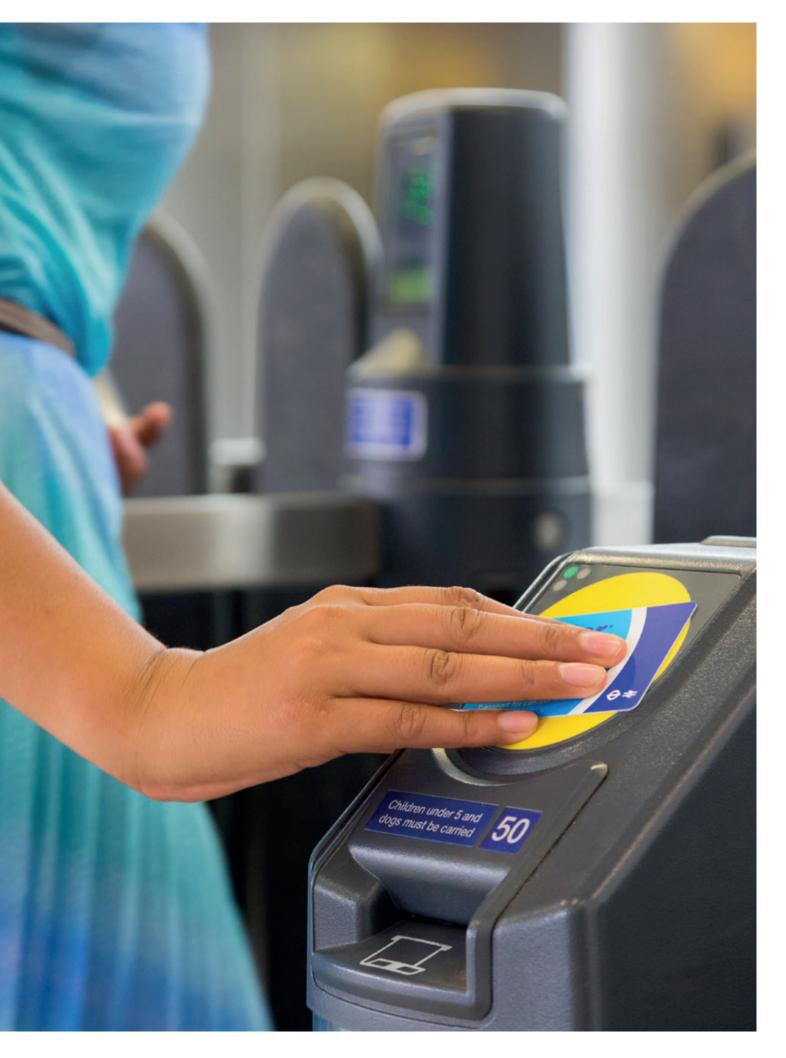
contactless journeys are made daily



downloads of the TfL Oyster and contactless app since launch, with more than 2.5m transactions being made with the app



Graphs for bus and Underground fare payer journeys use figures based on 13 financial periods a year.



System availability

Ticketing system availability

	Quarter 3 – 2018/19			Yea	ar to date – 20	18/19
	Actual	Variance to target	Variance to last year	Actual	Variance to target	Variance to last year
▲ higher is better						
London Underground – ticketing system overall availability	98.49%	0.29% ▲	0.26% ▼	98.65%	0.45% ▲	0.11% ▼
London Buses – bus validations – overall availability	99.74%	0.74% ▲	0.03% ▼	99.79%	0.79% ▲	0.05% ▲

We continue to exceed both London Buses and London Underground targets for ticketing system availability.

Internal IT system availability

Past five quarters (%)

Q3	Q4	QI	Q2	Q3
2017/18	2017/18	2018/19	2018/19	2018/19
99.78	99.93	100.00	99.97	

Performance this quarter was 99.78 per cent. The main issue was the bus radio network being down for I44 minutes.

Annual trend (%)

2014/15	2015/16	2016/17	2017/18	Year to date 2018/19
 99.43	99.79	99.18	99.59	99.92

Digital

The number of website visits increased by eight per cent compared to the previous quarter as a result of a seasonal trend, but decreased by one per cent compared to the same quarter last year.

The number of page views increased by nine per cent compared to the last quarter, but decreased by three per cent compared to the same quarter last year.

The number of Facebook followers increased by two per cent, and Twitter followers by seven per cent, compared to the same quarter last year.

Instagram has seen strong engagement this quarter.

63m Number of visits to the TfL website this quarter (1%▼ against Q3 2017/18)



248m

Number of website page views this quarter (3%▼ against Q3 2017/18)

7.2m Number of Twitter followers this quarter (7% ▲ against Q3 2017/18)





754,000Number of Facebook followers this quarter (2%▲ against Q3 2017/18)

76,200

Number of Instagram followers this quarter (48% against Q3 2017/18)



More than

17,700

developers
have used
our data





We are working hard to make new datasets available through our open data policy:

Data – released	Date
Historic timetables	Q3 2018/19

Data – future release schedule	Date
Cycle maps	Q4 2018/19
Taps data	Q4 2018/19
Enhanced station accessibility	QI 2019/20
Scoot & LCAP	Q2 2019/20



Other highlights in Q3

London Borough of Culture - Waltham Forest

In 2019, Waltham Forest became London's first Borough of Culture, delivering a programme of cultural activity over the coming year to celebrate the diverse culture and character of local people and places.

We have worked closely with the GLA and Waltham Forest to provide operational and promotional support for events, and have also used the opportunity to encourage visitors to use public transport, walk and cycle to make the most of the events on offer.

We also sit on its Partnerships Board, with others such as the Metropolitan Police Service and English Heritage, to give strategic advice on running the year's events, and support the legacy of young people in the borough being involved in the creative community.

We have installed a specially commissioned 'Welcome to the Forest' roundel at six London Underground and London Overground stations across the borough, and used the closed ticket office at Walthamstow Central Tube station to promote the Borough of Culture programme of events to those passing through the station. We have also created a map of cultural events taking place this year, which we will be promoting across our network and externally via social media.



We have already helped promote the 'Welcome to the Forest' launch event on II-I3 January on our social media channels, email and TfL blog, and will continue to support the year's events in our Wonderful World of Off-Peak Time Out Partnership content. This content will also make people aware of our off-peak and bus fares and encourage travel in outer London.

Customer database

We have a customer database of around 4.5 million regular public transport users, drivers and other contacts who have said they want to hear from us. Each year, we use this database to send millions of emails regarding changes to the transport network.

In 2016, we reviewed cost reduction options for this email communication. We had outsourced this work, including the hosting of the database, and decided to move both campaign execution and database hosting in house.

In late 2017, we moved to a new email broadcast platform, Salesforce, saving £150,000 a year, and the in-house solution for hosting our customer database went live in December.

This easily accessible database is already being used as the source of customer data for campaigns. We can now contact the right customers at the right time, with much reduced setup time. Our email customer information team can now email campaigns itself, and create monitoring reports to see how well customers are engaging with our messages. This has already delivered a saving of £200,000 a year, with the opportunity for greater savings in the future. Our use of this database and the insights we gain from it are vital to the delivery of the Mayor's Transport Strategy.

Travel Demand Management: influencing travel behaviour

Piccadilly line industrial action: 26-29 September 2018

Core to effective Travel Demand Management are collaboration, coordination and consistency, all of which are particularly important during short-notice or unplanned events.

We have clear processes and structures in place, which enable us to respond quickly during unplanned events and help our customers to make better travel choices. This includes timely, accurate information as well as targeted travel advice ahead of, and during, disruptions to help influence travel behaviours and keep London moving.

In 2018, we saw 10 instances of potential industrial action on our network, enabling us to trial, refine and improve our customer communications further.

Due to RMT industrial action, Piccadilly line services were suspended from I3:00 on Wednesday 26 September to I5:30 on Friday 28 September, and from 22:00 on Friday evening until the morning of Saturday 29 September. This affected customers travelling to and from Heathrow, and also Night Tube services.

160k customer emails sent





170k
visitors to the travel advice webpage

300k Twitter users reached on the day of the strike





40+

London Underground stations displayed whiteboard posters and saw station announcements As soon as we received notification of strike action, we worked quickly to establish operational and customer impacts and then develop a strategy to target key audiences such as commuters, airport travellers and theatre-goers. From this, we drafted core messages to encourage customers to avoid disruption by planning their journey in advance. As a result of our strategy, we saw:

- Bus travel increased by up to 2.7 per cent
- Tube travel unchanged, with the same level of entries and exits as expected from our baseline
- Rail travel (includes Tube, DLR, London Overground and National Rail) broadly unchanged (a small decrease of 0.3 per cent)

These figures demonstrate that, despite the industrial action, customers were well informed and so able to use alternative methods of travel, such as TfL Rail at Paddington for west London.

London Underground



Piccadilly line strike

Wednesday 26 until Saturday 29 September

Due to strike action by Train Operators we expect there to be no Piccadilly line service:

- Between I3:00 Wednesday 26 and mid-afternoon Friday 28 September
- Between 22:00 Friday 28 and early morning Saturday 29 September.

This will mean there will be no Night Tube service on the Piccadilly line on the Friday night.

For the latest information and to plan your journey using alternative routes, visit tfl.gov.uk.

MAYOR OF LONDON

Applying learnings to future unplanned events

Significant travel behaviour change was achieved during the industrial action. Services were able to cope and customers were able to travel by making different travel choices, although stations such as Paddington were extremely busy.

While the strategy was a success, it is important that we continue to improve, and always incorporate feedback into our future processes.

Key learnings include:

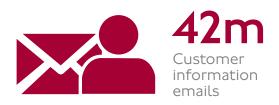
- Providing customers with more clear and open communications. In the specific instance of industrial action, customers told us they were keen on earlier advance notice of disruption, even if the action could then be cancelled
- Keeping customers informed in the runup to disruption of any changes. We have committed to doing this, and, in the case of industrial action, will reissue communications about the definitive status of future strikes, even if this is just hours before action is due to start
- Developing our travel advice for the future so that we can provide customers with even more accurate information

	Travel Demand Management campaigns
Surface	West End Project
	Bridge Street
	Baker Street two-way
	Old Street roundabout removal
	Highbury Corner gyratory removal
	A4 works
	Rotherhithe Tunnel
Rail and	4l M works
Underground	Festive travel
	restive travet
Events	Remembrance events
	New Year's Eve



Campaigns

Q3 customer information email volumes





Past five years

	2014/15	2015/16	2016/17	2017/18	Year to date 2018/19
Customer information emails	263m	273m	190m	187m	125m
Campaigns	1,019	1,216	898	1,043	662

Customer marketing and behaviour change campaigns

We conduct a range of information campaigns designed to help our customers save money and make life easier for them. The core themes in this period are summarised below:

TFL improvements

This campaign communicates to customers the key improvements we are making to our infrastructure and services, and how these are being implemented. The main improvements in Q3 have been to accessibility, with both Victoria and Newbury Park stations becoming step free.

Fares and ticketing

Campaigns for value fares (Hopper, Pay as You Go, Off-Peak, Touch-in Touch-out and Pink Reader) raise awareness of the best-value tickets and encourage customers to use ticket machines as much as possible. New campaigns for Q3 include the fares freeze (now in its third year), and weekly Oyster capping for bus and tram users, a new scheme launched in December.

Campaigns undertaken for bus users, meanwhile, aim to increase footfall on buses by promoting routes that have recently improved their reliability. Q3 saw the launch of new activity promoting the top 18 routes for reliability in outer northeast and west London.

Off-Peak campaign

The Off-Peak campaign continues to support the Mayor's Transport Strategy to deliver an 80 per cent sustainable mode share by 204I. It encourages customers to 'tap into the Wonderful World of Off-Peak' – using our lowest off-peak fares.

Cultural maps

Our cultural maps encourage customers to use public transport to visit key cultural landmarks in London. The activity supports the Mayor of London's pledge to protect and grow cultural institutions. Q3 saw new illustrated maps launched for bus routes, and existing maps updated with accessibility information. The suites of maps now include all Tube, DLR and London Overground lines, and five bus routes.

Hoardings

Hoardings are used across the network to inform customers of the improvements they will see as a result of the disruption they are experiencing to ensure the safety of our workforce and protect our customers. They enable us to showcase why we are carrying out the work and highlight the benefit for our customers, while also helping to brighten the environment.

Better Behaviour

This campaign is designed to improve the behaviours of passengers that negatively affect service reliability, other customers or our people. These include making space for others on the road, helping passengers off the train when they feel ill and being respectful towards staff on the network.

Part of this campaign is the 'Buses not Stopping' activity to support bus operators, encouraging passengers to signal to bus drivers or ring the bell when they want to board or alight.

Road Danger Reduction

Our campaign on Road Danger Reduction targets drivers and motorcyclists, encouraging them to slow down. It raises awareness of the risks of speeding or driving too fast for the conditions of the road. This activity has been launched to support Vision Zero, the Mayor of London's vision for achieving zero deaths and serious injuries on London's roads by 2041.

Air Quality (Ultra Low Emission Zone, bus improvements and rapid charging) In May 2018, the Ultra Low Emission Zone (ULEZ) campaign was launched, educating private and commercial drivers on the contribution that road traffic is making to London's poor air quality. More than 2.2 million vehicle checks have so far been undertaken using our online compliance checker.

Five further Low Emission Bus Zone launches were supported through posters along the routes and CRM activity, almost half way to the target of I2 zones.

We have been running an extensive multi-channel marketing campaign across London since May 2018 to encourage vehicle owners to use our online vehicle checking tool. The campaign explains how the scheme operates, including the options available for vehicle owners who are using vehicles that do not meet the emissions requirement. In January, the campaign was advertised on roadside posters and in national, London, specialist and local press; radio and digital advertising on third-party websites were also used. In addition, more than 2.8 million emails have been sent to customers on our database.

Travel Demand Management

Travel Demand Management (TDM) activity is now supplemented with additional targeted marketing, raising awareness of when and where public transport is running. Q3 has seen the launch of the TDM festive campaign, informing customers that the network is running over Christmas and the New Year. This is part of our commitment to increase usage of public transport at key periods, particularly bank holiday weekends.

When work takes place on London's roads, TDM activity encourages customers to avoid disruption. Examples this quarter include the Westminster Bridge closure.

Public Transport Safety

The Public Transport Safety campaign is designed to address key safety issues across modes and encourage passengers to take extra care when travelling around the network. The outdoor activity across TfL's owned media has been supplemented this quarter with additional paid-for media, with a focus on escalator and platform safety in November, and alcohol safety in December.

Personal safety

The Project Guardian 'Every report builds a picture' campaign continues to encourage women to report unwanted sexual behaviour. In addition to video ondemand media, video content will run in bursts on Facebook and Instagram.

Safer Travel at Night

The Safer Travel at Night (STaN) festive period campaign aimed to empower women by educating them on the four ways to book a taxi or minicab, and to help women make the right decision(s) for a safer journey. The campaign ran on Instagram and Facebook, as well as in the press, at bus shelters and on Underground posters.

New Cycle Infrastructure Campaign (active travel)

This autumn, a major new extension to Cycle Superhighway 6 (CS6) was completed alongside a number of Quietway sectional openings, adding to London's growing cycling network. The new campaign launched at the start of October to target Londoners and encourage them to explore their new cycle route. The campaign activity ran on posters, radio, leaflets, online and social media.

Schools and education programmes
Our work to encourage transport
behaviour change via nurseries, schools
and colleges continues. Our range of
programmes support a number of key
outcomes, including active travel, road
danger reduction and travelling safely
and independently on public transport.
We work in conjunction with the London
boroughs on these programmes, which
include the well-established STARS
programme and Children's Traffic Club.

Consultations

We launched 12 consultations in Q3, with proposals for the following:

- Cheyne Walk/Lots Road junction in Chelsea – new informal crossing
- Stoke Newington proposals to remove the gyratory
- Tooting town centre pedestrian and junction improvements
- Sutton Link new transport service for Sutton and Merton
- Portland Avenue/Dunsmure Road with Stamford Hill – pedestrian and junction improvements
- Edgware Road safety improvements
- Tooley Street road layout changes
- Colindale station redevelopment

- Brixton town centre road layout improvements for southbound bus services
- Bus service proposals:
 - Croydon town centre changes to
 Il bus routes
 - Richmond, Twickenham and
 Whitton proposed changes to
 five routes
 - Route 483 extension from Ealing Hospital to Windmill Lane

We also undertook 32 London Service Permit statutory consultations.

We are planning 15 consultations in Q4 (these are subject to change):

- Direct Vision Standard final consultation on detailed implementation proposals
- Improving safety in Private Hire Vehicles (PHVs) – further proposals
- Taxi age limit
- Taxi fares review 2018/19
- PHV operator licence fees review
- Wood Lane to Notting Hill Gate cycling and walking improvements
- Kew Bridge, Duke Road, Chiswick, and King Street Hammersmith cycling and walking improvements

- Bus service proposals:
 - Routes 428 and 492 changes
 between Crayford and Dartford
 - Route 609 re-routing of afternoon school journey
 - Routes 404 and 434 changes to routes in Coulsdon town centre
 - Harrow bus network changes to eight routes
 - Routes 20I and 607 bus stop changes in Shepherd's Bush
 - Routes 440, E3 and E10 changes to routings
 - Route 92 re-routing in Ealing to serve new development
 - Route 393 re-routing in Kentish Town

London Assembly scrutiny

London Assembly scrutiny in Q3:

Date	Title	Type of scrutiny
4 Oct 2018	Transport Committee – Bus Consultation	Closed meeting
17 Oct 2018	GLA Oversight Committee on Emergency Services Network (ESN)	Open meeting
17 Oct 2018	Budget Monitoring Sub-Committee	Open meeting
13 Nov 2018	Transport Committee – Taxi Private Hire	Open meeting
30 Nov 2018	Transport Committee – Taxi Private Hire	Written evidence
5 Dec 2018	Transport Committee – Healthy Streets	Open meeting

London Assembly scrutiny for future Q4 (these may be subject to change):

Date	Title	Type of scrutiny
21 Dec 2018	Transport Committee – Crossrail	Open meeting
7 Jan 2018	Budget and Performance Committee – TfL Business Plan	Open meeting
9 Jan 2018	Transport Committee – Crossrail	Open meeting
5 Feb 2018	Transport Committee – Freight	Open meeting
7 Feb 2018	Plenary Session – Transport	Open meeting
14 Feb 2018	Budget and Performance Committee – Response to report into TfL finances	Written response
28 Feb 2018	Transport Committee – TfL Response to Broken Rail report	Written response





Glossary

Measure	Unit	Description
Additional time to make step-free journeys	Minutes	This metric measures the time it takes to travel from each area in London (defined in the Rail plan zoning system, which splits London into 3,288 zones) to all other areas by the quickest route using public transport modes (Rail, London Underground, bus, DLR, Tram). It compares this to the travel times from a network consisting of just the fully accessible routes, which excludes station walk links that include steps. The difference between the two provides the additional journey time measure.
		The aim is to halve the additional journey time required by those using the step-free network only by 2041, so that journey times on the step-free network become comparable to those on the wider public transport network.
Cumulative reduction in the number of people killed or seriously injured (KSI) London-wide	%	The percentage reduction in the KSI. KPI relates to personal injury road traffic collisions occurring on the public highway, and reported to the police, in accordance with the Stats I9 national reporting system. The KPI measures the percentage change in KSI casualties on London's roads compared with the baseline average number of KSI casualties between 2005 and 2009.
London Buses: excess wait time	Minutes	Excess wait time represents the amount of time that a passenger has had to wait, beyond the time that they should expect to wait, if buses ran as scheduled. It is the key measure of reliability of high-frequency bus services as experienced by passengers, and is also used to calculate operator performance bonuses or penalties.

Measure	Unit	Description
London Overground and TfL Rail: public performance measure	%	The public performance measure shows the percentage of trains that arrive at their destination on time.
		It combines figures for punctuality and reliability into a single performance measure and is the rail industry standard measurement of performance.
		It measures the performance of individual trains advertised as passenger services against their planned timetable, as agreed between the operator and Network Rail at 22:00 the night before. It is therefore the percentage of trains 'on time' compared with the total number of trains planned.
		In London and the South East, a train is defined as being on time if it arrives at the destination within five minutes (four minutes, 59 seconds or less) of the planned arrival time.
		Where a train fails to run its entire planned route (not calling at all timetabled stations), it will count as a public performance measure failure.
London Underground: lost customer hours	Hours	The total extra journey time, measured in hours, experienced by Underground customers as a result of all service disruptions with durations of two minutes or more. A delay at a busy location or during peak hours results in more lost customer hours because a greater number of customers are affected.
		For example, an incident at Oxford Circus during a Monday to Friday peak results in a much higher number of lost customer hours than an incident of the same length in Zone 6 on a Sunday morning.
		As we review incidents, we may need to change the figures retrospectively.

Measure	Unit	Description
LU: excess journey time	Perceived minutes	Journey time is a way of measuring London Underground's service performance. We break down journeys into stages and give each one:
		 A scheduled length of time, so we can say how long a given journey should take if everything goes as planned
		 A value of time based on how customers feel about that part of their journey, for example going up an escalator has a value of I.5, whereas walking up stairs has a value of four, because it increases the perceived journey time
		These are the stages of a journey:
		 Time from station entrance to platform Ticket queuing and purchase time Platform wait time On-train time Platform to platform interchange Time from platform to station exit
		In each period, actual journey times are measured then compared with the schedule. The difference between the two is the measure of lateness – referred to as excess journey time. It is therefore a measure of how efficiently London Underground is providing its scheduled or 'stated' service – the more reliable the service the lower the excess journey time. The calculation includes the impact of planned closures.

Measure	Unit	Description
Operational improvements to sustainable travel	Hours	This metric reports the saving to journey times and wait times for pedestrians and bus passengers as a result of our signal timings review programme. Benefits to cyclists will be included later in the year. The 2018/19 target has been set using improvements from 370 signal timing reviews carried out in 2017/18, capturing these improvements during a typical weekday (24 hrs). Bus benefits will continue to be dominant, as buses carry the highest proportion of people travelling sustainably through junctions. The metric is calculated by comparing journey times and wait times before and after the change in signal timings. Measurements can be taken only when the road network is operating within normal parameters – benefits cannot be measured and reported when there are roadworks, unplanned disruptions or school holidays. The time changes are multiplied by estimates of the number of people using each set of signals reviewed, by each mode of sustainable transport.
Passenger journeys	Number	A single journey by an individual (adult or child) on a particular mode of transport run by TfL.
Recorded crime rate	Per million passenger journeys	The number of recorded (or notifiable) crimes per million passenger journeys on the appropriate network.
Scheduled services operated	%	The number of services that TfL actually operated, compared with the scheduled plan – comparing peak and off-peak times. Peak times are 07.00-10.00 and 16.00-19.00 Monday-Friday. This helps us check whether the service we operate at the busiest times of day is as good as during quieter periods.
Transport for London Road Network (TLRN): journey time reliability (morning peak)	%	This is a key measure for monitoring traffic flow. It is defined as the percentage of journeys completed within an allowable excess of five minutes for a standard 30-minute journey, during the morning peak.

Measure	Unit	Description
TLRN user satisfaction score	Score	A score out of I00 showing how satisfied customers are with their journey on the TLRN in the past month. Each customer rates their journey on a scale of 0-I0, which is then multiplied by I0 to give a score out of I00. This includes journeys by car, walking between transport modes, cycling, bus, powered two-wheelers, taxis and private hire vehicles.
		TLRN customer satisfaction survey is conducted online. It is estimated that, if it were conducted face-to-face (like other TfL customer surveys), the score would be higher by between five and I0 points.
		From 2010 to Q4 2015, scores had been artificially inflated as a follow-up question was used inappropriately. From QI 2016, we removed this question.
TLRN: serious and severe disruption	Hours	This KPI measures the numbers of hours of serious and severe disruption on the TLRN as a result of planned and unplanned interventions.
Roads disruption metric	%	This metric tracks our management of disruption to average London vehicle journey times (07:00-19:00 on the TLRN). The target is to remain within 15 per cent of the 2017/18 baseline of 126 secs/km.

Our customer commitments

Every journey matters

I. Safety

Safety is a top priority for us on all our services.

2. Help, contact and complaints

You can contact us in a way that suits you. We will listen to your feedback and use it to continue to improve our services.

3. Fares, payments and refunds

We promise to give you the best value ticket for your journey.

4. Keeping you informed

We commit to providing personalised, real-time information at every stage of your journey.

5. Accessibility and disabled passengers

We are committed to ensuring London continues to have one of the most accessible transport networks in the world.

6. Reliability

We will provide a reliable service and work to reduce any delays.

7. Environment

We are committed to reducing our impact on the environment and providing a clean and comfortable service.

8. Sustainability

We contribute to a better quality of life for Londoners, now and in the future.

9. Reinvesting in transport

We reinvest all our incomes to run and improve your services.

10. Our customer service performance

We put customers at the heart of everything we do: Every journey matters.

To find out more, visit tfl.gov.uk/commitments.



Agenda Item 8

Board



Date: 27 March 2019

Item: Draft TfL Budget 2019/20

This paper will be considered in public

1 Summary

- 1.1 This paper seeks the approval of the draft TfL Budget 2019/20.
- 1.2 The members of the Finance Committee informally reviewed the financial summaries and analysis on 11 March 2019.

2 Recommendations

2.1 The Board is asked to:

- (a) approve the draft TfL Budget 2019/20; and
- (b) delegate to the Chief Finance Officer the authority to make any editorial or other minor changes prior to its publication.

3 Background

- 3.1 The draft Budget 2019/20 sets out in detail the strategies outlined in the December 2018 Business Plan to deliver the Mayor's plans for improving transport and reducing our operating costs in the financial year beginning 1 April 2019.
- 3.2 The document highlights the programmes and milestones that will see the most significant developments or progress over the next year.
- 3.3 The financial schedules, scorecard measures and key performance indicators are based on the forecast outturn position for 2018/19 as at period 11.

List of appendices to this report:

Appendix 1: Draft TfL Budget 2019/20

Appendix 2: Slide Presentation

List of background papers:

None

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Transport for London Budget 2019/20

Draft



About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners'. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people's experience in everything we do.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London's public transport services, including the London Underground, London Buses, the Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to central London's rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor's Transport Strategy; by doing so we can create a better city as London grows.

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How we measure success

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Budget 2019/20

Commissioner's foreword

We are determined to meet the challenging targets we have set ourselves.

This Budget sets out in detail how we will keep London moving, working and growing. It is aligned with our overarching objectives in the Mayor's Transport Strategy and builds on the proposals set out in our five-year Business Plan.

This is set to be a very busy year. In April, we will introduce the new Ultra Low Emission Zone in central London, marking a major step forward in cleaning up London's air. By April 2020, 8,350 buses in our fleet will meet, or exceed, the ultra-clean Euro VI standard. We are significantly increasing our capital investment in Healthy Streets, including further expansion of the London-wide cycle network.

We expect to complete major safety and improvement works at Highbury Corner junction, start construction on the Silvertown Tunnel, and begin the reconfiguration of the bus network to better match demand and enable capacity uplifts in outer London.

We will make eight more Underground stations step-free this year, meaning our network will be more accessible than ever. We will continue to implement the new signalling system on the Circle, District, Hammersmith & City and Metropolitan lines and continue work to extend the Northern line from Kennington to Battersea via Nine Elms.

Alongside all of this, we remain committed to the Mayor's freeze on our fares, which is helping to keep travel in London an affordable option for everyone.

We are confident that we can deliver all this despite the difficult financial conditions we are facing. Our recent Business Plan described these pressures, which include the loss of £700m every year in government grant, a subdued economy affecting demand for our services, and the impact of the delay to the opening of the Elizabeth line. It also details how we are responding to them, through prudent investment, a wide-ranging savings programme and steps to increase other sources of revenue. That programme will continue this year, with work already under way to identify further efficiencies and reduce our back and middle office costs by 30 per cent.

Over the last three years we have made unprecedented progress in reducing our year-on-year, like-for-like operating costs. We also made some difficult decisions in our Business Plan. We put some vital programmes on hold until we have confirmation of capital funding beyond March 2021, including new signalling for

Appendices

the Piccadilly line and the upgrade of Camden Town Underground station. It is critical that we secure long-term funding certainty to provide the steady and sustained investment London needs.

We will measure our delivery against our scorecard, which is approved by the TfL Board. I am determined that we will run the safest and most reliable services possible, deliver new housing and infrastructure that supports London's growth, and make real strides towards our organisation becoming truly representative of the people we serve.

The targets in our scorecard are challenging, which is the way it should be. I look forward to working with our people, trade unions, suppliers and stakeholders to deliver them over the year ahead.



Mike Brown MVO

Commissioner Transport for London

How we measure success Measuring success

A balanced budget

Budget 2019/20



8

Measuring success

Our scorecard, approved by the TfL Board, focuses on critical targets for the year ahead.

The scorecard captures the key outcomes that we will deliver over the next year to achieve the Mayor's goals.

Approved by the Board, the scorecard details our key priorities, providing an objective method for tracking performance. We use 20 measures, which have been developed to provide a clear link between the long-term vision of the Mayor's Transport Strategy, the five-year Business Plan and this one-year Budget. We regularly report our results to the TfL Board through financial and quarterly reports, which are all publicly available.

The measures are aligned with the three key themes of the Mayor's Transport Strategy – Healthy Streets and healthy people, a good public transport experience, and new homes and jobs. They keep us focused on the overall objective for 80 per cent of journeys to be made by walking, cycling or public transport by 2041.

They are grouped into four key areas of Safety and operations, Customers, People, and Financial, with each carrying an equal weighting of 25 per cent.

Our forecasts for 2018/19 show we have made good progress since last year by reducing the number of customer and workforce injuries, and reducing the time to make step-free journeys. Our net operating surplus is also forecast well ahead of target as we have reduced our operating costs. We have increased the number of Euro VI compliant buses, improved Tube reliability, maintained average bus speeds and increased the number of cycling trips. The percentage of people who agree we care about our customers has also increased.

These forecast results also show where we need to improve. We have reduced the number of people killed or seriously injured on or by London buses, but we must reduce this figure across the wider transport network as we work towards achieving Vision Zero. We must also do better in meeting our diversity and workforce engagement targets.

This year, we have again set ourselves challenging targets. We have developed some measures since last year and introduced new ones, which will give us the most relevant information to drive our performance. We will work hard to achieve them as we keep transport in London affordable, reliable and safe and encourage more people to switch to sustainable travel options.

How we measure success			
Measuring success			

A balanced budget

Budget 2019/20

The weighting of each theme and category is shown in brackets in the scorecard

Long-term objectives	2019/20 scorecard	2018/19	2019/20	
Outcome	Measure	Forecast	Target	Category
Healthy Streets and hea	althy people (12.5%)			
London's transport system will be safe and secure	Reduction in people killed or seriously injured on the roads from 2005-09 baseline (%)	39.8	42.3	
	Reduction in people killed or seriously injured involving buses from 2005-09 baseline (%)	57.4	58.7	
London's streets will be clean and green	Number of London buses that are Euro VI compliant	6,600	8,350	
London's streets will be used more efficiently and have less traffic	Traffic signal changes to support Healthy Streets (person hours per day)	17,500	15,000	
More people will travel actively in London	Healthy Streets check for designers (average % uplift)	10	10	Safety and operations (25%)
A good public transport experience (30%)				
Public transport will be accessible to all	Reduction in customers and workforce killed and seriously injured ¹ (%)	New	56 fewer people killed or seriously injured (2.5% reduction)	
	Additional time to make step-free journeys (minutes)	9	8.3	
Journeys by public transport will be	Tube excess journey time (minutes)	4.52	4.52	
fast and reliable	Weighted bus customer journey time (minutes)	32.5	33.5	
	Customer satisfaction – percentage of Londoners who agree we care about our customers (%)	49	50	
The public transport network will meet	Deliver key investment milestones (%)	81	90	Customers (25%)
the needs of a growing London	Key Elizabeth line delivery milestone ²	ТВС	ТВС	

This scorecard is subject to approval by the TfL Board at its meeting on 27 March 2019

¹ The 2019/20 target will be set at the 2018/19 year end actual, which is currently forecast at 4.52 minutes

² Suitable milestone and target date to be identified from the delivery programme once this has been confirmed. This will be agreed with the Chair of the Finance Committee

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Long-term objectives	2019/20 scorecard	2018/19	2019/20		
Outcome	Measure	Forecast	Target	Category	
New homes and jobs (2.5%)					
Transport investment will unlock the delivery of new homes and jobs	The cumulative percentage of affordable homes on TfL land with planning applications submitted – post May 2016 (%)	New	50	Customers	
Mode share (5%)				(continued)	
80% of journeys will be made by sustainable	Public transport trips (millions)	4,011	3,967		
modes in 2041	Average kilometres cycled per day (thousands) ³	525	540		
People (25%)					
A capable and engaged workforce representative of London	Workforce representativeness ⁴ - all staff (%) - director/band 5 (%)	70.I 4I.9	+1 +0.5	People (25%)	
	Inclusion index (%)	43	46		
	Total engagement (%)	56	57		
Financial (25%)					
We are prudent and	Net operating surplus (£m) ⁵	359	191	Financial (25%)	
cover our costs	Investment programme (£)	22% under Budget	Budget	(25 /0)	

³ Cycling trips in central London only

⁴ Percentage point improvement from 2018/19 end-of-year position

⁵ Net operating surplus is the net cost of operations before renewals and financing costs

How we measure success What we will deliver A balanced budget

Budget 2019/20

What we will deliver

Activities, resources and investment in 2019/20 are directed to the outcomes of the Mayor's Transport Strategy.

The 2018 Business Plan set out the direction of our investment programme for the next five years to support the Mayor's vision for active, affordable, efficient and sustainable transport, and to make huge improvements to the transport system.

This Budget is our balanced, detailed plan for the 2019/20 financial year. It explains how we will deliver the three core themes of the Mayor's Transport Strategy, with its central goal that, by 2041, 80 per cent of trips will be made on foot, by cycle or using public transport.

Healthy Streets and healthy people

We will invest in streets and the public domain to enhance people's experience of the places where they live, work, go to school and spend time. Reducing traffic dominance and prioritising walking, cycling and public transport use will help Londoners live active, healthy lives and create a city that works for all.



Launch

of the Ultra Low Emission Zone in April 2019

Low Emission Bus Zones launched by the end of 2019



15,000

hours a day saved for people walking, cycling an using public transport through traffic light retiming

major new cycling routes to start construction, subject to consultation



Appendices

A good public transport experience

The right investment will ensure public transport becomes an increasingly attractive alternative to using a car. Planning for the whole journey will help integrate street-level and public

transport investment. Making sure the right services are available where people need them, reducing overcrowding and keeping fares affordable will help to reduce people's dependency on cars.



Work with Crossrail Ltd to complete the

Elizabeth line





new London Overground trains, adding capacity to the network

More bus services for outer London



New homes and jobs

Transport improvements are vital to the creation of new homes and jobs, and can ensure that London grows sustainably. Our investment will help to create communities where local

amenities are within walking and cycling distance and public transport is available for longer journeys, protecting the environment and improving quality of life.

new homes to have a delivery















Delivering a balanced budget

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A balanced budget CFO foreword

Budget 2019/20

CFO foreword

Our Budget, the first year of our five-year plan, builds on the strong performance over the past three years.

We have reduced our like-for-like costs year-on-year since 2016/17, something that TfL has never achieved before. In 2018/19, we expect our net cost of operations to be £468m better than the 2018/19 Budget, despite the delays to the opening of the Elizabeth line. We will successfully absorb the impact of the loss in operating grant, delivering an underlying improvement from last year. This has been achieved through the organisation focusing on its cost base, including maintenance savings, contract renegotiations and recruitment controls.

Our net cost of operations in 2018/19 will be one third of what it was in 2015/16, if the operating grant is excluded. This consistently strong performance shows we are on the right trajectory to deliver a surplus on net cost of operations by 2022/23.

Our 2019/20 Budget reflects the performance achieved in 2018/19 and our net cost of operations is projected to be £742m, which is £155m better than the Business Plan

Our assumptions on the Elizabeth line remain largely unchanged from the Business Plan, except for small phasing changes. We are assuming we will take over services from Paddington to Reading in 2019 and that, over the life of our Business Plan, the revenue impact of the delay to opening the Elizabeth line will remain around £600m lower than originally anticipated. Our assumptions on the additional Crossrail construction costs remain unchanged and will be met through the agreement reached with Government and the Greater London Authority in December 2018.

This Budget is written in the context of a very uncertain economic environment. The latest data from the Office for National Statistics and the Bank of England show the British economy had the worst performance in the last quarter since the financial crisis. Growth is likely to remain subdued as businesses and households hold off investment and consumption until the uncertainty over the UK's exit from the European Union lifts.

We have, therefore, maintained our cautious view on passenger demand, assuming the improving trend of Quarter 4 will not continue into 2019/20. On the London Underground and buses, we maintain the cautious assumptions we used for our Business Plan, while Rail has been revised downwards, owing to continued economic uncertainty.

Appendices

Excluding the impact of the Elizabeth line delay, increased spend on renewals and financing costs, our net cost of operations in 2019/20 is forecast to remain broadly in line with 2018/19.

The Business Plan announced the next stage of our organisational change and our challenge to collectively achieve a surplus on net cost of operations by 2022/23. This Budget sets out the first year's plans to achieve those targets, including progressing work to:

- Double the operating surplus on London Underground to cover the cost of future renewals
- Cap the combined subsidy of buses and streets at £850m
- Break even on Rail and our Other operations
- Achieve a £300m surplus on our other revenue-generating activities – Property, Media and our new Applied solutions function
- Ensure our capital plan is affordable, with sufficient renewals
- Reduce our back and middle office costs by 30 per cent

We have no long-term funding certainty beyond 2020/2I. This clearly poses challenges when planning the pipeline of investment London requires, and we continue to work with our stakeholders to secure the necessary funding.



London is a vital driver of the UK economy. Steady investment in infrastructure, in line with the National Infrastructure Commission recommendations, must be sustained if London is to continue growing, attracting investment and talent, and competing as a global city.

Simon Kilonback Chief Finance Officer Transport for London A balanced budget Budget at a glance **Budget 2019/20**

Budget at a glance

Sources of funds

£10.3bn

Total sources of funds

Grants £2.2bn



borrowing, working capital and cash reserves £0.9bn

Use of





Passenger income **£4.9bn**



79% spent on running and operating the network every day



spent renewing and improving the network through one of the largest capital investment programmes in Europe

21%

Uses of funds

£10.3bn

Total uses of funds





Capital renewals





Financing £0.5bn



These figures have all been rounded

Appendices

Facts and figures

8,350

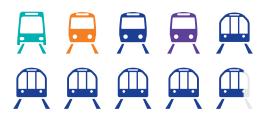
Euro VI buses (hybrid and diesel) in the fleet by the end of 2019/20 (from 6,600 in 2018/19)



More than 1/3 of the Tube network will be step-free by 2020







985

trains running on our network as the Elizabeth line comes into service (from 950 in 2018/19)

We will operate



of Rail and Underground routes in 2019/20 (from 720km in 2018/19)



Doubling capital investment in Healthy Streets

Extend

the weekly cap on Oyster cards to include Tube and rail services







Meeting our challenges

We will improve and expand our services while controlling costs – doing more with less.

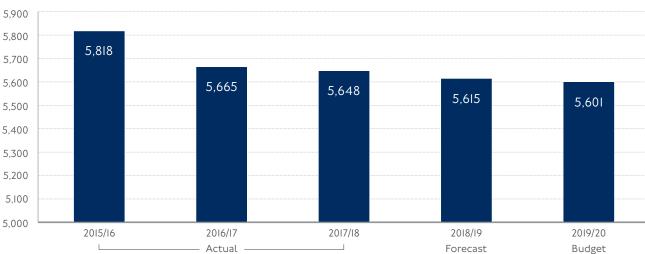
In our Business Plan, we said in order to achieve a financial surplus, we will need to continue our huge programme to reduce costs, increase revenue and become more efficient, while maintaining safety, frontline services and vital investment.

Through our savings programme, we mitigate inflationary pressures every year, reducing like-for-like operating costs. This means we only increase costs to grow our business and generate further income.

Our savings programme

The initial phase of our change programme started in 2015/16 and delivered annualised savings of £542m by the end of 2017/18. We are forecasting to save a further £165m in 2018/19. This has contributed to a reduction in our year-on-year, like-for-like operating costs for the third consecutive year, as shown in the graph below.





^{*} Like-for-like operating costs exclude Elizabeth line, investment project costs in the operating account, one-offs and growth

Appendices

These savings have been achieved through changes to our operating model, reducing and relocating head office accommodation based on our three-hub strategy, contract savings and London Underground maintenance modernisation savings.

Going further to break even

To achieve financial sustainability, we must go further. Our change programme is entering a new phase, focused on driving further efficiencies through end-to-end process re-engineering and further integration in our back and middle office functions, while modernising the Underground and reshaping the bus network.

In 2019/20, we are planning to make £2IIm in year-on-year savings. Key workstreams are already under way, including:

- Merging some Human Resources and Finance functions and driving efficiencies through standardisation of common processes
- Merging specialists from across the organisation into a single Investment Delivery Planning team
- Modernising London Underground maintenance, including new supply chain improvements
- Reshaping the bus network within inner London to refocus the network in outer London and growing demand





How we measure success

A balanced budget Meeting our challenges

Budget 2019/20

Efficiency trends

Controlling our costs, while improving and expanding our services, is essential if we are to break even on net cost of operations by 2022/23, while continuing to provide the transport that a growing London requires. We have made considerable progress in achieving this over recent years.

Over the past decade, our scope has widened considerably as we have enhanced the service we provide. This includes taking over suburban rail services through London Overground and TfL Rail, extending the DLR and Santander Cycles networks, and launching the Emirates Air Line, contactless payment and the Night Tube.

This will continue in 2019/20 as we launch the Ultra Low Emission Zone (ULEZ) and Crossrail Limited ramp up testing and preparations for the Elizabeth line. The expansion of our activities have meant that the overall cost to operate TfL has risen, particularly between 2011 and 2016. Since 2016, our operating costs have fallen, with us fully absorbing the impact of higher inflation while still lowering costs. We have achieved this by comprehensively reorganising our business to drive efficiency.

On London Underground, operated kilometres in 2019/20 will be 19 per cent higher than in 2011/12, reflecting the line upgrades and timetable enhancements we have delivered. Over the same

period, the Underground's operating cost as a whole has only increased by four per cent, meaning the cost per operated kilometre has declined by I3 per cent, before accounting for inflation. We have achieved this by streamlining operations, reducing management layers and improving the performance of our assets. We have also brought down the cost per operated kilometre on London Overground and the DLR.

On the bus network, we are driving higher standards of air quality, safety and customer service while keeping the cost of operating each kilometre of service mostly flat in constant prices. This has been achieved by improving how we tender, reducing excess capacity in congested parts of central London to better match demand, and committing strongly to cleaner bus technologies, giving the market certainty and driving down the premium we pay for these.

In our corporate functions, our change programme has released substantial savings. Over the course of our Business Plan, we will go further by reducing back and middle office costs by an additional 30 per cent. We are reviewing all areas of activity and benchmarking our performance against relevant comparators to understand where we can consolidate and reduce costs. This will enable us to focus our activities on providing the best possible service to our customers.

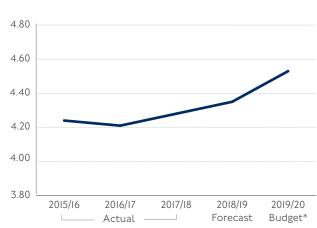
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Cost per operated kilometre (£) London Underground



Cost per operated kilometre will continue to fall this year, with our ongoing modernisation programme enabling us to absorb the impact of inflation. Improving use of our assets and better working practices have enabled us to lower it by I3 per cent since 2015/16.

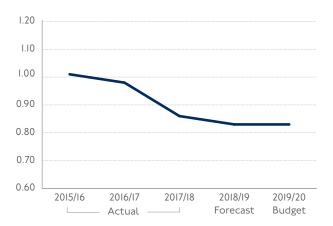
Buses



Over recent years, cost per operated kilometre has risen broadly in line with inflation. We are working with our operators and improving how we tender contracts in order to control costs while improving the bus fleet.

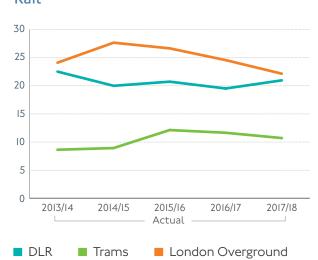
* Kilometres operated in 2019/20, subject to consultation

Streets



Operating costs have reduced as a result of our difficult decision to postpone proactive road maintenance in light of a lack of dedicated roads funding. Operated kilometres refer to the length of the road network that we operate.

Rail



In recent years, costs have generally been reducing, with some variation reflecting operating conditions, including the aftermath of the Sandilands tragedy. Future operating kilometres are dependent on performance by our operators, so we only compare historic data.

How we measure success

A balanced budget Meeting our challenges

Budget 2019/20

Diversifying our income base

Growing our commercial income is a key part of our plan to achieve a surplus on net cost of operations by 2022/23. We will use our assets and skills, as well as our property and advertising estates, to generate long-term revenues to reinvest back into our network. A more diverse range of income also supports our financial security, as we will be less dependent on the UK and London economy.

As one of London's largest landowners, our landholdings play a vital role in meeting the Mayor's priorities to build the affordable homes that the Capital needs. We have an extensive pipeline of sites that we plan to develop in the long term to deliver 10,000 homes across more than 300 acres.

Retailers across London can take advantage of our exciting retail spaces, including railway arches, while our commercial properties provide ideal locations for small businesses.

Our advertising estate is one of the most valuable in the world and we continue to invest in transforming it to make it even more attractive to advertisers. This includes the use of digital infrastructure and a deeper understanding of our customers via anonymised, aggregatelevel data.

We partner with cities, regions, consultancies and transport operators around the world to deploy our unique, specialist expertise. This also enables us to develop sustainable answers to transport challenges.

Activities within our growth business include starting construction of 350 homes in Waltham Forest (of which, 50 per cent will be affordable), enhancing digital Tube advertising, developing a public cellular network on the Underground and providing our engineering expertise to metros in Oslo and San Francisco.

Each of these activities will have dedicated resource, clear financial targets, the right leadership and appropriate governance. This sets us up to make the most of the commercial opportunities, improving our financial resilience.

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Our services

Appendices



A balanced budget Approach to forecasting

Budget 2019/20

Approach to forecasting

Our forecasting remains cautious given the challenges of the external environment.

Our Business Plan outlined our comprehensive approach to forecasting, which affects projected revenue and cost. We have continued to update these forecasts based on our latest view of the external environment. These amendments have been embedded into our 2019/20 Budget and full-year forecast for 2018/19.

Forecasts for the London economy come from GLA Economics, which provides us with a range of scenarios to enable us to consider different outcomes.

The graphs opposite illustrate the latest forecasts for four of the main economic drivers that we look at – London's gross value added, household consumption, employment and UK inflation.

We have seen minor movements in the economic indicators since publishing our 2018 Business Plan, which continue to reflect the continuing uncertainty in the economy.

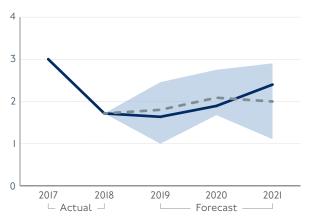
We maintain a cautious view of passenger income, which is heavily influenced by economic factors beyond our control, as well as internal factors, such as new timetables or services.

While there has been some recovery in demand in the last quarter of 2018/19, the uncertainty surrounding the UK's exit from the European Union makes it unwise, in our view, to take a materially more optimistic demand assumption going into 2019/20. Our passenger income forecast for 2018/19 and our budget for 2019/20 is only slightly higher than in the Business Plan, owing to better than expected demand growth in recent months.

Our approach to forecasting includes actively monitoring emerging risks and opportunities, which assess how external forces may affect the organisation. While our forecast has not built in an assumption of a disruptive no-deal departure from the European Union as part of this Budget, we have contingency action plans if we need to re-evaluate our operating and capital cost base.

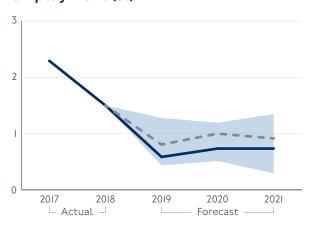
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Year-on-year growth in gross value added (%)



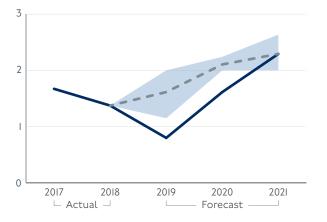
Growth in gross value added in London is a measure of the value of all goods and services produced in London.

Year-on-year growth in employment (%)



Growth in employment in London is defined as the total number of skilled and unskilled jobs available in London.

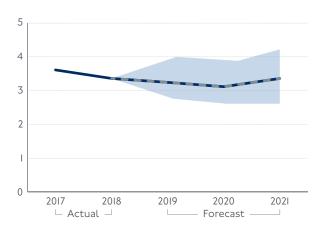
Year-on-year growth in consumption (%)



Growth in consumption in London is the extent to which goods or services are used, and reflective of the portion of household income spent, not saved.

- Historic actuals and forecast used
- Average of external forecast
- Range of external forecast

Retail price index inflation (%)



Growth in UK retail price index inflation reflects the change in cost of retail goods and services across the UK.

Source: Office for National Statistics, Experian Economics, the Bank of England, Greater London Authority Economics modelling, Greater London Authority Economics forecasts and HM Treasury Summary of Independent forecasts

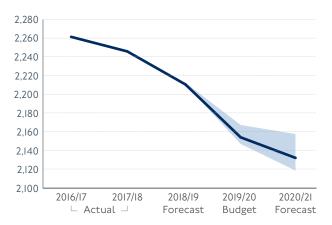
A balanced budget Approach to forecasting

Budget 2019/20

These graphs represent the forecast range of passenger journeys under different economic scenarios, driven from the data shown on page 27. The highest point in the range shows the most positive outcome, based on more

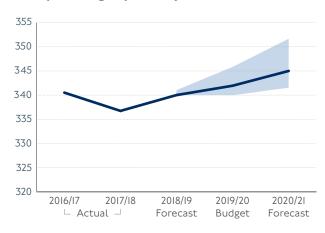
favourable economic performance, while the lowest point factors in poorer economic conditions. These forecasts include revised assumptions on passenger movements in light of the Elizabeth line delay.

Buses passenger journeys (millions)



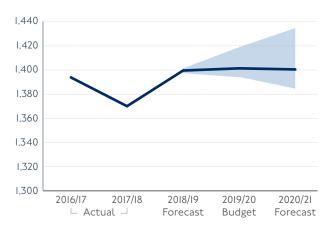
Bus passenger journeys are expected to continue to decline in 2019/20 and 2020/21.

Rail passenger journeys (millions)



The upwards trend in 2018/19 will continue throughout 2019/20 and into 2020/21.

London Underground passenger journeys (millions)



Passengers journeys on London Underground are expected to continue the positive trend witnessed in 2018/19, although we remain cautious.

- Historic actuals and forecast used
- Range of internal modelling scenarios

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Our services

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Buses

Bus operated kilometres and speeds are two of the main internal drivers of demand. Subject to the outcome of the central London bus service review, the total number of operated kilometres may reduce in 2019/20, although the decrease is less than we stated in our Business Plan, as we reshape services in central and inner London to better match demand. Our assumptions on speeds remain unchanged.

The trend in declining passenger numbers since 2015 is consistent with survey data showing a decline in bus trip rates over the same period by low income households, who represent the majority of bus users. This suggests that constrained household incomes are linked to falling bus demand.

We have seen the biggest declines in journey numbers during school holidays, when leisure trips by families tend to comprise a greater proportion of overall journeys. We have also seen weekend bus demand fall more than weekday.

Rail

Internal factors that affect rail demand include planned engineering closures, new train deployments and service frequency changes.

Rail demand fell in 2017/18, which was broadly consistent with a decline in overall rail demand across London and the South East, although we forecast this to recover in 2018/19.

In 2019/20, we expect DLR and London Trams journeys to remain static, while we will see a small increase in London Overground, owing to an increase in the number of services and the introduction of new trains between Gospel Oak and Barking. However, the delay in these new trains coming into service results in a corresponding delay to the increase in demand stated in our Business Plan.

London Underground

Underground journeys were in decline in late 2017 and most of 2018, before growth returned in the last quarter of 2018. The number of journeys outside Zone I has been in decline over the last two years, which likely reflects a reduction in discretionary journeys, probably caused by a continued squeeze on household incomes. Continued employment growth is contributing to robust commuter demand.

The most significant internal factors affecting London Underground demand include service improvements, reliability and asset upgrades. The assumptions built into the Business Plan included a small number of service improvements and station upgrades that increase demand, which remain unchanged.

London Underground has experienced higher than forecast journeys since the publication of the Business Plan. While this demand recovery is a positive sign, we remain cautious in the uncertain economic climate.

A balanced budget Managing risk

Budget 2019/20

Managing risk

We must be prepared for external changes that could affect safety, operations and finances.

We take an enterprise-wide approach to risk management and use an Enterprise Risk Management framework to identify, analyse, manage and report risks to strategic and tactical objectives, including the delivery of the Mayor's Transport Strategy and our corporate strategy. We manage a wide range of risks, including potential impacts and benefits to our customers and stakeholders, health, safety and the environment, our finances and our stakeholders' confidence in us.

Our success, as measured through delivery of complex infrastructure projects, and running a safe and reliable transport network in the most efficient and effective manner, means we must be flexible and innovative in our approach to risk mitigation. Our enterprise-wide approach provides opportunities to review, monitor and enhance strategies depending on changing conditions and challenges.

Safety is our top priority. We are working towards the Vision Zero goal of eliminating all deaths and serious injuries on roads and public transport. We face a range of threats to safety and security, including terrorism and road danger. We will work with the police, boroughs and other partners to prevent and reduce harm to our staff and customers and improve safety on London's roads and public transport.

There is a risk that a challenging macroeconomic environment and other financial challenges may result in an inability to pay for and deliver services and invest affordably. In this Budget, we maintain a cautious view on passenger demand and income forecasts. We are working on developing alternative revenue streams and we are continuing to deliver greater efficiencies through our extensive savings programme. Through these actions, we are taking decisive steps to building financial resilience to be able to respond to changes in the external environment.

Our capital programme is £1.9bn in 2019/20, including renewals. Any major infrastructure project is subject to a range of risks, which we manage by working closely with suppliers, applying our governance process and controls to deliver key milestones. We also work with our supply chain to identify opportunities for efficiencies and savings.

We receive funding from the Greater London Authority as part of local authority devolved arrangements. The Mayor retains a share of London's business rates and then allocates a proportion of this to us. In 2019/20, we will receive £1.9bn of business rates and around £300m in grants from the Mayor and the Government for

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Our services

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Spotlight

Preparing for Brexit

We have been preparing for all possible outcomes related to the UK leaving the European Union. Although such an event would pose challenges for us, as for many other organisations, we are confident the mitigation plans we have been developing would enable us to continue to serve our customers in all scenarios. The risks include:

Operations

We are preparing an operational plan and working closely with partners to manage any disruptions related to Brexit. We are working with the London Resilience Forum and our operators to ensure sufficient resources are in place to maintain our services regardless of the outcome. This includes maintaining sufficient levels of stock of critical spares to enable uninterrupted maintenance activities.

Commercial and finance

We are managing supply chain risks, including sub-contractors, to ensure contracts can continue. Where necessary, we are hedging to reduce exchange rate risk and placing orders for critical supplies at fixed prices. We are working with lenders to manage interest rate risks and seeking to increase certainty by fixing borrowing rates in advance. This Budget has not built in an assumption of a disruptive no-deal departure from the European Union, but if this changes, we will revisit our financial projections.

People

We are supporting our non-UK EU citizens staff by providing guidance on applying for Settled Status. We are engaging through our Human Resources team and internal communications.

various schemes. We no longer receive any operational grant from the Government to offset the cost of day-to-day services, and we operate the only part of the UK's strategic road network that receives no routine funding from the Government. The Business Rate Retention scheme is a pilot and there is no certainty of our capital or operating funding after 2020/2I. We will continue to make the case for greater long-term funding certainty as part of this year's Comprehensive Spending Review.

By continually monitoring our operational risks and using our Enterprise Risk Management framework to evaluate our strategic risks and approach to managing them, we have systems and governance processes in place to alert us to emerging risks and opportunities, giving us early warning if we need to take action. We are committed to improving the way strategic risks are identified, managed and reported, and we will continue to provide input to the Audit and Assurance Committee and other committees and panels. The risks we are managing can be seen in the Appendix.





2019/20 Budget

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Financial summary

This Budget sets out in detail how we will deliver the first year of our five-year Business Plan.

Operating account

TfL Group (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 Forecast	2019/20 variance to 2018/19 forecast
Passenger income	4,856	4,821	35	4,789	67
Other operating income	1,050	1,128	(78)	829	221
Total operating income	5,906	5,949	(43)	5,618	288
Business rates	954	954	-	948	6
Other revenue grants	111	49	62	100	11
Total income	6,971	6,952	19	6,666	305
Operating cost	(6,780)	(6,909)	129	(6,307)	(473)
Net operating surplus	191	43	148	359	(168)
Capital renewals*	(459)	(456)	(3)	(409)	(50)
Net cost of operations before financing	(268)	(413)	145	(50)	(218)
Net financing costs	(474)	(484)	10	(450)	(24)
Net cost of operations	(742)	(897)	155	(500)	(242)

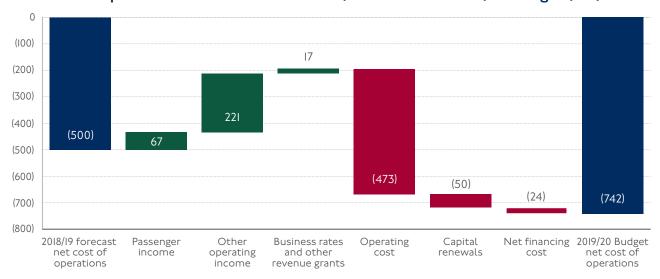
We start 2019/20 in a stronger position than set out in our 2018 Business Plan. Our budgeted net cost of operations is now £742m, which is an improvement of £155m against the Business Plan.

This is partly due to the favourable demand we have seen in the latter part of 2018/19, and the realisation of further savings, which have reduced our operating cost base.

^{*} Capital renewals are shown net of third party contributions

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Net cost of operations movement from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

Passenger income

The passenger income budget in 2019/20 is £4,856m. This is an increase of £67m compared to our latest 2018/19 forecast, which reflects the rebasing of our plan on a slightly more favourable outcome for 2018/19, and an improvement of £35m compared to the Business Plan.

We introduced weekly Oyster capping on our tram and bus services last year and will extend this to customers using London Underground and rail services this year. We have updated our assumptions on the impact of the delay to the opening of the Elizabeth line, which includes its effect on passenger numbers on the Underground, buses and rail networks.

Other operating income

Our other operating income includes the Congestion Charge, enforcement income and revenue generated through commercial activities, such as advertising, property rental and our newly launched consultancy arm. From April 2019, it will also include charges from the ULEZ. This new charge is the main driver of the increase in our other operating income, taking it from £829m as per our latest forecast for 2018/19 to £1,050m in 2019/20.

There is a £78m net decrease in other operating income since the 2018 Business Plan. This includes an adjustment of around £150m from regulatory income for operating the Elizabeth line, which will not be received in 2019/20. This is partially offset by other movements, including an increase in income expected from the ULEZ.

Business rates

The Mayor has allocated an additional £83m over two years as part of his 2019/20 Budget to fund three Mayoral priorities. with £60m to be received in 2019/20.

A £48m combined scheme will help scrap older vans for the Capital's microbusinesses and help lowincome Londoners scrap older cars.

There will be £24m to increase the size of the enhanced taxi delicensing scheme in response to very high demand from the taxi trade.

There will also be £5m for buses, £5m for London Overground and £1m for a Car Free Day in September 2019.

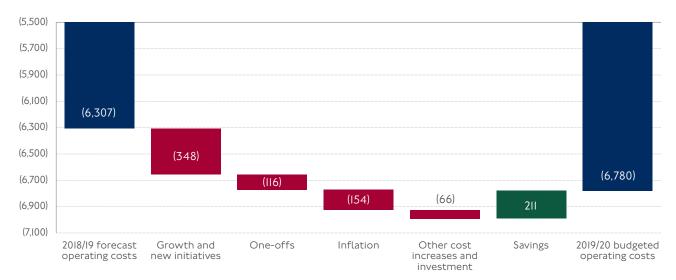
Operating costs

Our budgeted operating costs for 2019/20 are £6,780m, a reduction of £129m against the 2018 Business Plan.

We are mitigating inflation and other cost increases on a like-for-like basis, which means our operating costs are broadly in line with 2018/19 in real terms. However, total operating costs are increasing by £473m in 2019/20 from a combination of new services, one-offs and restructuring cost increases as explained in the graph below. These are:

 £348m from the introduction of new services, such as the ULEZ, new trains and increased frequency on London Overground, and increased costs from testing and preparations for the

Movement on operating costs from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

Appendices

- opening of the Elizabeth line. Our plans also reflect the cost of delivering new initiatives funded through additional Mayoral funding
- £II6m increases from one-off items.
 This includes some cost upsides
 in 2018/19 that will not repeat and
 increased restructuring costs for our savings programme
- £I54m of inflation, including contract inflation, increased energy prices and wage inflation
- £66m increase in project spend, reflected in operating costs, such as installing new exhaust systems in buses and smaller increases across business areas, fully offset by planned savings

 £2IIm of planned savings through the change programme for our back and middle offices, progressing London Underground maintenance modernisation, improving efficiency in our supply chain, and reviewing and retendering our bus contracts

Capital expenditure

The Budget reflects the latest work schedules, with some timing differences to the Business Plan, which reduce the 2019/20 investment by £88m as works are phased to later years. New capital investment in 2019/20 will be £1.4bn.

Our assumptions on Crossrail capital spend and funding will be reviewed once a final delivery timetable and spend profile is confirmed by Crossrail Limited.

Capital account

TfL Group (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
New capital investment*	(1,429)	(1,517)	88	(1,252)	(177)
Crossrail programme	(1,196)	(1,196)	-	(1,416)	220
Total capital expenditure	(2,625)	(2,713)	88	(2,668)	43
Financed by:					
Business rates	893	893	-	976	(83)
Property and asset receipts	155	211	(56)	667	(512)
Borrowing	845	800	45	728	117
Crossrail funding sources	1,216	1,004	212	757	459
Other capital grants	250	275	(25)	213	37
Total	3,359	3,183	176	3,341	18
Net capital account	734	470	264	673	61

^{*} New capital investment is shown net of third party contributions

A balanced budget

Budget 2019/20 Financial summary

2019/20 priorities

As part of our Business Plan, we reviewed our capital programme, prioritising investment based on the funding available. Our investment decisions are geared to the Mayor's Transport Strategy goals of improving transport to support London's growth and enhancing people's lives through continued investment in Healthy Streets.

Our programme of Healthy Streets works ramps up this year, as we double the investment compared to last year. Our major infrastructure projects will increase capacity on the network, support thousands of jobs, and make areas of London more accessible for people to travel to, live and work in. These infrastructure projects are vital to the future of London to ensure we keep the city working and growing. We will continue to make the case that London needs steady and sustained investment to do this.

Healthy Streets

We will reduce barriers to walking, cycling and using public transport. At Old Street and Waterloo, we will create transformational schemes that improve safety, infrastructure and the urban environment. We will support the boroughs in delivering Liveable Neighbourhoods and significantly expand the London-wide cycle network, delivering Quietways, Mini-Hollands and starting construction of eight major new routes. By 2020, more than 100km of additional protected cycle infrastructure will have been delivered compared to 2016, or will be in construction.

In pursuit of the Mayor's ambitious Vision Zero target, we will deliver 20 more Safer Junctions schemes, including Highbury Corner, Euston Road, Baker Street and Holloway Road. All our roads within the Congestion Charge zone will have a 20mph speed limit, subject to consultation.

Air quality and the environment

We will launch the ULEZ on 8 April 2019 in central London and will have delivered 12 Low Emission Bus Zones by the end of 2019. We are supporting the change to low emission and electric vehicles by continuing to retrofit our bus fleet to meet Euro VI standards. By 2020, we will have installed 300 rapid charging points.

Surface public transport

We will improve the capacity on London Overground and complete an upgrade of White Hart Lane station, which will also provide step-free access. We will develop plans for the DLR and tram networks to meet demand from London's growth areas. Our programme of renewal works will continue on trams, London Overground and DLR infrastructure, to ensure safety and reliability.

Surface assets

In 2019/20, design work will start for major renewals of Rotherhithe Tunnel, the Westway and Vauxhall Bridge. We will complete delivery of bus driver facilities on 42 routes.

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Deep Tube Upgrade programme

This programme will increase capacity and bring new trains to the Piccadilly line. We awarded the contract to build 94 new state-of-the-art trains in November 2018. In 2019/20, we will progress the design of these trains, which are due to start being delivered in 2023 and coming into service from 2024.

Northern Line Extension

We are creating an extension from Kennington to Battersea Power Station, via a new station at Nine Elms. This will be a catalyst for the regeneration of the Vauxhall Nine Elms Battersea Opportunity Area. In 2019/20, we will complete the installation of the track and power system and continue work on the new stations at Battersea and Nine Elms.

Major stations upgrades

We will continue work to upgrade Bank station. This will increase capacity and relieve congestion.

Circle, District, Hammersmith & City and Metropolitan lines

In 2019/20, we will continue the modernisation work on these four lines, with upgrades to train depots and associated infrastructure, and the introduction of new modern signalling. Once fully installed in the early 2020s, customers will benefit from a 33 per cent increase in capacity on these four lines.

More than

100km
additional protected
cycle infrastructure
delivered or in

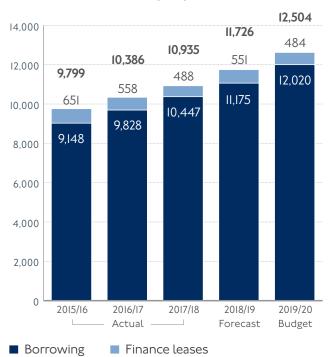
construction by 2020

Bus driver facilities installed on



Debt and cash

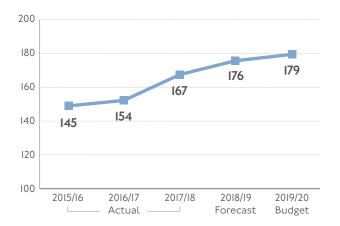
Total value of debt (£m)



The total value of our debt, which includes borrowing and finance leases, must always remain within our Authorised Limit for external debt. The affordability of our debt is linked to both recurring annual income and cash available to pay financing costs.

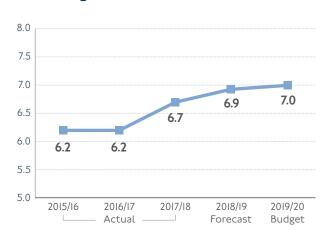
By 3I March 2020, our borrowing is expected to grow by up to £845m, within the limits agreed with the Government. This includes an assumption of £300m borrowing under the Crossrail contingency loan facility from Government, which is unchanged from our Business Plan. Borrowing will finance capital investment, including Tube and rail line upgrades, and new DLR trains.

Debt (% of total income)*



This is expected to reach 179 per cent by the end of 2019/20, reflecting a gradual rise in borrowing (within Government limits) and reduction in grant.

Financing costs (% of total income)**



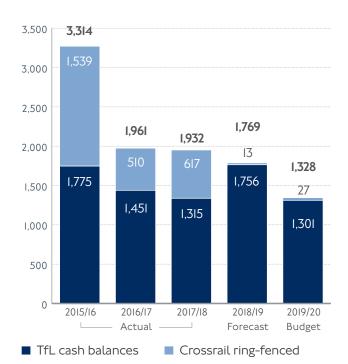
This ratio has increased moderately over the past few years. Interest costs and debt repayments form part of the balanced budget that we are legally required to deliver each year.

^{*} Debt includes borrowing and finance leases

^{**} Financing costs include interest costs for borrowing and finance leases

Appendices

Cash balances (£m)



Liquidity

We maintain a prudent minimum level of cash for exceptional circumstances, as well as to retain a high credit rating with our investors, in line with our liquidity policy approved by the TfL Board. This minimum level of cash is driven by the size of our operating costs and the level of our debt.

Total cash balances are expected to close at £1.3bn at the end of 2019/20, with minimal Crossrail cash balances as the project nears completion.

TfL cash balances will reduce in 2019/20, as we continue to fund our asset programme. We will close 2018/19 higher than 2017/18, owing to a cash receipt from an asset sale at the end of the financial year, in line with the forecast in our 2018 Business Plan.

Credit ratings	
Moody's	Aa3 stable outlook
Standard & Poor's	AA- negative outlook
Fitch	AA- rating watch negative

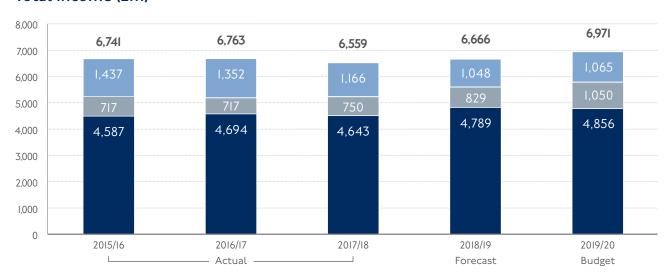
Strong credit ratings reflect our strategic importance as the main public transport provider in London, strong demand for our services and our institutional framework. Our ratings also reflect our link to government and may change if the rating of the UK Sovereign changes.

A balanced budget

Budget 2019/20 Financial trends

Financial trends

Total income (£m)

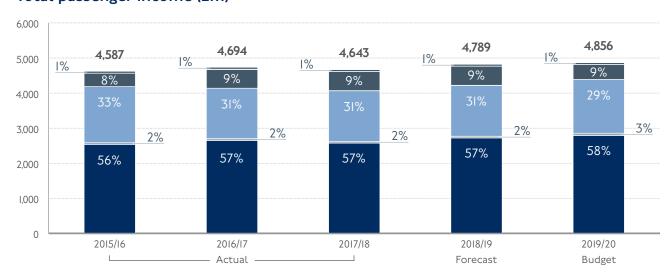


- Passenger income
- Other income
- Grants

5% A over 2018/19

Total income increases by £305m, driven by increases in other operating income from the introduction of the ULEZ in April 2019.

Total passenger income (£m)



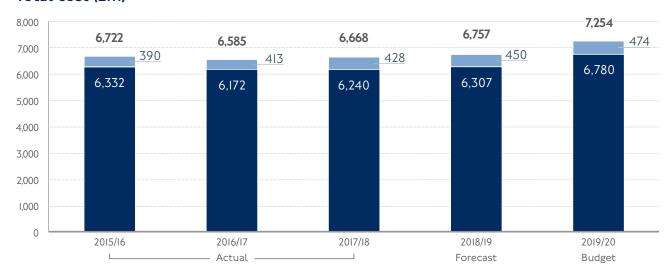
- London Underground
- Elizabeth line
- Buses
- Rail
- Other operations

over 2018/19

Passenger income growth is driven by improvements in yield, which is the passenger income per journey, on non-Mayoral controlled fares.

Appendices

Total cost (£m)

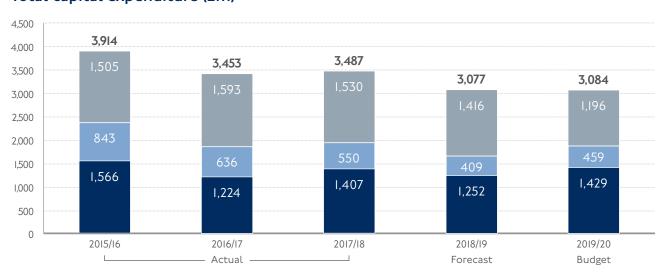


- Operating costs
- Net financing costs

7% \(\) over 2018/19

The increase in operating costs relates to the Elizabeth line and inflation in line with current projections.

Total capital expenditure (£m)



- New capital investment
- Capital renewals
- Crossrail programme

in new capital investment and renewals over 2018/19

This increases by £7m, owing to an increase of £228m in our Investment programme, partly offset by a reduction in Crossrail capital expenditure.

A balanced budget

Budget 2019/20 Operational trends

Operational trends

Total journeys

3,967m 2019/20 Budget

4,011m

2018/19 forecast

London Underground



1,385m

0.2%▲ 2018/19 forecast



Buses

2,155m

2.6%▼ f

2018/19 forecast

DLR

122m

2018/19 **30 change** forecas



London Overground

191m

2018/19

forecase



London Trams

29m

0% change fored



TfL Rail*

63m

6.7%▲

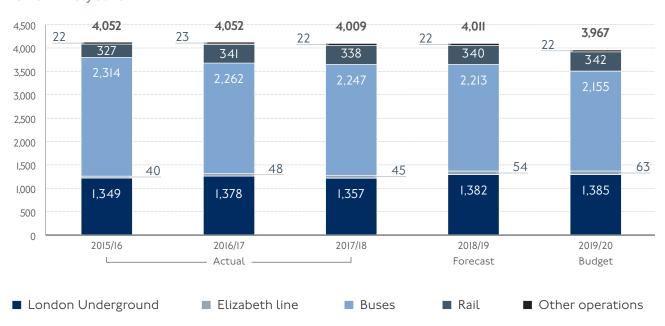
2018/19 forecas

^{*} TfL Rail will become part of the Elizabeth line once the full service is open through central London

Appendices

Passenger journeys (millions)

Over five years



Passenger journeys on London Underground are expected to increase by three million owing to continued improvements and modernisation. This will create higher passenger demand with improved timetabled services across the Central, Circle, District, Hammersmith & City and Metropolitan lines.

We assume passenger journeys on the Elizabeth line will increase by 16.7 per cent, largely owing to the start of services between Paddington and Reading.

We expect a 2.6 per cent reduction in bus passenger journeys in 2019/20, owing to changes in economic activity and travel habits. We continue to develop and implement plans to ensure the network is as efficient and attractive as possible.

This includes prioritising resources where they are most needed, and during 2019/20 we will re-balance our services, from central and inner London to outer London, where appropriate and subject to the outcome of the central London bus service review.

The introduction of new trains and services on London Overground is expected to increase the number of passenger journeys later in the year, with no change forecast for DLR and trams.

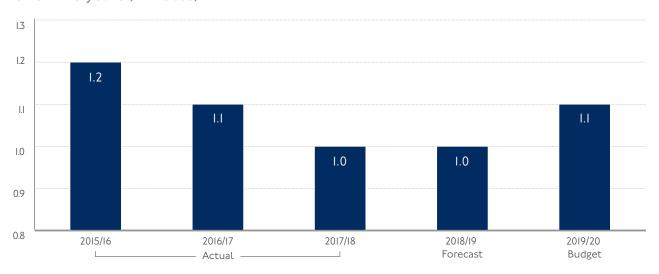
A one per cent increase in passenger journeys is expected on London River Services, including the Woolwich Ferry. This is associated with the new, larger Woolwich Ferry vessels. The Emirates Air Line and Santander Cycles are forecast to remain unchanged.

A balanced budget

Budget 2019/20 Operational trends

Bus reliability – excess wait time

Over five years (minutes)

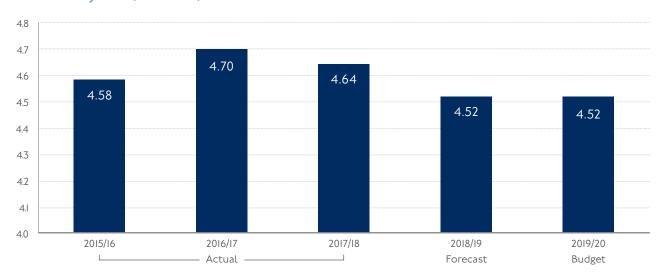


1.1 minutes in 2019/20

Excess wait time has improved to record levels over the past two years. A slight increase is forecast for 2019/20, owing to increased construction activity on the road network.

London Underground - excess journey time

Over five years (minutes)*



0% change from 2018/19

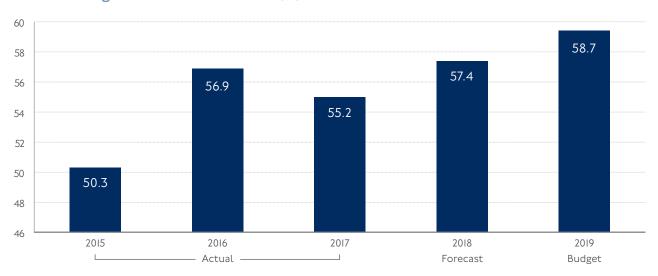
Our aim for 2019/20 is to maintain Tube reliability at current levels. We will look to make improvements as part of renewing and maintaining our key assets, while tackling risks to performance, such as customer incidents and delivery of key upgrades.

^{*} The 2019/20 target will be set at the 2018/19 year end actual, which is currently forecast at 4.52 minutes

Appendices

Buses and coaches – people killed or seriously injured

Reduction against 2005-09 baseline (%)*

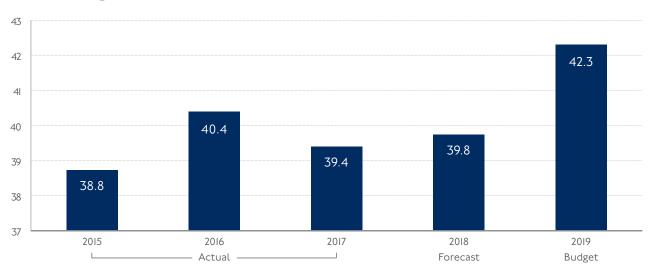


70%▼

target to reduce total numbers by 2022 The number of people killed or seriously injured on, or by, a London Bus is provisionally forecast to decrease to its lowest recorded level in 2019/20, as we deliver initiatives, including new bus driver safety training, Intelligent Speed Assistance and the rollout of new buses designed to higher safety specifications.

Streets – people killed or seriously injured

Reduction against 2005-09 baseline (%)**



65%▼

target to reduce total numbers by 2022 Further reductions in the number of people killed or seriously injured are forecast for future years. We will deliver a number of programmes designed to reduce road danger, such as lowering speed limits in central London, delivering the Direct Vision Standard and improving safety at key junctions.

^{**} Data rebaselined in 2018. Further rebaselining may be needed, owing to more self-reporting of injuries





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- 90 Other operations
- 98 Major projects
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A balanced budget

Budget 2019/20



Our services Streets **Appendices**



Streets



Our work will promote the Mayor's ambition for Healthy Streets, where people are encouraged to walk, cycle and spend time.

A balanced budget

Budget 2019/20

Financial summary

Investment in Healthy Streets has increased, supporting initiatives to reduce road danger, improve walking, cycling and access to public transport, and ensure that the network is maintained on both TfL and borough roads.

Streets (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 Forecast	2019/20 variance to 2018/19 forecast
Other operating income	312	314	(2)	321	(9)
Direct operating cost	(479)	(494)	15	(482)	3
Direct operating deficit	(167)	(180)	13	(161)	(6)
Capital renewals	(51)	(49)	(2)	(40)	(11)
New capital investment	(178)	(208)	30	(83)	(95)
Net capital investment	(229)	(257)	28	(123)	(106)

The budgeted operating deficit of £167m is an improvement of £13m from the Business Plan. This is driven by changes in assumptions around timing of spend. Operating income is marginally lower than the Business Plan, owing to lower Congestion Charge zone income, as drivers will avoid the new ULEZ. This is positive as it reduces the number of polluting vehicles in central London.

Despite our focus on reducing our operating deficit since 2017/18, the many challenges in the macro-economic environment mean we need to continue to seek new funding sources for our road network.

Investment in Streets almost doubles in 2019/20, compared to the previous year, as we accelerate our investment in cycling and walking. This is the highest level of investment in London's streets since 2015/16 and testament to our commitment to make our streets healthier and safer places. The new capital investment budget is £30m lower than the 2018 Business Plan, with these costs moved to later years of the plan.

Our services Streets

Appendices

Streets

Movement on direct operating deficit from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

The operating deficit will increase by £6m from 2018/19. Overall, the income we expect to receive from the Congestion Charge and its enforcement is forecast to drop by £9m in 2019/20.

Total operating costs will reduce by £3m in 2019/20. Operating costs incurred to support new services are estimated to be £12m and mainly relate to the removal of private hire vehicle exemption.

We will have £9m of inflation and around £13m of one-offs. These cost increases are offset by reductions of £27m from timing of operating cost related to investment projects and £10m of planned savings.

A balanced budget

Budget 2019/20

Volume analysis

Over five years

		Actual	Forecast	Budget	
	2015/16	2016/17	2017/18	2018/19	2019/20
Congestion Charge volumes (millions)	17.1	16.6	15.3	14.0	13.3
Congestion Charge and enforcement income (£m)	258	250	230	231	221
Average Congestion Charge including enforcement income (£)	15.20	15.03	15.04	16.51	16.62
Average kilometres cycled per day in central London	480,190	500,423	497,867	524,716	540,458

Currently, around 50 per cent of the vehicles entering the Congestion Charge zone during charging hours are liable to pay the full charge. These are termed 'chargeable entries' and this figure has declined in recent years.

Further falls in chargeable entries are expected in 2019/20, in part due to the launch of the new ULEZ. Despite this, average delays to journeys within the Congestion Charge zone have increased over time. To help reduce this congestion, the discount for private hire vehicles will be withdrawn in 2019/20.

The latest cycling data shows that a daily average of 573,646km, or an estimated 188,000 journeys, were made in central London during Quarter 3 2018. This is the highest level of cycling since measurement began in 2014 and marks a considerable increase in growth since 2017.

The warm and dry summer in 2018 may have contributed to this, with increases on all cycle routes, particularly between Elephant and Castle and King's Cross, and along Victoria Embankment.

Central London cycling levels are forecast to rise further in 2019, as we expand our cycle schemes.

Our services Streets

Appendices

Safety People killed or seriously injured –

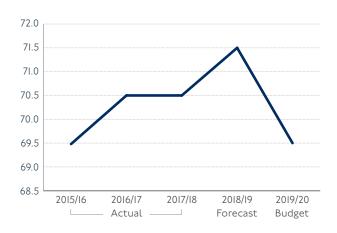
42 42.3 41 40 40.4 39.8 39.4 39 38.8 38 37 2015 2016 2017** 2018 2019 Actual Forecast Budget

reduction from 2005-09 baseline (%)*

In the calendar year of 2018, provisional results show there have been 3,854 deaths or serious injuries on London's streets. The Mayor's aim is a 65 per cent reduction by 2022.

Customer

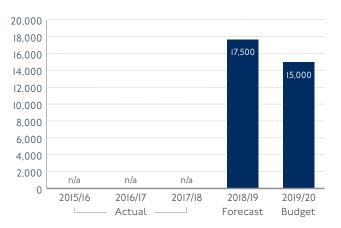
Road user satisfaction score (%)



Customer satisfaction is forecast to decline as government funding has been withdrawn, which has necessitated a pause in non safety-critical renewal and maintenance activities.

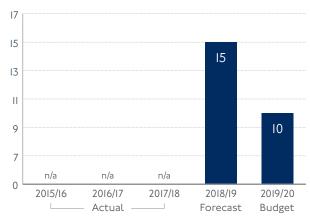
Reliability

Operational improvements to sustainable travel (hours)



As the network becomes more constrained, it will be more challenging to realise time savings for people walking, cyclists and bus passengers. The target for 2019/20 is a daily saving of 15,000 hours.

Average road journey time disruption – within % of previous year



This is performing better than expected, owing to delays and deferrals of major works, and will not reach the I5 per cent ceiling set for 2018/19. A 10 per cent ceiling is proposed for 2019/20.

- * The data was rebaselined in 2018, however, further rebaselining may be needed to account for the increase in online self-reporting of injuries. Killed or seriously injured is defined as fatal and serious personal injury from road traffic collisions occurring on the public highway and reported to police
- ** Change in method of recording from this date. Earlier years' figures have been adapted to reflect this

A balanced budget

Budget 2019/20

2019/20 priorities

Safety

The Mayor's Transport Strategy makes a commitment to a Vision Zero approach, eliminating all deaths and serious injuries on London's transport network by 204l. This includes programmes designed to reduce road danger, such as lowering speed limits in central London and reducing risk at key junctions.

We are working closely with the London boroughs and Metropolitan Police Service to support the Vision Zero ambition. Our jointly-funded Roads and Transport Policing Command is the largest policing command in the UK, with more than 2,000 uniformed officers. They are working on reducing road danger, through an intensified focus on the most dangerous drivers, including widespread high visibility roadside operations.

We are also working with the Metropolitan Police Service to increase road safety through the use of enforcement cameras. This involves using fixed cameras as well as expanding the use of mobile speed enforcement equipment, including mobile speed vans, speed guns and tripods.

Healthy Streets

The Mayor's Healthy Streets
Approach aims to create far-reaching improvements on London's roads, in collaboration with our borough partners. This includes improving safety, increasing walking, cycling and public transport use, and creating pleasant environments.

In 2018/19, feasibility funding was awarded for the first phase of the Liveable Neighbourhoods programme. This is designed to transform local streets and neighbourhoods and encourage more people to walk, cycle or take public transport, and reduce private car use. The first seven proposals included creating a new public space and segregated cycle lanes in Crouch End, removing the Greenwich town centre gyratory and reallocating space to people walking or cycling, and improving Romford town centre by making the busy ring road easier to cross on foot and by bike.

The second phase of funding was launched in February 2019. We received 22 bids from across London, II of which will be awarded feasibility funding and are due to start development work in April 2019. The programme continues to attract a high level of interest and ambition among London's boroughs.

More than 20 Healthy Streets schemes will begin in 2019/20, including road safety improvements at Clifton's Roundabout in Greenwich, new pedestrian crossings at Philips Lane in Haringey, Warwick Road in Kensington and Chelsea, and Stirling Corner in Barnet. We will also create a safer and more pleasant environment for cyclists and people walking at the A21 Tweedy Road in Bromley, implementing direct crossings with new traffic signals for cyclists.

Our services Streets

Appendices

Cycling

Our vision is to make London a byword for urban cycling around the world. Enabling more people to cycle will improve people's health and quality of life and support London's continued growth and success. Furthermore, a mode switch to cycling from cars will help support the Mayor's targets for air quality. For people to feel confident in choosing cycling over other competing travel modes, our streets must be safe, attractive and appealing.

In December 2018, we published our Cycling Action Plan, setting out our comprehensive strategy for making London the world's best big city for cycling. This includes an ambitious delivery programme to build a new single unified cycling network.

In support of this plan, we will continue to invest heavily in cycling and Healthy Streets throughout 2019/20. Subject to consultation, construction is planned to start on eight major new routes, including Brentford to Olympia, Tottenham to Camden and Hackney to Isle of Dogs. In addition to these, and the seven existing cycle routes, work is under way on a continuous pipeline of future routes. We plan to run public consultations on a number of these in 2019, including a route between Greenwich and Woolwich.

In partnership with the boroughs, construction of the Mini-Hollands schemes will continue in Waltham Forest, Enfield and Kingston. This is alongside delivery of Quietway routes, which provide vital backstreet connections for London's growing cycle network.

We will also introduce new cycle lane quality criteria, ensuring that the standard of facilities on our cycle network continues to improve.

By 2020, more than 100km of additional new, high quality, protected cycle infrastructure will have been created, or will be in construction, tripling the total length since 2016.

Transformational schemes

We have a programme of transformational schemes, designed to deliver large-scale improvements to highways and the public realm to make London safer, greener, healthier and more prosperous.

Work to transform Highbury Corner will be completed in summer 2019, making it safer for cyclists, improving crossings and transforming the public space, connecting with the arboretum.

Work continues at Old Street Roundabout to remove the roundabout, provide segregated cycle lanes and create a large public space, with a new station entrance at its heart. How we measure success A balanced budget Budget 2019/20

In 2019/20, we will appoint 'design and build' contractors for Fiveways in Croydon, Waterloo and Vauxhall. This will take us closer to making these trafficdominated junctions safer for people walking, cycling or using public transport.

Working with the boroughs, we will continue to support regeneration at locations such as Nine Elms in Battersea, Wandsworth, Tolworth and Bow, through improvements to bus, walking and cycling routes.

Safer Junctions and lower speed limits

We will deliver 20 more Safer Junctions by May 2020, increasing the total number to 4I. This will complete 56 per cent of the Safer Junctions programme, which supports the Vision Zero ambition. Junctions targeted for improvement in 2019/20 include Baker Street/Marylebone Road, Highbury Corner, Camberwell Green, Edgware Road and Holloway Road.

By May 2020, we will introduce a 20mph speed limit on all our roads within the Congestion Charge zone, subject to consultation. This aims to reduce the frequency and severity of collisions in central London, as part of our commitment to Vision Zero.

Bridges and tunnels

In 2019/20, we will complete the complex bridge replacements at Ardleigh Green and Power Road. We will also progress preliminary design work for renewals of Rotherhithe Tunnel, Vauxhall Bridge and Westway structures. This will enable us to plan construction work in future years on a prioritised basis.

We are also developing a new river crossing between Rotherhithe and Canary Wharf for people walking or cycling. This will provide an alternative to the Jubilee line, support employment and population growth, and offer a more direct and attractive route between south and east London. We will submit a Transport and Works Order Act application for the powers to build and operate the new crossing in 2019/20.

Asset capital programme

Our investment in maintenance and renewals aims to ensure network safety and keep all street and non-rail assets, including bus stations and stops, piers, carriageways, footways, traffic signals, bridges, tunnels, street lighting, drainage, and trees in a state of good repair. Our current income sources do not cover the cost of operating, maintaining and renewing the road network. This means we will pause proactive capital renewals for a second year in 2019/20, which will lead to a decline in asset condition, although safety will be unaffected. It is essential that we find a long-term funding source for our roads.

Our services Streets

Appendices

Reliability of the network

Our 24/7 control centre will continue to monitor the road network and intervene quickly to respond to disruption. Using police and TfL on-street enforcement teams and other resources, including cameras and signals, our control centre will prevent and respond to issues disrupting the network.

We continue to work with utility companies, and the London boroughs, to coordinate road works effectively. However, we anticipate increased disruption for road users, owing to increased traffic volumes and road works associated with major infrastructure projects. We will also need to apply operational restrictions to some key assets, which will increase disruption. This includes vehicle restrictions at Rotherhithe Tunnel, which are needed for safety reasons. This is a result of a riskbased approach to maintenance, which is essential to keep the network safe with the reductions in government funding for London's roads.

The annual traffic signal review programme will save 15,000 daily hours of travel time at targeted locations for people using sustainable modes. This will reduce wait times for people walking and delays to bus passengers and cyclists.

200%

increase in the length of protected cycle infrastructure by 2020, since May 2016

F

20mph
Speed
Limits
on TfL roads in central London

traffic light timings to be reviewed this year

Dr

How we measure success

A balanced budget

Budget 2019/20



Buses

Appendices



Buses 🗎

We will ensure that London
Buses continue to provide a safe,
reliable and sustainable service.
We will deliver bus driver safety
training, launch low emission
zones and improve facilities for
bus drivers.

A balanced budget

Budget 2019/20

Financial summary

The operating deficit on buses will be £722m in 2019/20, which is the highest bus subsidy in our history. We will ensure the investment in the bus network is deployed where it is needed most.

Buses (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Passenger income	1,422	1,415	7	1,460	(38)
Other operating income	11	13	(2)	12	(1)
Total operating income	1,433	1,428	5	1,472	(39)
Direct operating cost	(2,155)	(2,142)	(13)	(2,112)	(43)
Direct operating deficit	(722)	(714)	(8)	(640)	(82)
Capital renewals	(5)	(6)	1	(1)	(4)
New capital investment	(21)	(20)	(1)	(21)	-
Net capital investment	(26)	(26)	-	(22)	(4)

Passenger demand is forecast to continue to fall, a pattern that has emerged over the last four years. The increase in operating costs in 2019/20 compared to the Business Plan is due to the emerging response to the central London bus consultation, including mitigations to service reductions on some central London routes and expediting enhancements in outer London.

While it is necessary to subsidise bus services in London, we recognise that this level of growth in subsidy is unsustainable. We continue to drive efficiencies in the contracting process and monitor changes in demand to ensure we are offering the service that London needs.

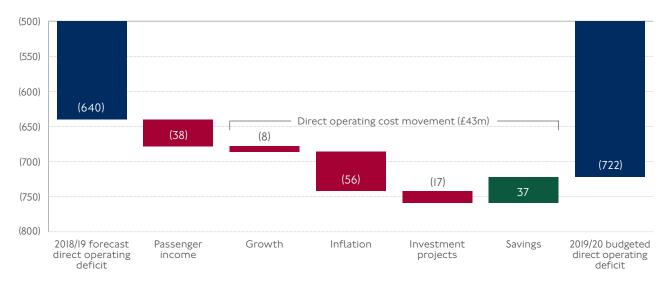
Since 2018, all new double-deck buses in our fleet must be either hybrid or zero emission. From 2020, we will go further by only procuring new zero emission single-deck buses.

We are also investing in the migration of our analogue bus radio system to a new digital mobile network and developing plans for iBus2 to replace our current bus tracking, performance management and passenger information systems.

Our services Buses

Appendices

Buses
Movement on direct operating deficit from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

The operating deficit in buses will increase by £82m in 2019/20, with £38m of this due to lower demand.

Overall, operating costs increase by £43m from £2,II2m in 2018/I9 to £2,I55m in 2019/20. Our costs grow by £8m to support new services, as we roll out hybrid and electric buses for the launch of the ULEZ. We estimate contractual inflation will drive a cost increase of £56m. Our bus contracts are uplifted annually for inflation based on a combination of indices, with the largest weighting on national average weekly earnings. Our spend on installing buses with new bespoke exhaust systems to reduce nitrogen oxides and particulate matter will increase by £17m in 2019/20.

While the reduction in revenue, coupled with the inflationary nature of our cost base, results in a financial impact that is difficult to mitigate fully through cost-savings, we have identified a number of efficiency targets within our contracting activities. We will also reduce the cost and impact of fare evasion and ticket fraud, so more revenue is available to invest in our services. Our planned savings amount to £37m, offsetting around half of next year's cost increases.

A balanced budget

Budget 2019/20

Passenger journey analysis

Over five years

		Actual	Forecast	Budget	
	2015/16	2016/17	2017/18	2018/19	2019/20
Number of passenger journeys (millions)	2,314	2,262	2,247	2,213	2,155
Average yield per passenger journey (£)	0.66	0.65	0.65	0.66	0.66
Operating cost per journey (£)	(0.90)	(0.92)	(0.94)	(0.95)	(1.00)

Economic activity and population are key factors in bus demand. The continuing and unprecedented squeeze on incomes, lower growth in the number of younger adults in London and wider changes in consumer behaviour are likely to continue to reduce demand in the short to medium term. This is despite bus reliability being at historically high levels.

The average yield is forecast to increase by one penny in 2018/19, mainly due to the increase in Travelcard prices, which is set by the Government. All TfL fares remain frozen. In 2019/20, the average yield is forecast to be flat, as the impact of the annual Travelcard price increase is expected to be offset by the introduction of a weekly (Monday – Sunday) cap for Oyster cards, bringing them in line with contactless payments.

Overall, bus operating costs are forecast to increase year-on-year owing to the annual contracted price increase within the bus operators' contracts. This, combined with the decrease in passenger journeys, means that the operating cost per journey is forecast to increase.

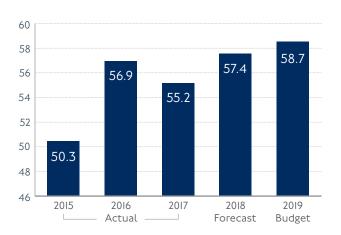
In response to changing travel habits, we are reviewing and revising the bus network to best meet London's needs in the future. We will continue to seek the most efficient and attractive network possible, which will be achieved by prioritising resources where they are most needed.

Our services Buses

Appendices

Safety

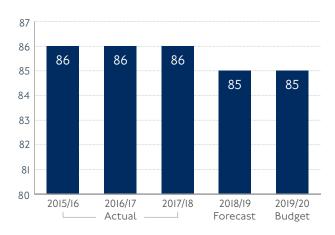
People killed or seriously injured on/by a bus/coach – from 2005-09 baseline (%)



In the 2018 calendar year, provisional results show there have been 250 deaths and serious injuries. The Mayor's aim is a 70 per cent reduction by 2022.

Customer

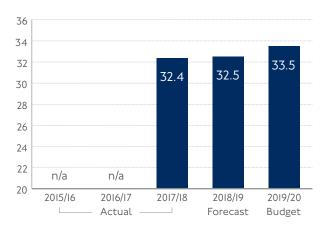
Customer satisfaction score (%)



Lower satisfaction is mainly due to the warm summer, which reduced satisfaction with the bus temperature in Quarter I and Quarter 2, 2018/19.

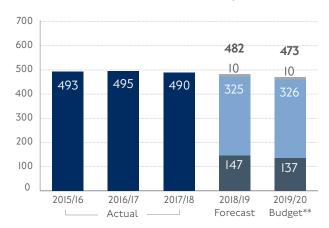
Reliability

Customer journey time (weighted minutes)



The average speed of buses in London is expected to deteriorate slightly in 2019/20, while we deliver major transformational road schemes. The impact of this will be minimised by our programme of bus priority and signal re-timing reviews.

Service volume (million km operated)*



- Total km operated prior to categorisation
- Outside the Greater London Authority boundary
- Outer London Ir

■ Inner London

We will increase services in outer London, while reducing volumes in central and inner London, subject to the outcome of the central London bus service review.

- * This is a new way of reporting the service volume metric categorising kms operated between inner and outer London
- ** Pending outcome of consultation

A balanced budget

Budget 2019/20

2019/20 priorities

Safety and security

We want to reduce the number people killed or seriously injured on, or by, a bus by 70 per cent by 2022 (against 2005-09 levels), with all deaths in or by a bus eliminated by 2030. Our world-leading Bus Safety Standard will be incorporated into new bus operator contracts throughout 2019/20. This sets out design features and technologies required of new buses, to minimise the risk of injuries.

By April 2019, Intelligent Speed Assistance, which prevents vehicles from exceeding the speed limit, will have been installed on 700 buses. We are also working with operators to upgrade mirrors to give a wider field of vision and minimise blindspots. We are introducing an Acoustic Vehicle Alerting System, to make quiet electric buses identifiable to people walking and vulnerable road users.

A one-day driver training course will be rolled out to all 25,000 London bus drivers in 2019 to improve their standard of driving. This will ensure journeys are as safe as possible for passengers and other road users, and will form part of the bus driver Certificate of Professional Competence training requirement.

We continue to fund and work with the Metropolitan Police Roads and Transport Policing Command to prevent crime, anti-social behaviour and fare evasion.

We will prioritise action to protect our customers and staff from hate crime. We will focus on eradicating sexual offences and keep our network free from all weapons. Working with the operators, we will prevent staff assaults and support staff who have been the victim of crime.

Bus priority

Bus priority schemes will improve the efficiency and reliability of the network, including small-scale interventions that provide an immediate benefit and can be delivered quickly, such as minor changes to road layouts, extensions of bus lane operating hours and enforcement activities. Larger interventions such as junction improvements at A406 Madley Road, will save buses up to seven minutes at peak times.

Each year we review 20 per cent of the 6,000 traffic lights in our network, to optimise green signal times for people choosing sustainable travel modes. The bus priority programme has funded 300 of these I,200 reviews in 2018/19, resulting in reduced delays, mostly to bus passengers but also for people walking or cycling. This totalled 5,000 hours every day. In 2019/20, 400 more reviews will be funded by the bus priority programme.

Customer experience

Bus operators will be incentivised to deliver excellent customer service via a new bonus scheme, which will reward operators who deliver sustained improvements in their 'mystery shopper' customer experience survey scores. The scheme will launch in April 2019 and help improve passenger journeys and make our services more attractive to new customers.

Measuring the customer experience

The new bus customer journey time measure captures the key components of a customer's experience. It includes wait time, travel time, interchange, crowding and journey time variability, combined with demand and additional weightings.

Our services Buses

Appendices

Analysis suggests that, taking into account planned service changes and declining bus speeds, the overall change in the bus customer experience in 2019/20 will be one additional 'weighted' minute. We expect slight increases in passenger wait times, travel times and in the variability of journey times. However, we do not expect crowding levels to worsen or for it to take significantly longer for passengers to change between services.

The measure will help to minimise negative customer impacts from future bus network changes, as we work to provide efficient and reliable bus journeys for our customers.

Reducing air pollution

By April 2019 all our buses operating in central London – both double-deck and single-deck – will meet ultra-clean Euro VI emission standards. All our double-deck buses operating in central London will also have hybrid engines. In 2020, all our single-deck buses operating in central London will become zero emission.

We will reduce bus emissions by introducing new buses with the cleanest engines and upgrading the engines of buses currently in the fleet. By the end of 2019/20, we will have implemented I2 Low Emission Bus Zones. All our buses operating in these zones will comply with Euro VI emissions standards.

Bus driver facilities

By July 2019, we plan to improve driver facilities on 42 priority routes. We are working with planning authorities to install these with minimal disruption and with regards to the views and needs of residents.

25,000

bus drivers will complete a driver training course in 2019 to improve standards



buses fitted with Intelligent Speed

Assistance by April 2019



3.000+

buses retrofitted to meet Euro VI emission standards by March 2020



A balanced budget

Budget 2019/20



aft

Our services

Rail

Appendices





Across the DLR, London Overground and London Trams, our investment will ensure a safe, reliable and efficient service.

A balanced budget

Budget 2019/20

Financial summary

Service enhancements on the London Overground, including increased frequencies and reliability improvements, will increase operating costs in 2019/20, compared with 2018/19. Demand, and therefore revenue, will rise, but this will lag behind the cost increase, leading to a higher short-term net operating deficit.

Rail (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Passenger income	436	442	(6)	428	8
Other operating income	21	9	12	36	(15)
Total operating income	457	451	6	464	(7)
Direct operating cost	(506)	(504)	(2)	(454)	(52)
Direct operating surplus/(deficit)	(49)	(53)	4	10	(59)
Capital renewals	(38)	(43)	5	(30)	(8)
New capital investment	(34)	(28)	(6)	(45)	11
Net capital investment	(72)	(71)	(1)	(75)	3

Operating deficit is budgeted at £49m, a £4m improvement on our Business Plan.

Rail passenger income is expected to reduce by £6m from the Business Plan as we have reviewed our growth assumptions based on updated information. Demand across rail modes levelled off towards the end of 2018, owing to continued uncertainty in the economy. New trains and services on London Overground are expected to lift journeys in the second half of 2019.

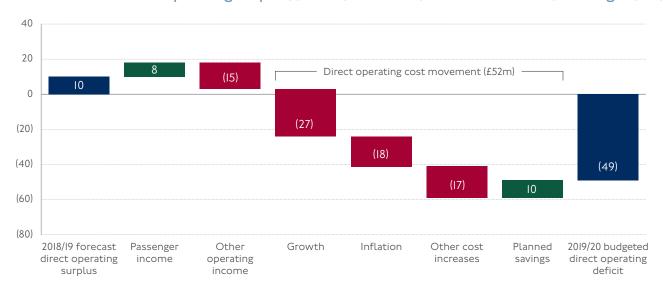
Other operating income is £12m higher than the Business Plan as we review our assumptions around the delivery of new trains, and the receipt of one-off payments from the late delivery of trains in 2019/20.

New capital investment in 2019/20 includes the completion of White Hart Lane station.

Our Major projects division is delivering a number of key projects, including the Barking Riverside Extension and new rolling stock for the DLR. Our services Rail

Appendices

Rail
Movement on direct operating surplus/(deficit) from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

Rail will move to an operating deficit next year as we introduce new, enhanced services on London Overground. The year-on-year movement is £59m.

Passenger income increases by £8m in 2019/20, owing to enhanced services on the London Overground. However, these services are being implemented later than we originally planned.

Other income reduces by £15m in 2019/20, owing to one-off payments received from the supplier of our new London Overground trains because of delayed delivery, which will finish in the early part of 2019/20.

Overall, our operating costs will increase by £52m in 2019/20 driven by service enhancements.

Enhanced services will increase costs by £27m in 2019/20, of which £22m is from a more frequent London Overground service, provided by new trains and reliability improvements, and around £5m from activities matched by grant funding. Contractual inflation and access costs account for £18m in increases in 2019/20, with other cost increases, including one-offs, expected to add another £17m. We expect to save £10m from concession costs covering fleet leasing and maintenance next year.

A balanced budget

Budget 2019/20

Passenger journey analysis

Over five years

		Actual	Forecast	Budget	
	2015/16	2016/17	2017/18	2018/19	2019/20
London Overground					
Number of passenger journeys (millions)	183	189	190	190	191
Average yield per passenger journey (£)	1.18	1.17	1.18	1.22	1.24
Operating cost per journey (£)	(1.59)	(1.51)	(1.39)	(1.49)	(1.69)
DLR					
Number of passenger journeys (millions)	117	122	120	122	122
Average yield per passenger journey (£)	1.35	1.36	1.41	1.41	1.43
Operating cost per journey (£)	(1.14)	(1.03)	(1.06)	(1.03)	(1.07)
London Trams					
Number of passenger journeys (millions)	27	30	29	29	29
Average yield per passenger journey (£)	0.85	0.86	0.80	0.82	0.82
Operating cost per journey (£)	(1.39)	(1.31)	(1.24)	(1.19)	(1.29)

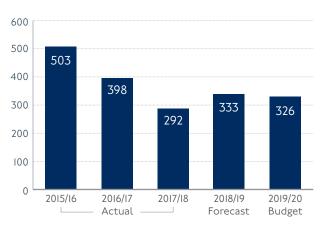
Between 2015 and 2017, passenger journeys on London Overground and the DLR rose significantly, owing to the introduction of five-car trains on the London Overground and robust economic growth. Overall demand in 2017/18 dipped, owing to a wider economic slowdown and DLR journeys were also impacted by a 48-hour strike in March 2018.

Demand across these modes has levelled off, owing to continuing uncertainty in some parts of the economy and is likely to remain flat in 2019/20. The delay in the opening of the Elizabeth line has been reflected in slightly stronger DLR demand. The introduction of new trains and services is expected to lift London Overground journeys in the second half of 2019/20. From late 2019, demand for trams is expected to be negatively impacted by Croydon town centre works.

Our services Rail

Appendices





Customer Customer satisfaction score (%)



We have safety initiatives and campaigns planned for 2019/20 aimed at reducing injuries. These include infrastructure changes and encouraging customer safety when boarding and alighting trains and travelling on escalators.

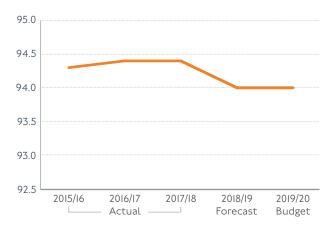
A delay in new trains for the London Overground has negatively impacted our scores in the short term. We expect this to rise later in 2019/20 once the fleet has been fully delivered.

Reliability DLR and London Trams scheduled services operation (%)



The DLR continues to maintain a high level of reliability while passenger journey numbers are broadly stable. Reliability on London Trams is improving, following the introduction of a new timetable in February 2018.

London Overground public performance measure moving annual average (%)



■ London Overground

Reliability remains largely stable, although Network Rail's infrastructure maintenance and incident response times can impact performance. We will continue to work with Network Rail and train operators to improve reliability.

* Does not include assaults

A balanced budget

Budget 2019/20

2019/20 priorities

Safety and security

In 2019/20, alongside the Office of Rail and Road and the wider UK tram industry, we will continue implementing the recommendations set out by the Rail Accident Investigations Branch following the tragic overturning of a tram at Sandilands in 2016. Before the end of 2018/19, the whole tram fleet will be fitted with stronger window glazing. We will also introduce the UK's first automatic braking system for trams by December 2019, which will bring a moving tram to a controlled stop if it exceeds the speed limit at certain locations.

We will work in partnership with DLR and tram operators to prepare for the Department for Transport's new Light Rail Security Programme. We will bring the security of our operations, stations and depots into full compliance by 2020. London Overground is already regulated – under the National Rail Security Programme – and we are progressing a plan to achieve and sustain full compliance with these national regulations.

We are committed to providing a safe environment for customers and staff. We will continue to work with our operators and British Transport Police to tackle crime, antisocial behaviour and fare evasion. The British Transport Police will also continue to promote its crime reporting text service. This less intrusive reporting tool encourages customers to report offences, such as unwanted sexual behaviour or hate crime, which in previous years would have gone unreported. For this reason, we expect to see an increase in reported crime in 2019/20.

London Overground

New, four-car electric trains will be introduced between Gospel Oak and Barking this year. This will double capacity on that section and contribute to our commitment to tackle poor air quality. The new trains will offer considerable improvements in passenger comfort and accessibility, including walkthough carriages, air-conditioning, realtime information, customer Wi-Fi and USB ports.

Work continues at key stations to increase capacity, relieve congestion and improve accessibility. This includes a full upgrade of White Hart Lane station, which is expected to open in summer 2019. This will support the increased demand associated with the opening of Tottenham Hotspur Football Club's new stadium and the regeneration of the area. The project will create a new larger ticket hall with entrances on Love Lane and Penshurst Road, step-free access and an underpass to both platforms, alongside the creation of a new public space.

DLR

New staff training on improved door operating procedures will reduce the risk of customer accidents when boarding and alighting trains. We aim to reduce the number of customer slipping incidents and will introduce a new inspection regime to improve our understanding and help prevent recurrences. In addition, we will trial a new on-board obstacle detection system, which will help the driverless trains spot any obstructions on the track and improve the overall safety and reliability of the network.

Our services Rail

Appendices

In 2019/20, construction will continue on the capacity enhancement project at Custom House station. This will provide an improved interchange with the new Elizabeth line station.

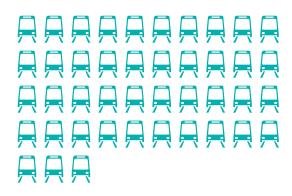
London Trams

In 2019/20, we will investigate and review a number of opportunities to improve capacity and reliability and support significant future growth in Croydon and south London.



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new walk-through DLR trains to be introduced, with the contract for design and build placed in 2019





A balanced budget

Budget 2019/20



Our services London Underground **Appendices**



London Underground

We will continue to improve step-free access, modernise the network and ensure a safe and reliable service.

Financial summary

Direct operating surplus is to increase by I2 per cent on 2018/19, reflecting better revenue expectations and real-term operating cost reductions. Capital expenditure will rise marginally from spending on track renewal, step-free access, signalling and stations, as well as completing work carried forward from 2018/19.

London Underground (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Passenger income	2,817	2,772	45	2,739	78
Other operating income	47	33	14	32	15
Total operating income	2,864	2,805	59	2,771	93
Direct operating cost	(2,041)	(2,113)	72	(2,033)	(8)
Direct operating surplus	823	692	131	738	85
Capital renewals	(289)	(303)	14	(260)	(29)
New capital investment	(80)	(69)	(11)	(42)	(38)
Net capital investment	(369)	(372)	3	(302)	(67)

Despite record-breaking demand at the end of 2018, the current economic climate causes caution in our income estimates, and as a result moderate growth is forecast.

Modernising the way we work will continue to improve our efficiency and deliver better services for our customers. We have reviewed our Business Plan assumptions to reflect the excellent performance in 2018/19 and our challenge to maintain our operating costs at the level of prior years, while delivering improvements to our core services and absorbing inflation.

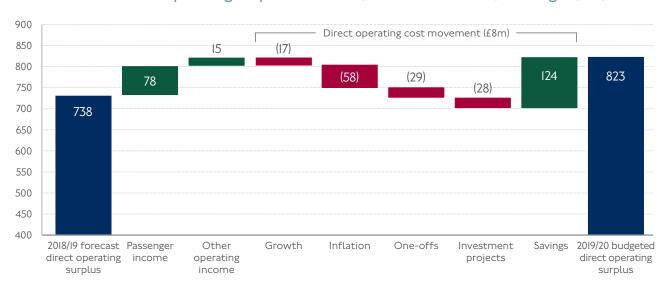
Our long-term strategy is for operating surpluses from the Underground to cover the cash costs of capital renewals and the financing cost of the capital invested to increase capacity on the network, as well as its fair share of the group overhead, which supports the running of the Tube. Despite a subdued economic environment, we continue our ambitious asset upgrade and capacity increase programme on the Underground, an investment of around £0.7bn per annum, funded largely through debt, which will be repaid from future surpluses.

Our services London Underground

Appendices

London Underground

Movement on direct operating surplus from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

London Underground operating surplus is expected to increase by £85m, from £738m in 2018/19 to £823m in 2019/20. This is driven by increases in passenger revenue and other income, while cost increases are fully offset by planned savings.

Passenger income growth in 2019/20 is driven by fare increases on Travelcards, while Mayoral controlled fares will remain frozen.

We expect cost increases of £17m from increased train frequency from new timetables on the Central, Northern and Victoria lines, as well as maintenance for new station assets to support upgrade works and new capital investment on the Circle, District, Hammersmith & City, Metropolitan and Northern lines.

Operating costs will increase by £58m from inflation, including wage inflation, contract and energy price increases. We expect £29m of cost increases from one-offs and restructuring costs next year, and we will increase our spend on maintenance and renewal activities by £28m.

Our savings plans are focused on maintenance modernisation and procurement efficiencies. We are looking at how we can become more efficient in our back and middle office organisation. Overall, we expect to achieve incremental savings of £124m, offseting cost increases and maintaining our operating cost broadly flat on the prior year.

A balanced budget

Budget 2019/20

Passenger journey analysis

Over five years

		Actual	Forecast	Budget	
	2015/16	2016/17	2017/18	2018/19	2019/20
Number of passenger journeys (millions)	1,349	1,378	1,357	1,382	1,385
Average yield per passenger journey (£)	1.90	1.94	1.94	1.98	2.04
Operating cost per journey (£)	(1.67)	(1.52)	(1.57)	(1.47)	(1.47)

In 2018/19, demand for Tube services recovered from the drop in 2017/18. In December 2018, there were more than five million journeys completed on the busiest day and more than 30 million journeys in a week – the busiest day and week ever. This exceeded our expectations at the start of last year but we remain cautious about 2019/20, owing to the uncertain economic landscape.

Safety and security

London Underground is one of the safest metros in the world. The provision of a safe travelling environment for our customers and a safe place to work for our staff is our top priority. Our plans support the Mayor's vision to eliminate fatalities and major injuries on the network, with customer safety activities focusing on accidents relating to escalators, stairs and boarding and exiting trains. Our initiatives to reduce the risk of staff injuries include tackling accidents relating to slips, trips and falls, manual handling, working with electricity and contact injuries.

Reliability

Alongside safety, reliability is the bedrock of the Underground. The key measure that we use to monitor reliability is excess journey time. This is the time spent over and above the expected time to complete an average journey – from entering to exiting a station.

Our plans focus on all aspects of journeys and potential delays, including issues caused by purchasing tickets, the time taken to enter, interchange or exit stations, how long it takes to wait for a train and service delays. Our operating model also sets out clear accountabilities for these services so that we can drive improvements and react quickly and effectively to any issues.

Customers

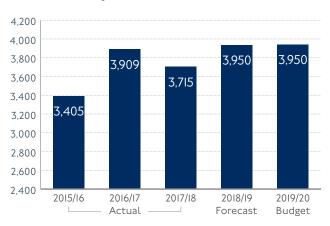
We will enable more people than ever to use the Underground by adding eight new step-free stations. We will also make improvements to signage and continue to provide open data to app developers to keep customers updated so they can make informed decisions, such as sharing the number of steps at stations.

We know that it is critically important to provide customers with accurate information and support from our staff when things go wrong. We will make improvements to the breadth and quality of information made available to our staff, on our website and via open data to app developers.

Our services London Underground

Appendices

Safety Customer injuries



Our plans to reduce the number of injuries this year include infrastructure changes to eliminate or reduce risks associated with the gaps between trains and platforms, and work to give train operators a better view of people getting on and off. We will also use marketing campaigns to encourage safe customer behaviour.

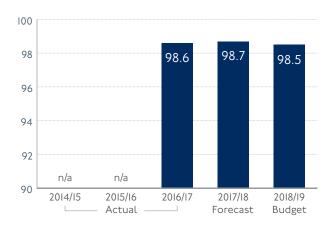
Customer Satisfaction score (%)



We expect customer satisfaction to return to the record high score of 85 as in previous years. The dip in satisfaction in 2018/19 was due to the high temperatures on the trains during the summer of 2018.

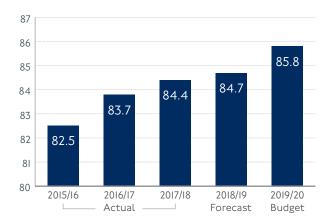
Reliability

Step-free access availability (%)



We try to ensure our customers can use our step-free routes. We have set ourselves a target of 98.5 per cent and continually monitor the performance of our accessibility support assets, with plans in place to respond quickly to issues. This measure was introduced in 2016/17.

Scheduled services (million kilometres operated)



We expect to operate more kilometres in 2019/20, with the greatest contribution coming from additional services on the Central and subsurface lines.

A balanced budget

Budget 2019/20

2019/20 priorities

Renewing our network

Our primary focus is the general upkeep and renewal of our network. Every day we operate and manage 270 stations, more than 600 trains, with more than 500 running during the busiest part of the day, more than I,000km of track, more than 400 lifts and escalators, a vast array of signalling equipment and more than I6,000 bridges and structures. Making sure our infrastructure and equipment are in good condition is essential to providing a safe and reliable service.

Specific areas where we are renewing assets this year include 22 lifts and escalators, and completion of life extension works to the Bakerloo and Jubilee line trains, installation of more than seven kilometres of new track and key junction work, and the renewal of key signalling equipment, including the interim Piccadilly line signalling control system.

Station and accessibility improvements

Our step-free access programme will introduce eight new step-free stations in 2019/20, while work will be under way at a further seven, which are due to complete later in 2020. Further accessibility improvements will also be made via the completion of the refurbishment of the Jubilee line trains, which include enhancement to handrails, the inclusion of additional wheelchair space and improved information.

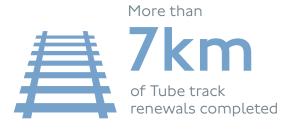
Alongside the upgrade of Bank station, we are also making enhancements to Tottenham Hale station, which will see a new entrance and concourse open this year, and the start of works at Knightsbridge and South Kensington stations which will help to alleviate congestion once completed.

Reducing our energy and carbon footprint

Our primary focus for this year will be around solar energy, with a large-scale installation of solar panels at our Acton Railway Engineering Works site, which is the start of a wider rollout of solar generation on our buildings.

We will also carry out feasibility studies into energy initiatives to identify future projects that can deliver financial savings and significant reductions in our carbon emissions.

Our services London Underground **Appendices**



8 more stations will become





How we measure success A balanced budget

Budget 2019/20



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Our services Elizabeth line **Appendices**



Elizabeth line 🗏

Despite the disappointing delay to the opening, our focus remains on launching the full service from Reading and Heathrow to Shenfield and Abbey Wood as soon as possible.

A balanced budget

Budget 2019/20

Financial summary

The Elizabeth line will redefine how people move around London, adding 10 per cent to central London's rail capacity once fully completed.

Elizabeth line (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Passenger income	129	140	(11)	101	28
Other operating income	10	12	(2)	38	(28)
Central section regulatory income	22	169	(147)	2	20
Total operating income	161	321	(160)	141	20
Direct operating cost	(406)	(432)	26	(263)	(143)
Central section regulatory cost	(22)	(169)	147	(2)	(20)
Direct operating deficit	(267)	(280)	13	(124)	(143)
New capital investment	(59)	(68)	9	(262)	203
Crossrail construction costs	(1,196)	(1,196)	_	(1,416)	220
Net capital investment	(1,255)	(1,264)	9	(1,678)	423

The operating deficit is forecast to be £I3m better than our expectation from the Business Plan, as we have updated our assumptions and made small phasing changes. We continue to work hard to reduce the financial and customer impact of the delayed opening of the central section, with confirmation of the opening timetable expected from Crossrail Limited by the end of April 2019. This Budget assumes that we will start running surface-level services from Paddington to Reading in the last quarter of 2019/20.

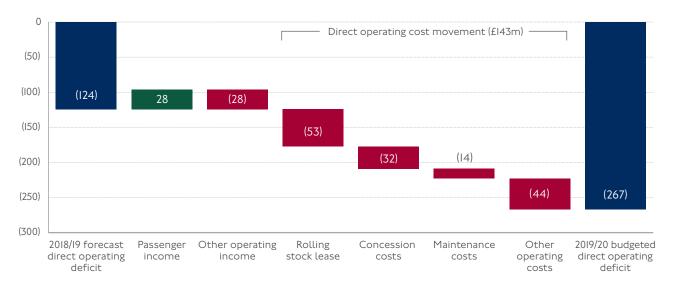
The variances in operating income and costs against the Business Plan represent changes in assumptions for central section regulatory income and costs that will not be received in 2019/20. The net impact of these charges on the Elizabeth line operating deficit is nil. Underlying operating costs, excluding central section regulatory charges, will be lower than we assumed in November, with further savings to be realised from opening delays.

Our services Elizabeth line

Appendices

Elizabeth line

Movement on direct operating deficit from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

The overall Elizabeth line operating deficit will increase by £143m in 2019/20 as we prepare for asset handover.

Passenger income is forecast to increase by £28m, mainly owing to the start of services between Paddington and Reading, offset by other operating income decrease of £28m from lower third-party contributions.

Direct operating costs will increase by £143m, owing to financing costs along with costs relating to the central section, which will be nonfare generating in 2019/20. Of the operating cost increases, £53m are from the lease charge on the rolling stock transaction, planned to complete in March 2019. Next year, we will also pay increased maintenance costs of £14m and concession costs of £32m, which includes the preparation and testing of central section operations, along with the costs of Paddington to Reading services. Other operating costs include £35m of funding for Network Rail work.

Our key focus in 2019/20 will be to control mobilisation costs, owing to the opening delays as Crossrail Limited works to deliver the central section of the line as safely and quickly as possible.

Passenger journey analysis

Over five years

		Actual	Forecast	Budget	
	2015/16	2016/17	2017/18	2018/19	2019/20
Number of passenger journeys (millions)	40	48	45	54	63
Average yield per passenger journey (£)	1.76	1.73	1.89	1.89	2.06
Operating cost per journey (£)	(2.79)	(2.72)	(3.24)	(4.94)	(6.81)

Passenger journeys increase mainly because of the start of services between Paddington and Reading. These services also drive an increase in yield per journey. The cost per journey increases in 2019/20 because of pre-opening costs for the central section and financing costs.

Public performance measure

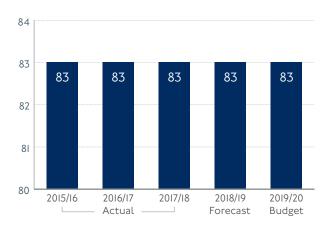
Moving annual average (%)



Plans are in place to improve performance, including continued replacement of inherited legacy rolling stock with new Class 345 train units.

Customer

Customer satisfaction score (%)



We expect to maintain our customer satisfaction scores this year.

Our	serv	ices
Eliza	beth	line

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2019/20 priorities

The hugely complex Elizabeth line project brings together multiple elements, including stations, tunnels, new trains and three different signalling systems. The Elizabeth line will boost the economy by an estimated £42bn.

The IO new stations being built in central London are progressing. Escalators, lifts and architectural features are being installed. Work will also continue to complete upgrades to the existing National Rail network. This is being carried out by Network Rail between Paddington and Heathrow/Reading, Liverpool Street and Shenfield, and at Abbey Wood.

In August 2018, Crossrail Limited announced that the opening of the central section between Paddington and Abbey Wood, which was due to open in December 2018, would be delayed. The revised schedule is needed to complete the final infrastructure and extensive testing required to ensure the Elizabeth line is safe and reliable.

The delayed opening is disappointing, but ensuring the Elizabeth line is safe and reliable for our customers from day one is of paramount importance. We will continue to work closely with Crossrail Limited on the remaining infrastructure work and testing needed to deliver the new railway.

As one of the two joint sponsors, we have been working with the Department for Transport and Crossrail Limited to strengthen the senior leadership and governance of the project. Together, we have already brought new expertise to the Crossrail Board and executive team, as well as an enhanced focus on systems integration. Over the next year, we will continue this work, including fully implementing the recommendations of a recent review by KPMG.

The focus remains on opening the full Elizabeth line, from Reading and Heathrow in the west to Shenfield and Abbey Wood in the east, as soon after the central tunnels open as possible.

A balanced budget

Budget 2019/20



Our services Other operations **Appendices**



Other operations













We provide Dial-a-Ride, river, cycle hire and Emirates Air Line services, manage Victoria Coach Station, regulate London's taxi and private hire industry, and will launch the central London ULEZ in April 2019.

A balanced budget

Budget 2019/20

Financial summary

The direct operating deficit forecast in 2018/19 is budgeted to become a surplus in 2019/20 as the ULEZ charge is launched in central London to improve air quality.

Other operations (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Passenger income	6	7	(1)	6	-
Other operating income	280	238	42	65	215
Total operating income	286	245	41	71	215
Direct operating cost	(277)	(194)	(83)	(147)	(130)
Direct operating surplus/(deficit)	9	51	(42)	(76)	85
Capital renewals	(28)	(22)	(6)	(33)	5
New capital investment	(49)	(30)	(19)	(32)	(17)
Net capital investment	(77)	(52)	(25)	(65)	(12)

We will launch the ULEZ in central London in April 2019. Most vehicles will need to meet new, tighter exhaust emission standards or pay a daily charge to travel within the zone. This is a key initiative to ensure we improve air quality in London.

Changes from the Business Plan are due to additional investment through the air quality portfolio to support the introduction of the ULEZ, including the diesel scrappage scheme and the enhanced taxi delicensing scheme.

The ULEZ is not a new funding source for London's roads. It is designed to change behaviours, which will result in improved air quality. As compliance improves, income from the ULEZ will reduce. Any surplus generated through the scheme will be invested in our fleet compliance and other air quality improvements.

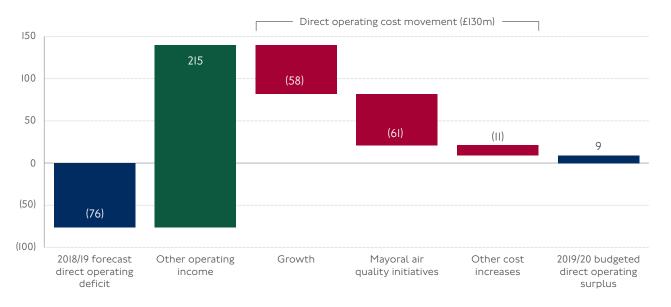
We are continuing to invest in our services, including Victoria Coach Station and Santander Cycles, and we will complete the roll-out of our low emission Dial-a-Ride fleet. Alongside these key areas, we continue to invest in further improving London's air quality, by strengthening our Low Emission Zone and expanding the ULEZ to the North and South Circular Roads from 2021.

Our services
Other operations

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Other operations

Movement on direct operating deficit/surplus from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

Other operations moves from a deficit of £76m in 2018/19 to an operating surplus of £9m.

Operating income increases by £2I5m largely from the ULEZ. We estimate costs will increase by £58m from the implementation of ULEZ. Cost increases next year include £6Im from air quality initiatives, such as the diesel scrappage schemes and the enhanced taxi delicencing scheme, funded through grant income, therefore net cost neutral for the group.

Other operating costs increase by £IIm, driven by timing changes.

A balanced budget

Budget 2019/20

Volume analysis

Over five years

	Actual			Forecast	Budget
	2015/16	2016/17	2017/18	2018/19	2019/20
Emirates Air Line					
Number of passenger journeys (millions)	1.5	1.5	1.4	1.3	1.3
Average yield per passenger journey (£)	3.86	4.07	4.15	4.50	4.68
Operating cost per journey* (£)	(3.91)	(4.48)	(4.33)	(4.46)	(4.49)
Santander Cycles					
Number of cycle hires (millions)	9.9	10.5	10.2	10.6	10.6
Average income per hire (£)	1.12	1.08	1.09	1.09	1.09
Operating cost per hire (£)	(2.69)	(2.08)	(2.09)	(2.13)	(2.08)
London River Services					
Number of passenger journeys (millions)	8.6	8.8	8.2	8.2	8.3
Average yield per passenger journey (£)	0.21	0.32	0.34	0.29	0.35
Operating cost per journey (£)	(0.41)	(0.39)	(0.42)	(0.39)	(0.35)
Woolwich Ferry					
Number of passenger journeys (millions)	1.7	1.9	1.8	1.8	1.9
Operating cost per journey (£)	(4.56)	(4.24)	(4.32)	(4.82)	(3.32)

^{*} Costs of Emirates Air Line are shown net of sponsorship income

In 2018, a record 10.57 million hires were made on Santander Cycles, with 1.5 million being made through our app, an increase of more than a quarter. In the last year, we have upgraded the payment terminals, meaning customers can now use contactless cards.

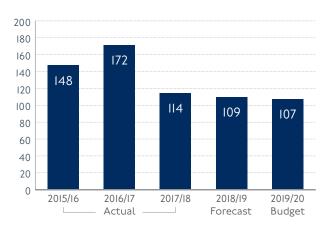
New champagne flights on the Emirates Air Line have led to an improved yield. However, journey numbers have fallen for the second consecutive year, though these are expected to stabilise in 2019/20.

A decline in ridership on London River Services since 2017/18 has negatively impacted year-on-year yields, but we expect a gradual increase in passenger journey numbers over 2019/20. New vessels introduced on the Woolwich Ferry are expected to keep passenger journeys stable.

Our services Other operations

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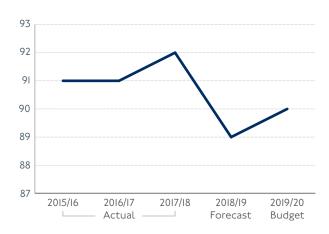
Safety Customer injuries*



We expect customer injuries to continue to reduce across our other operations modes next year, in line with the overall Vision Zero target for our road-based operations.

Customer

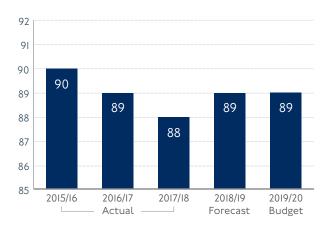
Dial-a-Ride customer satisfaction score (%)



Most customer satisfaction indicators remained stable in 2018/19. The main exception related to punctuality, which is expected to improve in 2019/20. As a consequence, the customer satisfaction score is expected to begin to return to its exceptionally high performance.

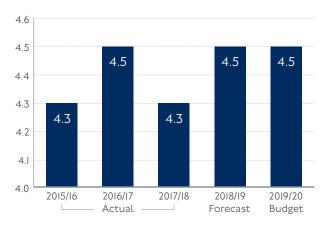
Reliability

Dial-a-Ride trip requests scheduled (%)



Improvements to scheduling efficiency have helped Dial-a-Ride reliability meet the 89 per cent target since November 2017. Service reliability is expected to be maintained at the same level in 2019/20.

Santander Cycles – number of casual hires (millions)



Cycle Hire has seen steady growth in the number of casual trips over the last year, in part due to the warm spring and summer weather in 2018.

^{*} Does not include assaults

A balanced budget

Budget 2019/20

2019/20 priorities

Safety and security

Implementing local security plans to reduce the risk from terrorism and other hostile events, under the framework of the TfL Security Plan, will be a key focus in 2019/20.

Taxi and private hire regulations

We have implemented a range of regulatory changes to improve safety and raise standards in the private hire industry. These include requirements for private hire operators to provide telephone details, give accurate fare estimates and provide driver and vehicle details in advance of journeys. Further measures will be considered in 2019/20 to enhance safety.

We made a significant contribution to the Department for Transport's taxi and private hire Task and Finish Group. The group published a report containing 34 recommendations to enhance regulation and safety standards across the taxi and private hire industry in September 2018. In response, the Government set out its intention to progress national minimum standards, increase enforcement powers and support the regulation of pedicabs.

The Government also said it would explore a start or finish requirement for taxi and private hire journeys to address the issue of cross border hiring. We welcome this, but recommend greater urgency to ensure passenger safety. The Government rejected proposals to introduce a statutory definition of plying for hire, which would make clear the distinction between the two tier system, and proposals to introduce a cap on

the number of private hire drivers and vehicles which is disappointing.

We continue to work closely with the Metropolitan Police Service and the City of London Police to tackle taxi and private hire journey-related sexual offences and improve victims' confidence in reporting offences so that robust action can be taken.

Zero emission capable taxis

We continue to assist taxi drivers to transition to zero emission capable vehicles, which are the only type of new vehicle that can now be licensed. Grants, part funded by us, are available to those wishing to buy a zero emission capable taxi. We are also providing incentives for de-licensing older, more polluting taxis, and supporting a limited number of liquid petroleum gas conversions. The total funds available for taxi delicensing and conversions is £42m.

To further tackle pollution, we are consulting on proposals to reduce the maximum age for taxis to 12 years by 2022.

ULEZ

To improve air quality across London, the ULEZ will be introduced from 8 April 2019. This will be the toughest air quality standard of any world city. All petrol or diesel vehicles – including cars, motorcycles and vans – driven within the Congestion Charge zone in central London, will need to meet new, tighter emissions standards, or pay a daily charge. The infrastructure and operating systems necessary to support this measure are nearly complete.

Our services Other operations

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To ensure London's public transport fleet becomes low emission, only new hybrid or zero emission double-deck buses are now entering the fleet, and only zero emission capable taxis are being licensed. From 2020, only new, zero emission single-deck buses will be procured.

Rapid charging points

To support the growing number of zero emission capable taxis and electric vehicles, 300 rapid charging points will be installed across London by 2020, of which 165 have already been installed.

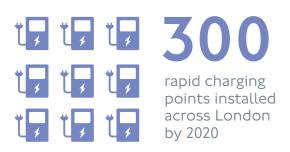
Accessible services

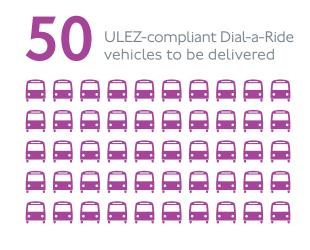
Dial-a-Ride provides fully accessible, step-free transport for people with disabilities and older people who have difficulty accessing the public transport network. We will purchase an additional 50 new vehicles for delivery in 2019. They will provide a better quality of service and a safer staff working environment, while also being cleaner and more fuel efficient, enabling operation in the ULEZ. We will also invest in new technology, including a booking and scheduling system, to improve operational efficiency and customer satisfaction.

Victoria Coach Station

We will continue with essential asset renewal works at Victoria Coach Station to support a safe operating environment, including fire system upgrades, roadway repairs and improved toilet facilities.

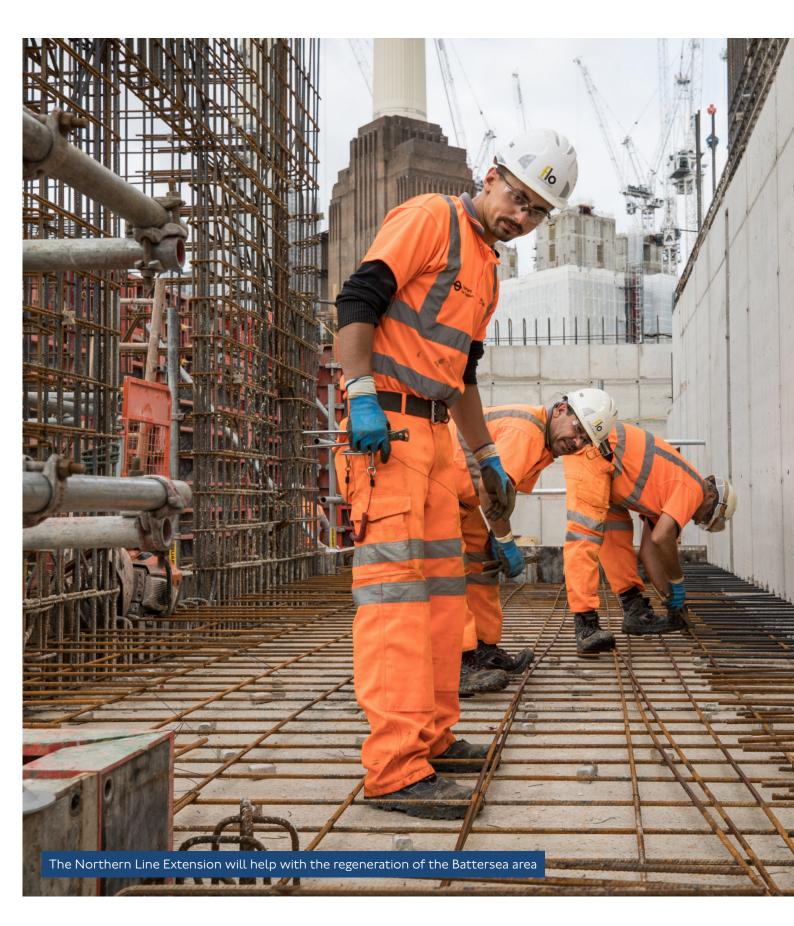






A balanced budget

Budget 2019/20



Our servicesMajor projects

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Major projects 🚨

Our work brings together a range of complex and high-profile projects on the London Underground and surface networks under one directorate.

A balanced budget

Budget 2019/20

Financial summary

In 2019/20, we will increase our capital investment in Major Projects by 20 per cent, as we continue to work to support London's growth by increasing capacity on the network through line extensions, capacity upgrades and systems modernisation.

Major projects (£m)	2019/20 Budget	2019/20 Business Plan	2019/20 Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Four Lines Modernisation	279	283	4	373	94
Deep Tube Upgrade programme	75	87	12	29	(46)
Northern Line Extension	215	213	(2)	116	(99)
Major station upgrades	100	97	(3)	110	10
Barking Riverside Extension	37	29	(8)	(8)	(45)
Silvertown Tunnel*	(1)	(2)	(1)	13	14
DLR rolling stock	48	67	19	7	(41)
World Class Capacity	34	33	(1)	15	(19)
Net capital investment	787	807	20	655	(132)

The historical costs for Silvertown Tunnel will be largely reimbursed in 2019/20 through third party contributions

Capital expenditure will increase as several major projects ramp up during 2019/20. Our DLR rolling stock renewal project will purchase land for the depot extension and commence the rolling stock design.

We will progress design of the new modern trains for our Deep Tube Upgrade project, which are planned to enter service from 2024 onwards.

On the Northern Line Extension, works will enter into the system integration phase. This includes completing track installation and associated power requirements to start system testing and continuing construction at the new stations at Battersea and Nine Elms.

Construction will start on the Barking Riverside Extension in 2019/20 as we work to create the 4.5km line extension to the Barking Riverside housing development in east London.

Our servicesMajor projects

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2019/20 priorities

Safety and security

Health, safety and working environment are central to all that we do. We believe that a safe organisation is an efficient organisation and that all our employees and suppliers can expect to remain free from harm while working on our projects.

We have seen great achievements in 2018/19, including a reduction in major injuries compared to last year, improved engagement and collaboration with our suppliers and the embedment of our 'making safety personal' campaign.

We remain committed to our strategy by further reducing injuries, empowering staff and suppliers to take action. We continue to focus on the potential outcomes for people's day-to-day lives to ensure they engage with our safer way of working and commit personally to health, safety and environment priorities.

Northern Line Extension

Running from Battersea Power Station to Kensington via Nine Elms, the extension will bring Battersea and the surrounding area within I5 minutes of the City and the West End, supporting the creation of around 25,000 jobs and more than 20,000 new homes. In 2019/20, we will complete the installation of the track and power system through the new extension, which will enable system testing to start. We will also continue the construction of new stations at Battersea and Nine Elms. The extension is expected to open in 2021.

Barking Riverside Extension

Construction on the London Overground extension between Gospel Oak and Barking to serve a new station at Barking Riverside will start in early 2019. Morgan Sindall and Volker Fitzpatrick have been appointed as the joint main works contractor for this 4.5km line extension. Barking Riverside is the largest housing development in east London, with planning permission for up to 10,800 new homes. Train services are expected to start from Barking Riverside station in late 2021.

Silvertown Tunnel

In May 2018, the Secretary of State granted approval for a Silvertown Tunnel linking the Greenwich Peninsula and the Royal Docks. This will improve the reliability of the Blackwall Tunnel crossing, increase the resilience of the road network in east London, and improve cross-river bus links. Construction is expected to begin in late 2019, with the new crossing open in 2024.

Major stations

The upgrade to Bank station will improve access, circulation and interchange, increasing capacity by 45 per cent. In 2019/20, we will start construction of a new triple escalator tunnel to serve the DLR. We also plan to issue an invitation to tender for a design and build contract for the capacity upgrade of Holborn station in early 2020.

DLR rolling stock renewal

In 2019, we will place the contract for the design and build of 43 new walkthrough DLR trains, which will start entering service from 2023 and will increase capacity by 30 per cent across the network.

We have successfully secured funding from the Government's Housing and Infrastructure Fund to provide a new station at Thames Wharf, which will support additional house-building in the area. The fund enables us to purchase 14 additional trains and the land to stable them. In 2019/20, we will purchase land for the depot extension and start design work.

World Class Capacity

We will continue to upgrade the Jubilee and Northern lines. This will enable us to provide 3I trains per hour in the peak on the Morden branch of the Northern line from late 2020, and 32 trains per hour in the peak on the Jubilee line by the end of 2021. The Northern line improvement also supports new services once the Northern Line Extension is completed.

Four Lines Modernisation

We are transforming some of the world's oldest underground lines into a highperforming, modern railway. Following the introduction of 192 new, larger, walkthrough trains across the Circle, District, Hammersmith & City and Metropolitan lines, we are in the process of replacing and improving outdated signalling, power and depot assets, with the first sections of the new signalling system going live later in 2019. Capacity on these lines will increase by 33 per cent once the upgrade is complete in 2023.

Deep Tube Upgrade programme

This year, we will continue our plans to introduce new trains on the Piccadilly line. Working with our supplier, Siemens, we will progress the design of the trains in preparation for the construction of the new fleet, enabling them to enter service from 2024. We will also consider future funding options to provide modern signalling on the Piccadilly line, which alongside the new trains would add 60 per cent new capacity to the line once completed.

trains per hour on the Northern line when the upgrade is complete in 2020



extension being developed between Gospel Oak and Barking

jobs supported by the Northern Line Extension aft

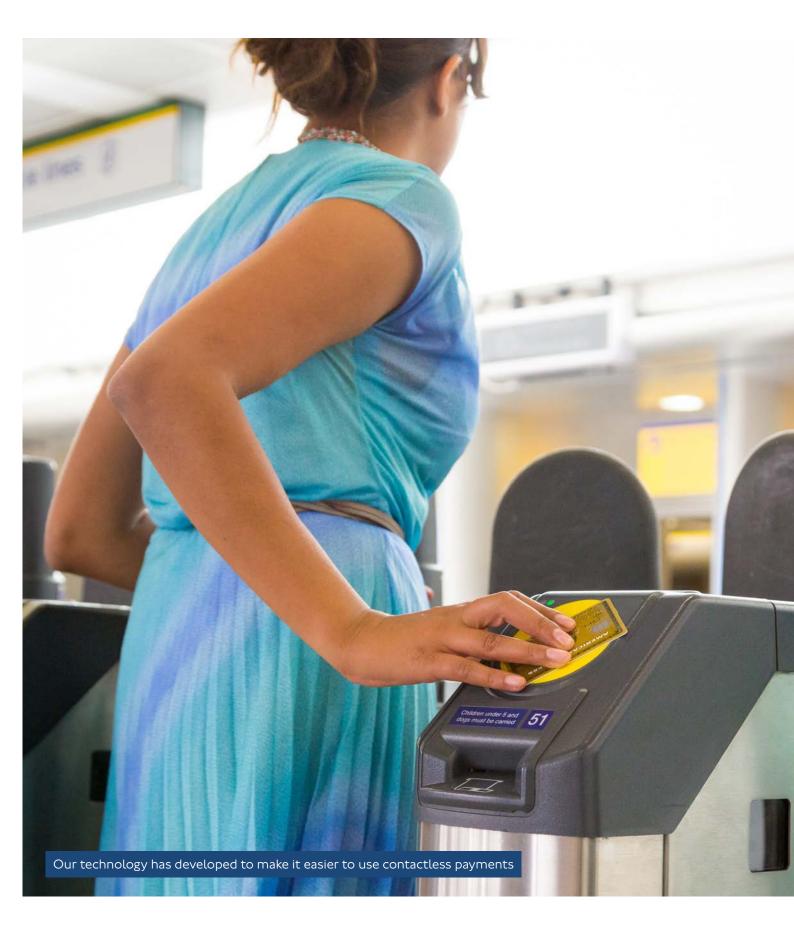
Our services Major projects

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A balanced budget

Budget 2019/20



Our servicesProfessional services

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Professional services O

Our services cover all back and middle office functions and we will continue to deliver the service and innovation London requires, while improving efficiency.

A balanced budget

Budget 2019/20

Financial summary

Our direct operating costs will increase to £620m. This is driven by one-off expenditure required to deliver our savings programmes and feasibility projects, such as the Bakerloo Line Extension. New capital investment is due to increase as we invest in our payments system and our internal IT systems.

Professional services (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	·
Other operating income	60	57	3	68	(8)
Direct operating cost	(620)	(638)	18	(603)	(17)
Direct operating deficit	(560)	(581)	21	(535)	(25)
Operational costs for infrastructure projects	(33)	(33)	-	(32)	(1)
Capital renewals	(22)	(12)	(10)	(17)	(5)
New capital investment	(101)	(105)	4	(57)	(44)
Property receipts	101	8	93	8	93
Net capital investment	(22)	(109)	87	(66)	44

Our ongoing financial challenge is to reduce our operating costs, to offset the impacts of the financial headwinds the organisation is facing, as well as ensuring we maximise the proportion of our income that is used to maintain and improve the transport network.

We have committed to reducing the cost of our back and middle office functions by 30 per cent by 2021/22, which will be a key focus throughout 2019/20.

Having initially focused on examining individual business areas, our focus for cost reduction has now moved on to looking at streamlining end-to-end processes, standardising reporting and

looking for further structural integration opportunities across the organisation.

We have already created a new single Business Services function, which has brought together transactional activity previously within Human Resources and Finance.

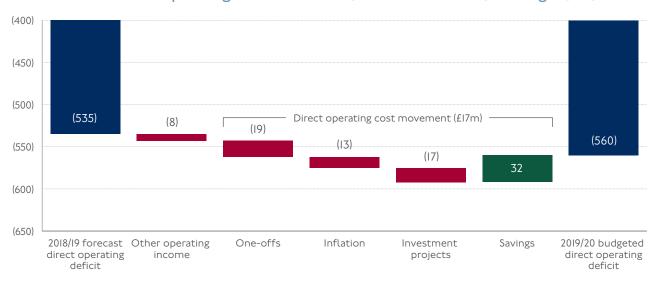
We will continue to refresh and invest in our internal systems infrastructure as well as developing new technology to ensure smoother journeys for our customers. Property receipts are expected to be around £10Im, generated from the targeted disposal of buildings, which are surplus to operational requirements.

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Professional services

Movement on direct operating deficit from 2018/19 forecast to 2019/20 Budget (£m)



- Favourable movement
- Adverse movement

Professional services direct operating deficit is budgeted to increase by £25m.

The increase is driven by a number of one-off activities, in both 2018/19 and 2019/20, which have negatively impacted Professional services, year-on-year movements.

In 2018/19, £8m of one-off income, relating principally to licensing deals for major cities to use our Oyster technology, will not repeat in 2019/20.

Operating costs will increase by £19m from one-off items. We reviewed our corporate property portfolio in 2018/19, which generated a one-off saving of £9m. In 2019/20, Professional services

restructuring costs will increase by £10m as our change programme enters a new phase, working towards the 30 per cent savings challenge.

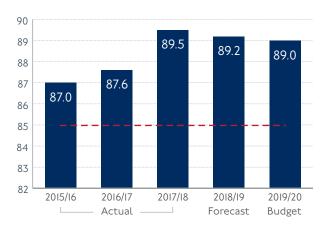
Inflationary costs will increase by £13m, primarily from technology contracts.

Investment projects will increase by £17m in 2019/20. These projects will help unlock future growth areas and future efficiencies in our cost base.

These cost increases are offset by £32m savings generated through our change programme and accomodation strategy.

Contact centre performance

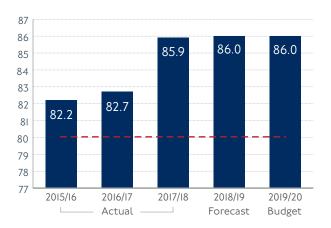
Calls answered (%)



--- Target

This graph shows the combined service levels for all enquiries through our telephone channels. More than 80 per cent of all contact centre demand currently comes through this route. We aim to answer a minimum of 85 per cent of calls.

Written cases closed within target (%)



This encompasses all written correspondence, including web forms. We advise customers that enquiries will be responded to within 10 days. This gives us time to investigate any complaints. We aim to respond to a minimum of 80 per cent of all correspondence within three days.



2.5 m

calls received by our customer contact centre in 2018/19



1.3_m

downloads of our Oyster and Contactless app since its launch



2.1m

contactless payment journeys made every day **Our services**Professional services

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2019/20 priorities

We will continue to invest in our ticketing system and mobile app, using new technologies to benefit customers and reduce our revenue collection costs.

We will continue to progress the development of the extension and upgrade on the Bakerloo line, using new trains and signalling to unlock significant housing growth. We will continue to develop proposals for the extension of the tram network between Sutton town centre and Merton.

We will launch the world's first Cycling Infrastructure Database, a comprehensive digital record of all cycling facilities on London's streets, which will lead to a step-change in the accuracy and quality of cycling data.

In partnership with operators and industry, we will publish London's Electric Vehicle Infrastructure Plan, with recommendations around how, when and where to increase London's electric vehicle infrastructure up until 2025. We will also study the feasibility and development of other schemes within the Mayor's Transport Strategy.

There will be continued investment in our internal tools to support a leaner, more efficient organisation, such as improved end user computing experiences and strengthening our data network and hosting capabilities.

Our Smart Working project will continue, delivering new capabilities to give our people the skills and technology they need to work more flexibly, collaboratively and autonomously. This investment is a key enabler to meet our target of reducing desk space by 30 per cent.

We will continue to support the Government's national Emergency Services Mobile Communications Programme to replace the Airwave service, which is used by the UK emergency services, with an alternative solution based on a commercial 4G network. We have been working with this programme since 2015 to extend the Emergency Services Network service into underground areas of our estate. Over the next year, we plan to deliver the remaining cabling work within our tunnels and complete a further 10 per cent of cabling work required in our stations (50 per cent in total). The Home Office has agreed to this proposed scope and committed to funding in principle.

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Telecoms

We will make a substantial contribution to improving London's connectivity by bringing 4G and 5G to the London Underground. This will ensure better access to public sector property for digital infrastructure while delivering a new revenue stream for us.

We are using our tunnels, tracks and onstreet infrastructure to install fibre optic cables to bring 4G and 5G coverage to the Tube, and to improve connectivity above ground.

The fibre optic cable required to bring mobile coverage to the Tube also has the potential to support full fibre connections in homes and businesses across London.

We have started a competitive procurement process to identify a partner and expect to launch the first phase of 4G on London Underground in 2019/20. Trials have been successfully completed on the Jubilee and Waterloo & City lines and more than 250km of cabling has already been installed. We will deliver significant improvements to the digital infrastructure of London while creating a significant new revenue stream.

Estates

We will continue to reduce the cost of the office portfolio through targeted disposals and revenue generation from legacy assets. Our workplaces will support the wellbeing of our people in a smart working culture. We will continue to improve the environmental performance of our offices, reducing both carbon and water consumption.

We will extend the principles of good estate management to our wider estate and promote opportunities to improve operational performance, reduce costs, generate income or realise a capital receipt from surplus operational property assets.

Property

Financial summary

The direct operating surplus for 2019/20 is forecast to grow by £7m, which is an II per cent increase from 2018/19. Our ambition is to become London's leading operator of build-to-rent housing.

Property (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Property income	63	61	2	58	5
Retail income	43	43	-	39	4
Total income	106	104	2	97	9
Direct operating cost	(37)	(38)	1	(35)	(2)
Direct operating surplus	69	66	3	62	7
New capital investment	(139)	(203)	64	(47)	(92)
Property receipts	54	203	(149)	97	(43)
Crossrail over site development	115	98	17	175	(60)
Total capital expenditure	30	98	(68)	225	(195)

Property income is forecast to increase by £5m in 2019/20. This is driven by increased rental income, including through additional rental assets going live.

Retail income will increase by 10 per cent, from £39m in 2018/19 to £43m in 2019/20. We are progressing our plans to develop arches at Wood Lane, Latimer Road and Kingsland Road, as well as plans at major gateway stations such as South Kensington, Victoria and

Liverpool Street, which will transform our retail environment. We will improve and renovate our existing locations to attract the best tenants and are creating temporary kiosk spaces for new business ideas across our network.

Since the Business Plan, there have been schedule updates on our property development activities and this Budget reflects the latest view on timing, which impacts both the capital investment expenditure and property receipts.

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Housing

As one of London's largest landowners, we can provide places for people to live and work, creating thousands of new homes and improving connectivity across the Capital.

As outlined in our Business Plan, we will continue to develop 320 acres of land for housing and commercial space. By March 2021, we will have started on property development sites that will support 10,000 new homes and a million square feet of offices, shops and workspace. Across our portfolio, 50 per cent of the homes brought to market after May 2016 will be affordable.

Working with our development partners, we have already started engaging with communities in Harrow-on-the-Hill, South Kensington and Northwood ahead of submitting planning applications for new homes, retail space, public realm and transport improvements, including step-free access. In 2019/20, we will submit planning applications for more than 5,000 homes, half of which will be affordable

Construction has started on more than 200 homes in Ealing and Lambeth and we expect to start building another 350 homes at Blackhorse Road in Waltham Forest in this financial year. We recognise that the construction industry is experiencing significant skills shortages, particularly in the housing sector, and are working hard to address this through our construction skills strategy.

There will be more than 7,000 construction workers supporting our projects when the development is at its peak. We are keen to leverage the scale of our development and its longevity to ensure we bring new talent into the industry to help meet demand. We are establishing onsite learning facilities at the Olympic Park in partnership with the London Legacy Development Corporation, and in Lambeth in partnership with the borough.

We are creating a build-to-rent investment portfolio. This will enable us to deliver homes at pace, while retaining an interest in the future development and creating a long-term stable income stream. The first package of more than 3,000 homes is currently being marketed and has attracted strong interest, owing to the scale and location of the sites. We expect to bring forward thousands more homes for build to rent over the course of the Business Plan.

Retail

Our retail and commercial properties continue to provide ideal locations for London's small businesses to grow, while generating a sustainable income stream. We will expand our retail and commercial property estates to maximise the potential income, while supporting the Capital's growth.

Small businesses make up the vast majority of our commercial estate and we recognise the importance they play in supporting London's economy.

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We are committed to working closely with small businesses to enable them to thrive and grow. We launched our Statement of Support for small businesses in November 2018 and will continue to promote an open and transparent relationship with all of our tenants.

We continue to invest in our estate and have a programme to improve our existing properties, making the most of our unique asset base to enhance revenue. These ambitious plans will also see us repositioning to attract innovative new tenants that our customers will like.

We are also looking at ways to generate revenue from new spaces that are otherwise underused. We are working with Streetdots to give mobile businesses the opportunity to try their ideas at busy locations across London and will be looking at other new opportunities for temporary kiosks across our network. This provides small businesses with a simple, cost-effective opportunity and offers more choice for the millions of people that use our network every day.

90%

of our tenants are small businesses





50%

of new homes brought to market in this Mayoral term will be affordable

350 homes will

start being built in Waltham Forest in 2019



Media

Financial summary

Our ambition is to become the best partner to promote and understand business in London.

Media (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
Other operating income	148	145	3	147	1
Direct operating cost	(3)	(4)	1	(3)	-
Direct operating surplus	145	141	4	144	1
Capital renewals	-	-	-	_	-
New capital investment	(6)	(5)	(1)	(34)	28
Total capital expenditure	(6)	(5)	(1)	(34)	28

We are in the last year of our advertising asset modernisation programme, which doubles the digital estate and removes obsolete assets. New digital formats are being rolled out and, having completed our roadside underpass digital screens programme, we are now working to develop further sites.

Our operating income is forecast to increase by less than one per cent in 2019/20, reflecting the investment in digital assets, as well as a challenging out-of-home advertising market. This revenue growth is in the context of a market forecast to decline by one per cent next financial year.

Operating costs are being tightly controlled to mitigate the impact of marginal income growth.

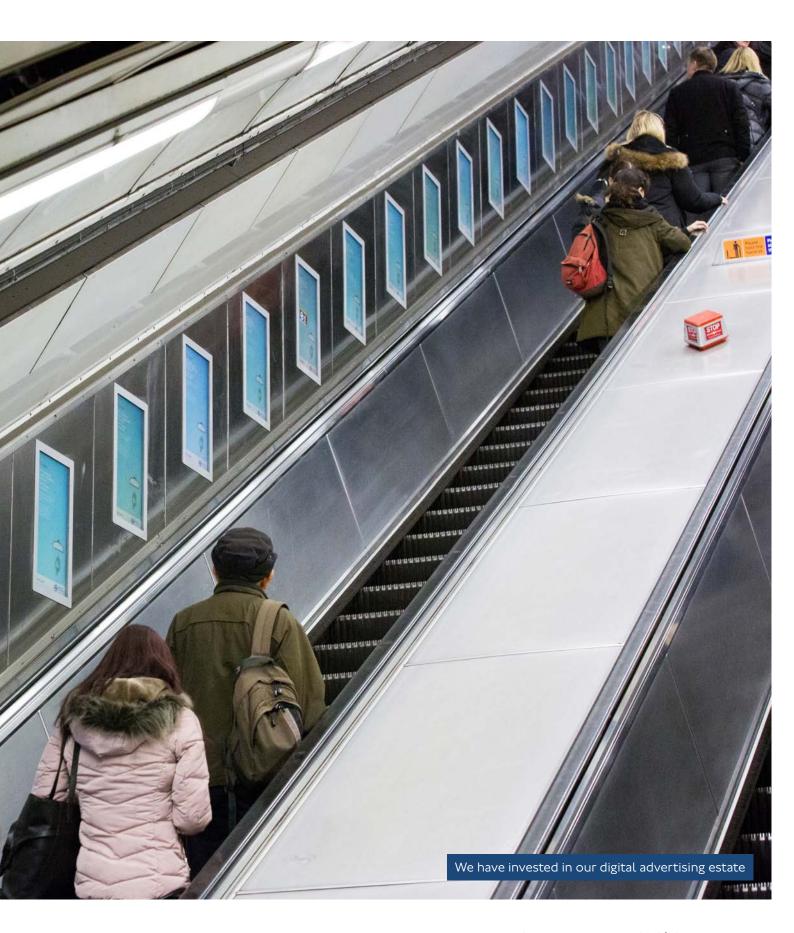
New capital investment tails off in 2019/20 as we complete our investment in new digital assets, with the total spend being around £80m since the start of the programme in early 2017.

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How we measure success

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2019/20 priorities

With an annual advertising audience of more than 1.5 billion people, we aspire to be the best partner to promote and understand business in London. We continue to modernise our advertising infrastructure, introducing new and innovative formats. Coupled with a deeper understanding of our customers through our data, this enables us to improve their experience as they move around our network and continues to drive the revenue we need to invest back into transport.

Our advertising estate is already one of the most valuable out-of-home advertising estates in the world, displaying more than 16,000 advertisements last year. We are in the final year of our planned modernisation programme, which will see the number of digital assets across our estate double, with obsolete advertising units being replaced with bigger, bolder and brighter screens.

There are also new formats for digital advertising being rolled out across the estate, which will provide advertisers with an even richer and more innovative digital landscape. Our new full HD cross track projection, the larger 98" landscape screens and the digital escalator ribbons are now beginning to provide these industry leading opportunities. In total, 904 new assets will be installed across the Tube and rail network, with an additional 325 architecturally integrated digital assets being delivered across the Elizabeth line. This is an increase in digital capability of 146 per cent across the combined estate.

We continue to work with our partners to develop and install high quality roadside advertising, with phase one of our large format, underpass digital screens programme now complete and further sites being developed.

Our unique environment enables us to provide fully immersive advertising opportunities and partnerships. Supported by the strength of our globally recognised brand, businesses can have a physical and interactive presence on our estate, enabling them to craft a bespoke, immersive showcase for their brand, while also engaging and entertaining our customers.

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146% increase in digital advertising capability across our estate



Applied solutions

Financial summary

We plan to make £3m operating income in 2019/20 as we invest for the future and build a solid foundation for our new applied solutions function.

This function began operating in 2018/19, bidding on ten projects with an estimated contract value of £19m. Three bids were successful, which were transport planning advisory for Dublin Metropolitan Transport Authority, bus reform in Argentina for the World Bank and advisory services to the European Bank of Reconstruction and Development. We project a loss of £550k in 2018/19, as the team was established and started bidding on projects.

We have expanded the original remit, which signifies our great ambition in the long term. We will operate

across the three pillars of advisory, intellectual property, and operations and maintenance contracts.

We plan to make an operating income of £3m in 2019/20 from projects in the pipeline and new work. Our direct operating cost is almost entirely headcount and is based on our best estimate of the requirement for the team needed to win, run and deliver projects. In addition, we will draw on existing resource and expertise from our organisation as required. We expect an operating surplus of £500k in 2019/20.



in engineering provided to Oslo and San Francisco metros



signage trialled in Hong Kong





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2019/20 priorities

This will be the year that we invest for the future, building our applied solutions function as a solid foundation.

We have the ambition and experience to make this new business a significant income source in the coming years. It will also grow the capability of our own people, by requiring them to solve challenges in new ways that in return will improve how we deliver for London.

Our new applied solutions function needs to make a profit but also deliver indirect financial value. We will use expertise from our existing resource, which will not only upskill our staff by building their consulting experience and encouraging a more commercial culture, but also enable us to draw on these skills to reduce our use of consultants, manage internal demand and create more intellectual property.

We have developed a pipeline of potential projects and are committed to doing this in the right way – working on projects that are aligned to our own goals – as set out in the Mayor's Transport Strategy. Our initial focus will be on advisory support, using our experience to support other cities in developing solutions to common problems.

We will also be taking a new approach to intellectual property, recognising that the innovations we have helped to bring to London can be adopted and adapted for other organisations, preventing them from needing to create new technology and solutions. Our existing partnership with Cubic for ticketing and fare collection services is an example of this.

In the longer term, we will pursue opportunities to meet the Mayor's commitment to run local transport services in other cities, building on our experience of operating and maintaining the world's oldest metro.

Project successes to date include trialling Legible City wayfinding signage in Hong Kong and providing engineering expertise to metros in Oslo and San Francisco. We have also agreed to provide advisory services to a consortium bidding to run the Buenos Aires Metro.

While we continue to explore further opportunities, we will also focus on developing overarching management plans and making sure there are appropriate controls in place to help us determine which opportunities to pursue and whether they align positively with our existing operations in London.

By setting things up for long-term success, we remain confident the trading arm will contribute to commercial income, which can be reinvested to improve London's transport network.





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- 134 Budget milestones
- 138 Key strategic risks

Financial tables

I. TfL Group balance sheet

Balance sheet	Actual	Forecast	Budget
(£m)	31 March 2018	31 March 2019	31 March 2020
Intangible assets	118	145	142
Property, plant and equipment	39,274	40,872	43,024
Investment properties	537	585	610
Investment in associate entities	319	329	338
Long-term derivatives	12	13	13
Long-term finance lease receivables	17	36	39
Long-term debtors	28	98	99
Long-term assets	40,305	42,078	44,265
Stocks	64	67	67
Short-term debtors	561	588	535
Assets held for sale	83	35	8
Short-term derivatives	6	7	7
Short-term finance lease receivables	8	16	16
Cash and short-term investments	1,932	1,769	1,328
Current assets	2,654	2,482	1,961
Short-term creditors	(2,348)	(2,038)	(1,749)
Short-term derivatives	(2)	(3)	(3)
Short-term borrowings	(846)	(716)	(716)
Short-term lease liabilities	(70)	(70)	(31)
Short-term provisions	(334)	(327)	(124)
Current liabilities	(3,600)	(3,154)	(2,623)
Long-term creditors	(66)	(68)	(129)
Long-term borrowings	(9,570)	(10,428)	(11,273)
Long-term lease liabilities	(418)	(482)	(454)
Long-term derivatives	(52)	(43)	(40)
Other provisions	(84)	(72)	(71)
Pension provision	(4,707)	(4,703)	(4,703)
Long-term liabilities	(14,897)	(15,796)	(16,670)
Total net assets	24,462	25,610	26,933
Capital and reserves			
Usable reserves	1,790	1,670	1,128
Unusable reserves	22,672	23,940	25,805
Total reserves	24,462	25,610	26,933

Our services

AppendicesFinancial tables



How we measure success A balanced budget

Budget 2019/20

2. TfL Group financial summary tables

Operating account

TfL Group (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 Forecast	2019/20 variance to 2018/19 forecast
Passenger income	4,856	4,821	35	4,789	67
Other operating income	1,050	1,128	(78)	829	221
Total operating income	5,906	5,949	(43)	5,618	288
Business rates	954	954	-	948	6
Other revenue grants	III	49	62	100	11
Total income	6,971	6,952	19	6,666	305
Operating cost	(6,780)	(6,909)	129	(6,307)	(473)
Net operating surplus	191	43	148	359	(168)
Capital renewals*	(459)	(456)	(3)	(409)	(50)
Net cost of operations before financing	(268)	(413)	145	(50)	(218)
Net financing costs	(474)	(484)	10	(450)	(24)
Net cost of operations	(742)	(897)	155	(500)	(242)

Our services

Appendices Financial tables

Capital account

TfL Group (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/19 forecast	2019/20 variance to 2018/19 forecast
New capital investment*	(1,429)	(1,517)	88	(1,252)	(177)
Crossrail programme	(1,196)	(1,196)	-	(1,416)	220
Total capital expenditure	(2,625)	(2,713)	88	(2,668)	43
Financed by:					
Business rates	893	893	_	976	(83)
Property and asset receipts	155	211	(56)	667	(512)
Borrowing	845	800	45	728	117
Crossrail funding sources	1,216	1,004	212	757	459
Other capital grants	250	275	(25)	213	37
Total	3,359	3,183	176	3,341	18
Net capital account	734	470	264	673	61

^{*} New capital investment and renewals are shown net of third party contributions

Cash flow movement

TfL Group (£m)	2019/20 Budget	2019/20 Business Plan	Variance to Business Plan	2018/I ¹ forecas	· ·
Net cost of operations	(742)	(897)	155	(500) (242)
Net capital account	734	470	264	67	3 61
Working capital	(433)	53	(486)	(336	5) (97)
Cashflow movement	(441)	(374)	(67)	(163	(278)

How we measure success A balanced budget

Budget 2019/20

Group comprehensive income and expenditure statement (\pounds m)

	Budget 2019/20		
Year ending 31 March	Gross income	Gross expenditure	Net expenditure
Operating segment			
Streets	312	(479)	(167)
Buses	1,433	(2,155)	(722)
Rail	457	(506)	(49)
London Underground	2,864	(2,041)	823
Elizabeth line	161	(428)	(267)
Other operations	286	(277)	9
Professional services	60	(620)	(560)
Property and Media	254	(40)	214
Corporate overhead	79	(234)	(155)
Net cost of operations per internal management accounts	5,906	(6,780)	(874)
Depreciation and amortisation	-	(1,046)	(1,046)
Central items	2	(21)	(19)
Net cost of services	5,908	(7,847)	(1,939)
Loss on disposal of fixed assets	•		(101)
Financing and investment income			283
Financing and investment expenditure	-		(389)
Grant income			3,457
Surplus on the provision of services before tax			1,311
Taxation income	•		-
Surplus on the provision of services after tax			1,311
Recycling of derivative fair value gains and losses to profit and loss			12
Total Group comprehensive income and expenditure			1,323

	•	
Our services	Appendices Financial tables	

Reconciliation of the total Group comprehensive income and expenditure account to the net cost of services per operating account (£m)

	Budget 2019/20
	Net expenditure
Total Group comprehensive income and expenditure	1,323
Amounts included in the comprehensive income and expenditure account in the operating account	not reported
Depreciation and amortisation	1,046
Capitalised interest	(100)
Loss on disposal of fixed assets	101
Gain on disposal of investment properties*	(268)
Capital grant funding**	(2,392)
Recycling of derivative fair value gains and losses to profit and loss	(12)
Other central items	19
	(1,606)
Amounts included in the operating account not reported in the comprehen and expenditure account	sive income
Capital renewals net of third party contributions	(459)
	(459)
Net cost of operations per the operating account	(742)

^{*} Gain on disposal of investment properties is included within financing and investment income in the Group comprehensive income and expenditure statement

^{**} Grant income in the Group comprehensive income and expenditure statement includes funding allocated to capital in the capital account: business rates, Crossrail funding, other capital grants and third party contributions towards our capital expenditure

Capital investment

London Underground

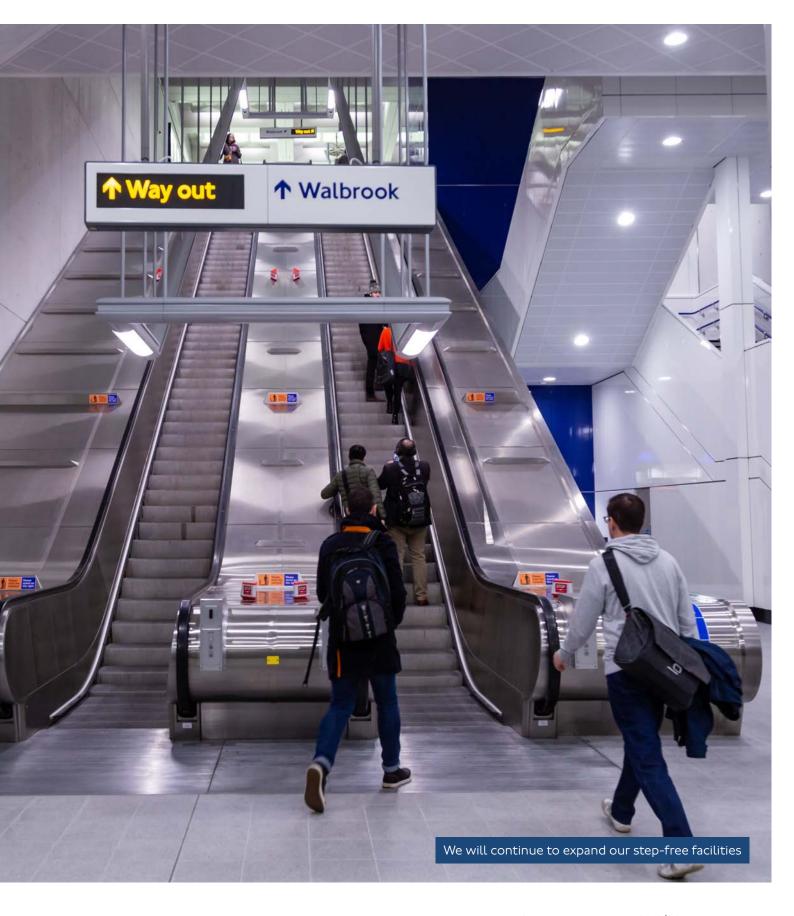
Project	Description	2019/20 £m
Step-free	Additional step-free access projects beyond those delivered through station capacity projects or Crossrail construction.	48
Fleet and signalling	Work to enable the existing train and signalling equipment to continue to operate ahead of renewal, Rail Vehicle Accessibility Regulations compliance works and other works.	97
Other renewals	Continuation of track and power cooling upgrade programmes and works to upgrade lifts and escalators	192
Other enhancements	Tube station works	32
Total		369

Elizabeth line

Project	Description	2019/20 £m
Elizabeth line enabling work	Various works paid for directly by us rather than through Crossrail Limited	59

Our services

AppendicesCapital investment



How we measure success A balanced budget

Budget 2019/20

Buses, Streets, Rail and Other operations

Project	Description	2019/20 £m
Healthy Streets	Work recognising the value of increasing walking, cycling and public transport, creating safer, cleaner and more efficient freight and servicing	177
Air quality	Capital funded schemes, infrastructure and initiatives that improve air quality. Additional schemes are also funded through the operating account	62
Public transport	Investment in infrastructure to support buses, Santander Cycles and other surface transport operations	93
Assets	Investment to ensure London's strategic roads infrastructure remains in a state of good repair	58
Bus technology	Investment to migrate our analogue bus radio system to a new digital mobile network and develop plans for iBus2 to replace our current bus tracking, performance management and passenger information systems	9
Other	Investment in various small projects	6
Total		405

Professional services

Project	Description	2019/20 £m
Customer experience	Various renewal and investment projects relating to revenue collection assets (for example, ticket vending machines and ticketing technologies), internal systems, IT infrastructure and cyber security	79
Emergency Services Network	Investment in the Emergency Services Network, which is funded by the Home Office	26
Estates and telecoms	Investment to separate 55 Broadway building from the operating railway services and equipment to enable disposal and investment in Commercial Telecoms assets	13
City Planning	Supporting the delivery of the Mayor's Transport Strategy through Growth Fund investment at Ilford station, Renwick Road and Walthamstow Central.	5
Total		123

Our services

Appendices

Capital investment

Major Projects

Project	Description	2019/20 £m
Four Lines Modernisation (Circle, District, Hammersmith & City and Metropolitan lines)	Upgrade of the signalling on the four lines will significantly increase capacity	279
Deep Tube Upgrade programme	Modernisation of the Piccadilly line (new trains and enabling works)	75
Northern Line Extension	Extension of the Northern line from Kennington to Battersea	215
Major station upgrades (including Bank station)	Station capacity projects that are already in progress or starting imminently	100
Barking Riverside	Extension of the London Overground between Gospel Oak and Barking to Barking Riverside, supporting new housing	37
Silvertown Tunnel	New road crossing at Silvertown via a tunnel under the Thames	(1)
DLR rolling stock	Asset renewals, capacity enhancements and supporting infrastructure for new trains	48
World Class Capacity	This will improve capacity on the Jubilee and Northern lines	34
Total		787

Property

Project	Description	2019/20 £m
Property	Developing and delivering our property portfolio, including delivering the Mayor's affordable housing pledge, and creating a significant build-to-rent portfolio, as well as developing retail and office space in prime London locations on the Elizabeth line	139

Media

Project	Description	2019/20 £m
Media	Investment in advertising assets	6

Budget milestones

Major projects

Posts 4	Paradata a	T
Project	Description	Target date
Barking Riverside Extension	Main works start	April 2019
Four Lines Modernisation (Circle, District, Hammersmith & City and Metropolitan lines)	First customer services start on the new higher capacity moving block signalling system	April 2019
Northern Line Extension	Track installation complete	June 2019
Barking Riverside Extension	Signal and piling work in a 16-day Network Rail blockade to support a new viaduct complete	August 2019
Silvertown Tunnel	Contract to design, build, operate and maintain begins	October 2019
Four Lines Modernisation (Circle, District, Hammersmith & City and Metropolitan lines)	Use of the new, higher-capacity signalling system for customer service extends to the north side of the Circle line and to the other lines	January 2020
Deep Tube Upgrade programme	Concept design of new Piccadilly line trains complete	January 2020
Northern Line Extension	Essential power supplies available at all sites for testing and commissioning work to begin	March 2020
Bank station capacity upgrade	Start construction of the new triple escalator tunnel to serve DLR customers and relieve congestion	March 2020

Appendices Our services Budget milestones

Buses, Streets and Rail

Project	Description	Target date
ULEZ	Launch of central London scheme	April 2019
Old Street Roundabout removal	Main works start	May 2019
Highbury Corner gyratory removal	Traffic switches to two-way system	July 2019
Trams – Blackhorse Lane	Demolition of Blackhorse Lane bridge begins	August 2019
Cycle route between Tower Bridge and Greenwich	Detailed design for Jamaica Road signed off	August 2019
Direct Vision Standard	System to enable heavy goods vehicle drivers to request Direct Vision Standard permits launches	October 2019
Retrofit bus to meet Euro VI standards	All buses in Low Emission Bus Zones are retrofitted with new bespoke exhaust systems to reduce nitrogen oxides and particulate matter	December 2019
Rotherhithe Tunnel	Concept design for the renewal of major assets starts	December 2019
Cycle route between Olympia and Brentford	Detailed design for Kew Bridge section complete	December 2019
London Overground – White Hart Lane station upgrade	Demolition of existing station entrance complete	March 2020
Bus driver facilities	Install permanent facilities on 42 routes	March 2020

How we measure success	A balanced budget	Budget 2019/20

London Underground

Project	Description	Target date
Victoria line fleet programme lift	First train enters production	July 2019
Piccadilly line interim signal control	Upgrade complete	January 2020
Jubilee line fleet mid-life refurbishment	Fleet refurbishment complete and all trains compliant with the Rail Vehicle Accessibility Regulations	January 2020
Energy strategy	First solar panels installed, marking the start of large-scale solar generation on our buildings	February 2020
Accessibility	Eight more London Underground stations become step-free	March 2020
Central line improvement project	Commence refurbishment and life extension work on first production train	March 2020
Lifts and escalators	22 lift and escalator replacement and refurbishments complete	March 2020
Tottenham Hale station	New station entrance and concourse opens to the public	March 2020
Track	Install 7.5km of new track	March 2020

Appendices Our services Budget milestones

Professional services

Project	Description	Target date
Reading extension	Enable pay as you go to support the Elizabeth line extension to Reading	December 2019
Telecoms commercialisation project	Preferred bidder selected for rolling out a 4G network across London Underground and implementing other connectivity improvements across London	March 2020

Property

Project	Description	Target date
Build-to-rent programme	Finance Committee approval for preferred partner selection to start the build-to-rent programme	September 2019
55 Broadway	Complete works separating the building from the operating railway services and equipment to enable disposal of the complex via long lease.	December 2019
Blackhorse Road car park	Start the construction of a mixed usage development (homes and commercial)	March 2020

Budget 2019/20

Key strategic risks

The key strategic risks we are currently managing and the strategic objectives they relate to include:

Mayor's Transport Strategy – Healthy Streets and healthy people Achieving safety outcomes

An inability to achieve safety outcomes resulting in loss of life or serious injury to customers and staff.

Major cyber security incident

A significant cyber security incident may occur that overcomes our preparations and results in a major theft, loss of personal or other important data, financial theft or loss, interruption to key business systems.

Catastrophic event

An accidental or natural event, or deliberate act occurs that overwhelms our physical ability to respond due to resource availability, geographical location or lack of specific plan.

Our environmental impact

Failure to meet our objectives and legal requirements on environmental issues could result in reputational damage, legal or financial penalties, health impacts, reduced quality of life and a failure to meet statutory requirements.

Mayor's Transport Strategy – A good public transport experience

Significant technology failure

A significant technology failure may occur that overcomes our preparations and results in interruption to key business systems, interference with operational activity, the materialisation of a safety hazard and/or regulatory fines.

Operational reliability

Not meeting operational targets and/or delivering less reliable and safe services for customers and other users.

Mayor's Transport Strategy – New homes and jobs

An inability to deliver predicted revenue growth, in line with forecast.

Ability to meet changing demand

Due to economic factors and changes to people's travel behaviours demand may be lower or higher than we forecast leading to lower income or insufficient investment to meet increased demand.

Delivering key investment programmes

Internal or external events that have the potential to impact projects may result in an inability to efficiently deliver the investment programme portfolio and achieve planned benefits

Opening Elizabeth line

Delay in the scheduled opening of the central section between Paddington and Abbey Wood Our services

AppendicesKey strategic risks

Corporate Strategy – People and stakeholders

Talent attraction and retention

We may not be able to attract, recruit, develop, engage and retain staff with the right competencies, behaviours and required level of skills.

Corporate Strategy – Finance

Financial sustainability

Challenging macro-economic environment and other financial challenges may result in our inability to pay for and deliver services and invest affordably.

All Mayor's Transport Strategy outcomes

Governance and controls suitability

These may not be fit for purpose, and/ or not provide adequate support to meet the changing demands on us and expectations of our stakeholders.

Technological or market developments

Changes in technology and the market, customer preferences, and new supply chains may outpace our ability to adapt. This leads to operational impacts, loss of revenue and failure to deliver the required transport services to keep London competitive in the future.

Loss of external stakeholder trust

Loss of credibility and sympathy leading to lack of political support and potential impact on funding.

Resilience to climate change and extreme weather

This includes flooding, extreme heat, supply chain disruption or invasive species and could result in reduced customer experience and reputational damage, reduced quality of life, increases in operational and capital spend.

We are committed to improving the way strategic risks are identified, managed and reported, and we will continue to provide input to the Executive Committee, Audit and Assurance Committee and other committees and panels as appropriate.

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TfL Budget

Board 27 March 2019



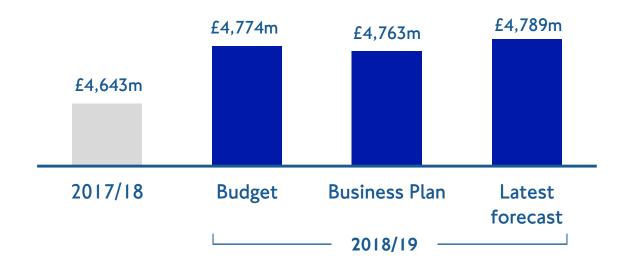
Our 2019/20 Budget is built on a strong performance in 2018/19

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Over £450m better than
Budget this year sets us up
to face the challenges of
2019/20 and the rest of
the Business Plan

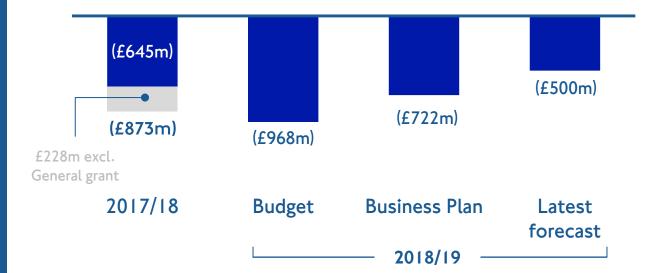
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Passenger income



 Despite Crossrail delays, we will be £15m ahead of Budget, due to Tube demand better than expected offset by weaker than forecast demand on buses

Net cost of operations



Better like-for-like performance

- Overall position £145m better than 2017/18 when we still received £228m of General Grant
- We are expecting to outturn £222m better than Business Plan and £468m better than our March 2018 Budget

Section I 2018/19 Outturn

2018/19 Outturn

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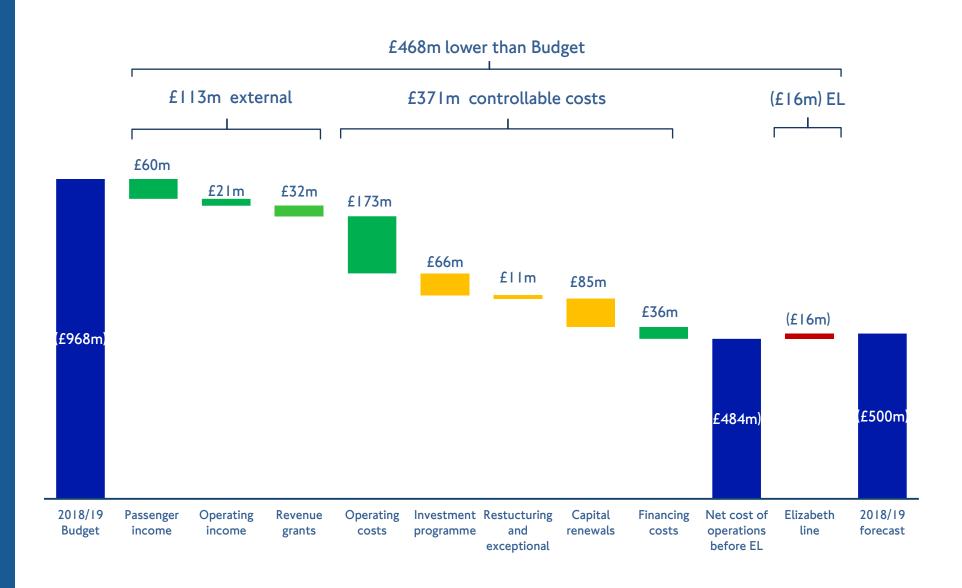




Headline improvement of £468m from March 2018 Budget

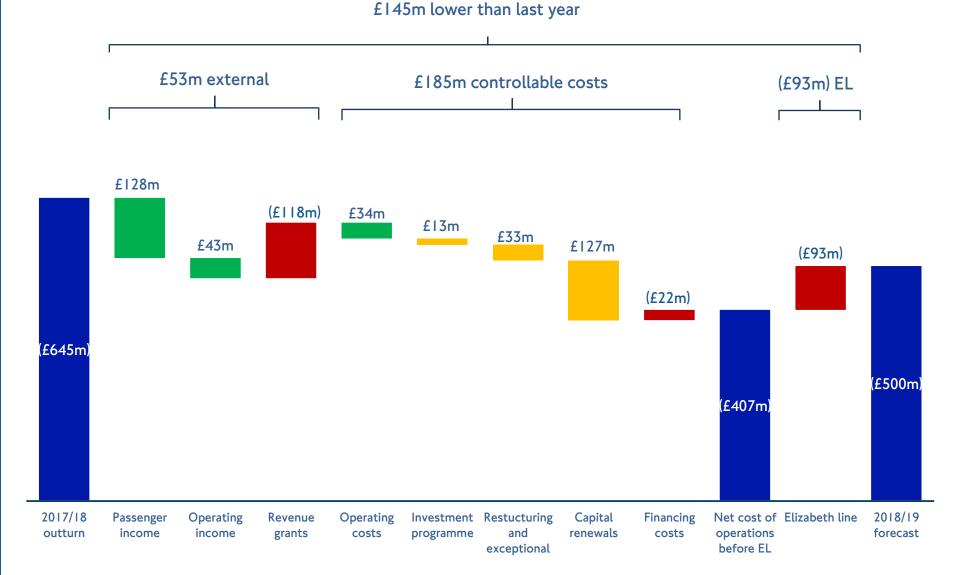
After capital items, exceptional and financing costs we expect to outturn over £250m better than the 2018/19 Budget





We are reducing the deficit year on year by £145m

We will have absorbed the impact of the loss in general grant in 2018/19, delivering an underlying improvement on last year





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Section 2 2019/20 **Budget**

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Operating account: 2019/20 budget

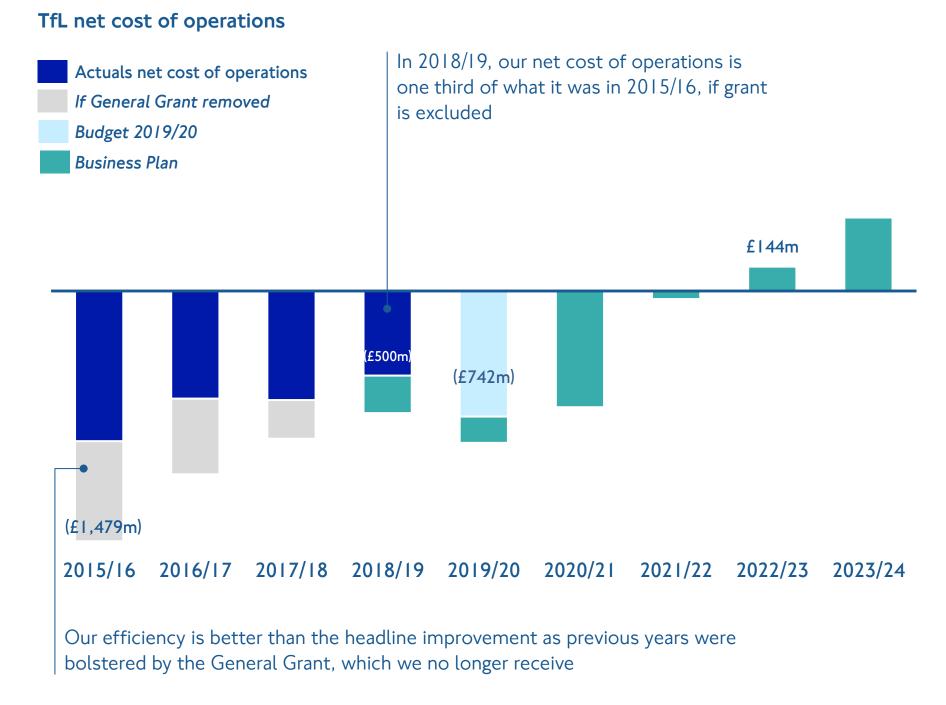
Despite absorbing the ignpact of demand softness and the delay to Crossrail, our 2019/20 draft budget is £155m favourable to Business Plan.

£m	2017/18	2018/19	2019/20
	Actuals	Forecast	Budget
Passenger income	4,643	4,789	4,856
variance to 2018 BP		26	35
Other operating income	750	829	1,050
variance to 2018 BP		36	(78)
Total Operating income	5,393	5,618	5,906
variance to 2018 BP		62	(43)
Business rates and revenue grants	1,167	1,048	1,065
Total income	6,559	6,666	6,971
variance to 2018 BP		88	19
Operating cost	(6,240)	(6,307)	(6,780)
variance to 2018 BP		117	129
Net operating surplus	319	359	191
variance to 2018 BP		205	148
Capital renewals	(536)	(409)	(459)
variance to 2018 BP		16	(3)
Net cost of operations before financing	(217)	(50)	(268)
Net financing cost	(428)	(450)	(474)
Net cost of operations	(645)	(500)	(742)
variance to 2018 BP		222	155



Our draft budget in the context of our Business Plan

The performance over the last four years gives us confidence in the trajectory to achieve a net operating surplus by 2022/23

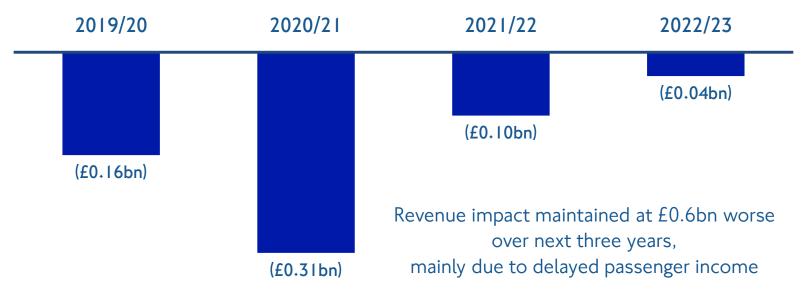


Crossrail assumptions remain largely unchanged

Our Budget maintains the Business Plan assumptions except for phasing changes









Mitigating the impact of the Crossrail delay

We continue to work hard one reducing the financial and customer impact of the delayed opening of the central section.

Confirmation of opening

0

Construction costs

£1.4bn capital grant from GLA (made up of £1.3bn loan from DfT – paid back over 10 years using MCIL – and £100m cash contribution from the GLA)

£750m loan facility from the DfT to TfL if capital grant fully utilised. Agreement finalised this spring.

Access to the loan facility contingent on TfL having exhausted internal funding sources.

Operating account

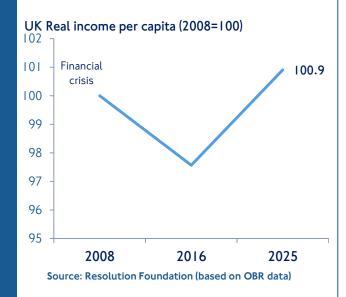
c.£600m impact on Business Plan (net of all revenue and operating cost impacts). This assumption will be revised once a full timetable is confirmed by CRL Board

We are assuming we go ahead with the implementation of Stage 5a, taking over services from Paddington to Reading from December 2019

timetable and stages

expected in Spring 2019

Real wage growth



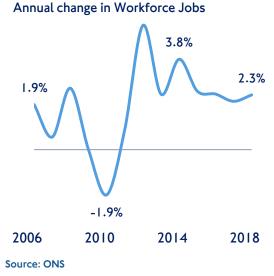
The OBR forecasts wages will return to

Real wages 20% lower than pre-crisis level for new starters making London less attractive to younger people

Many now priced out of housing ownership

pre-crisis levels in 2025

Employment growth



Long term transport demand growth

Total TfL passenger journeys



Source: 2018 Business Plan and MTS

London jobs growth recovered quickly from financial crisis, making London attractive to EU migrants

Jobs growth slowed as employment rates hit historic highs

Short term population growth slowing, net migration is now negative. Fewer young Londoners (16-24) than in 2009

Recent fall in trip rates predominantly in shopping and leisure journeys

We expect bus trips to stabilise and LU to grow in the medium to longer term

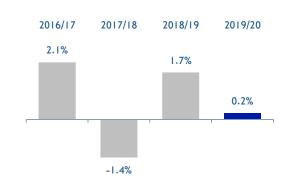
Beyond the Business Plan public transport growth is reliant on the growth and prosperity of London.

Our demand assumptions remain cautious

Despite stronger demand on the Tube in the second half of 2018/19 we maintain the cautious assumptions we used for our Business Plan. Rail growth assumptions revised downwards based on recent trends.

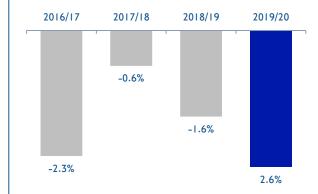
Passenger journeys





Demand in line with Business Plan assumptions with cautious outlook maintained – small changes from effects of Elizabeth line opening, with passengers expected to switch services within different timeframes.

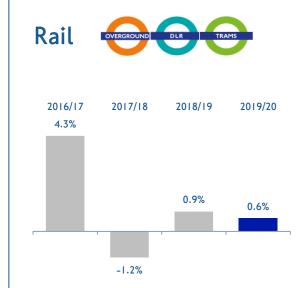




Falling since 2015 as people (primarily families and young people) reduce discretionary journeys.

We are expecting the trend to worsen next year.

Our work to modernising the network is expected to help to address this trend.



Lower growth based on updated information. Demand across rail services levelled off owing to continued uncertainty in the economy.

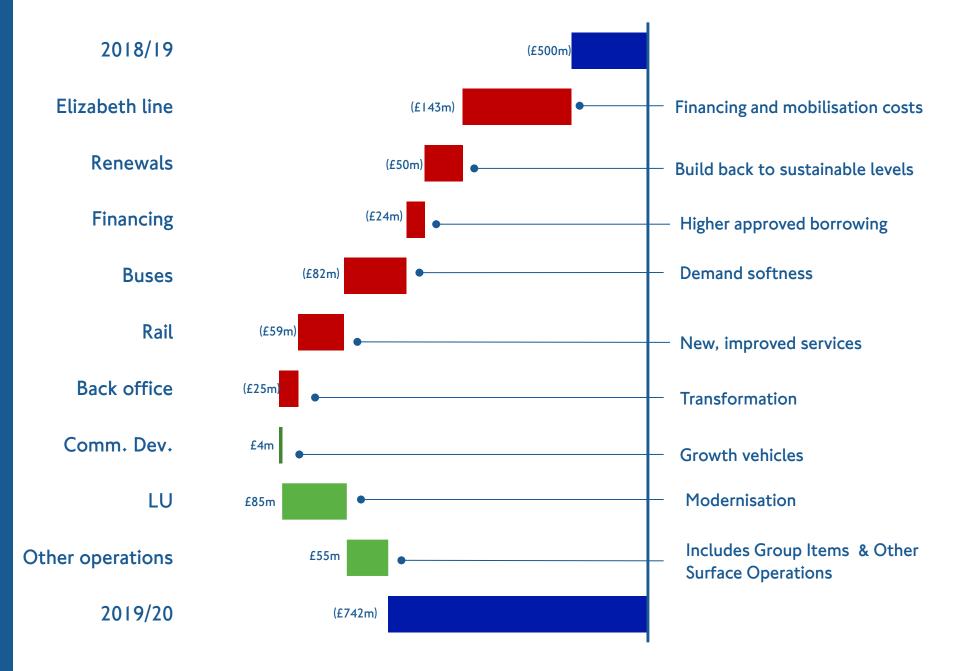
Improvements we are planning for the service mean we expect improvements towards the end of 2019.

What is changing between 2018/19 and 2019/20

Excluding the impact of Elizabeth line, renewals and financing cost, our deficit is forecasted to be broadly in line with 2018/19



What changes between 2018/19 and 2019/20

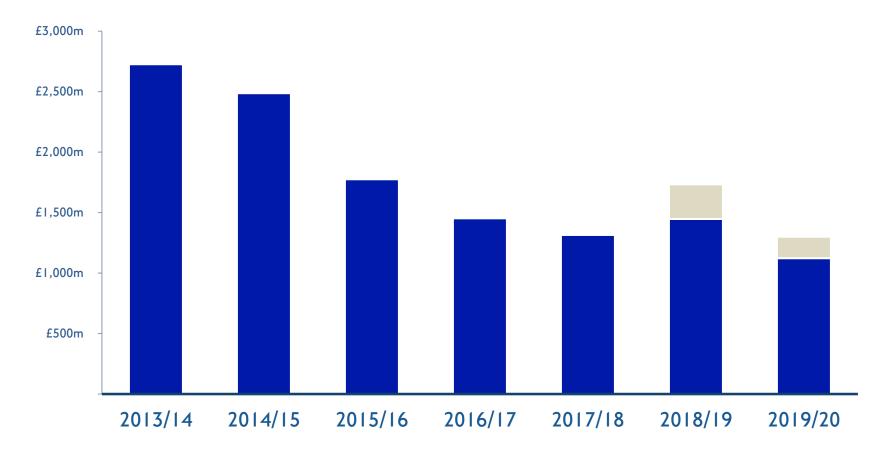


We enter 2019/20 with a more resilient cash position

28 18/19 cash balance to oxturn c£300m better than Business Plan from a combination of operating account favourability and lower capital account spend



TfL cash balance (excluding Crossrail account)

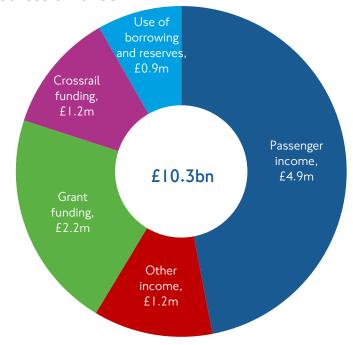


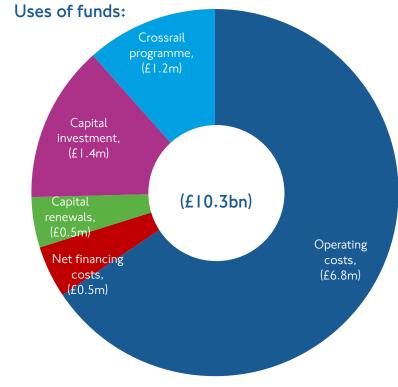
Actuals for 2013/14 to 2017/18 and Business Plan for 2018/19 and 2019/20

Latest forecast 2018/19 and Budget 2019/20

How we balance the books

Sources of funds:





79%

spent on running, maintaining and operating the network every day



21%

spent renewing and improving the network through one of the largest capital investment programmes in Europe

Section 3

Getting the basics right

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Controlling our day-to-day costs

The initial phase of

Transformation delivered

againualised savings of

£\$42m by the end of

2017/18, from operating

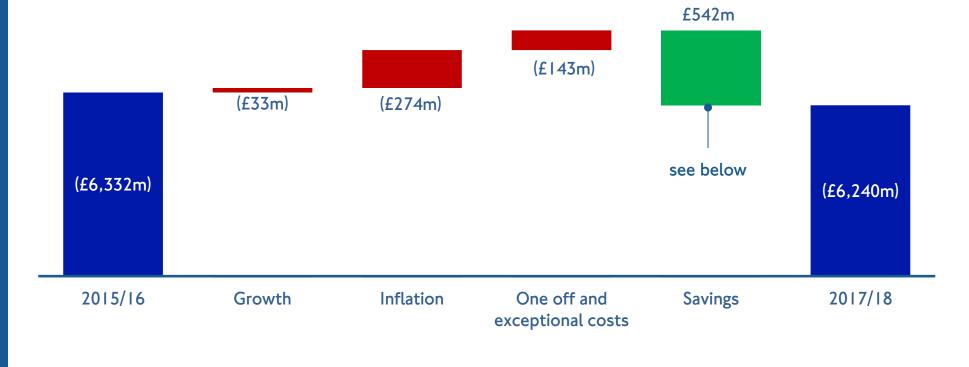
model changes and driving

better value through our

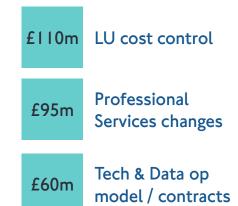
contracts

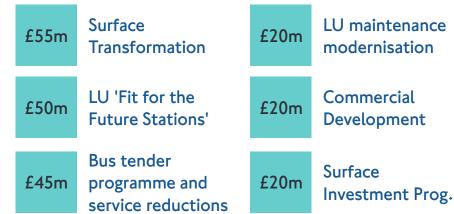


Changes in TfL's operating cost: 2015/16 to 2017/18



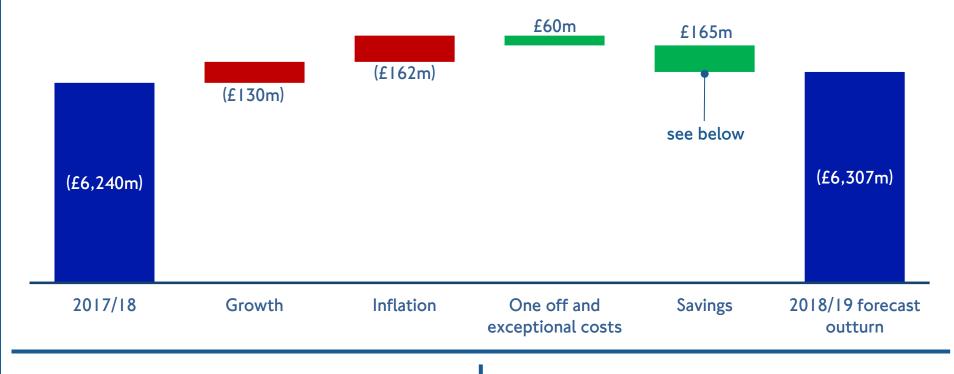
£542m saved since 2015/16







Changes in TfL's operating cost 2018/19



£165m year-on-year savings in 2018/19

reduction in like-for-like operating costs from 2017/18

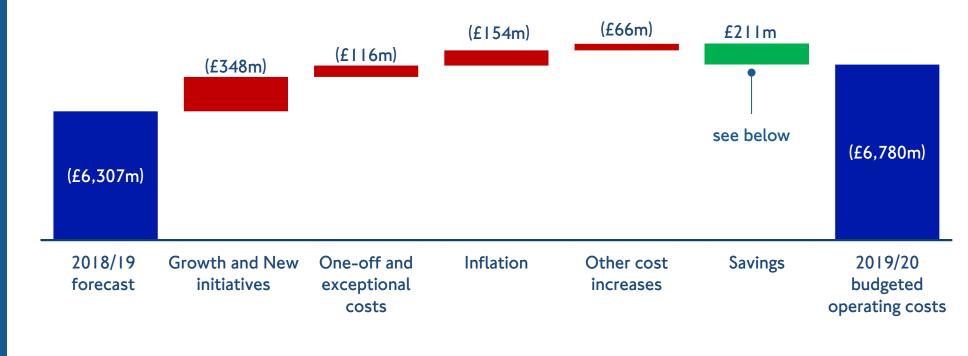
£80mLU maintenance modernisation£30mBus tender prices£20mBack office efficiencies£35mRight sizing the bus network

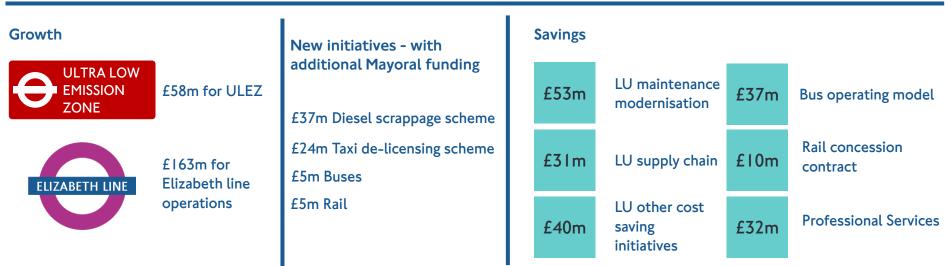
2019/20 Operating costs grow next year

Our operating costs in crease year on year from a combination of growth in our services (Elizabeth line, ULEZ, Overground), new Mayoral-funded initiatives and one offs



Operating costs changes: 2018/19 to 2019/20 Budget



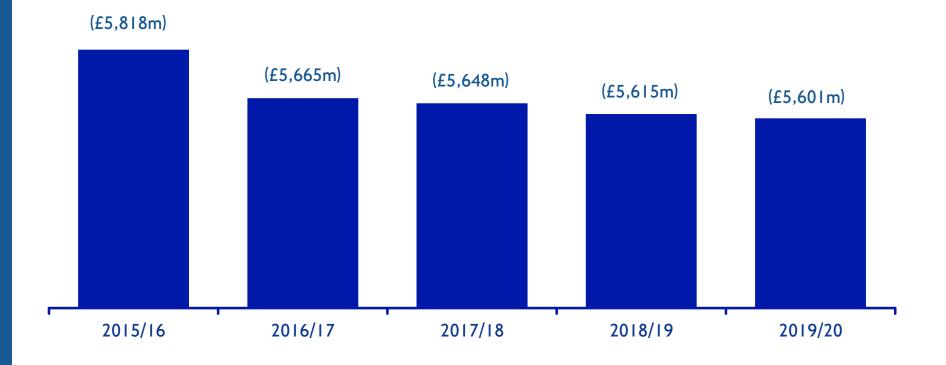


Our like-for-like costs reduce year on year

Our challenge is to go fürther on cost reduction and, in 2019/20 we are starting the next stage of our transformation programme with an ambition to reduce the cost of our back and middle office by 30%

0

Like-for-like cost changes since 2015/16



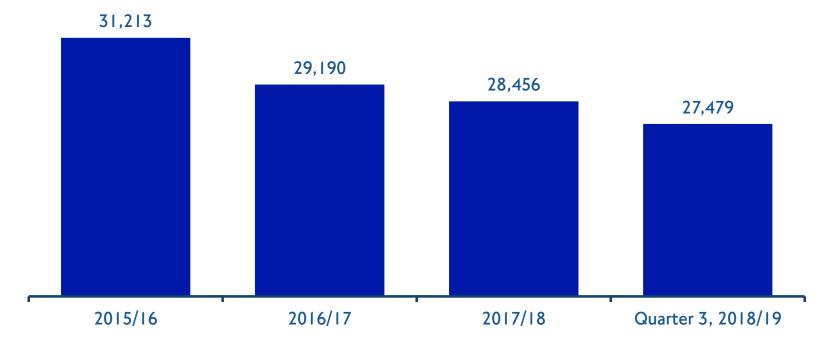
Like-for-like costs are operating costs excluding Elizabeth line, investment project costs included in the operating account, exceptional and one off costs.

Delivering more with fewer people

Headcount has been reduced through our ongoing savings programmes and management action. Total headcount is down 12% since 2015/16



TfL Headcount (full-time equivalent employees)



12%

Reduction in FTE since 2015/16 the start of our transformation programme

977

Lower headcount at the end of Quarter 3, compared to previous year

61%

Non permanent labour (NPL) reduction compared to December 2015

Section 4

Transforming our core

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We have a clear target for each division

The Budget shows how each part of the business is progressing towards the targets we set for ourselves at Business Plan



emission



Combined subsidy of £850m on buses and streets



£300m surplus on Commercial **Development**



Double the surplus from the Tube



Affordable capital plan with sufficient renewals











Breakeven on Rail and other operations



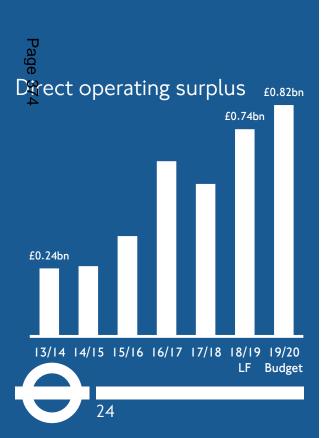
30% reduction in back office cost



Elizabeth line surplus by 2021/22



London Underground: Great progress towards the goal to deliver £1bn surplus

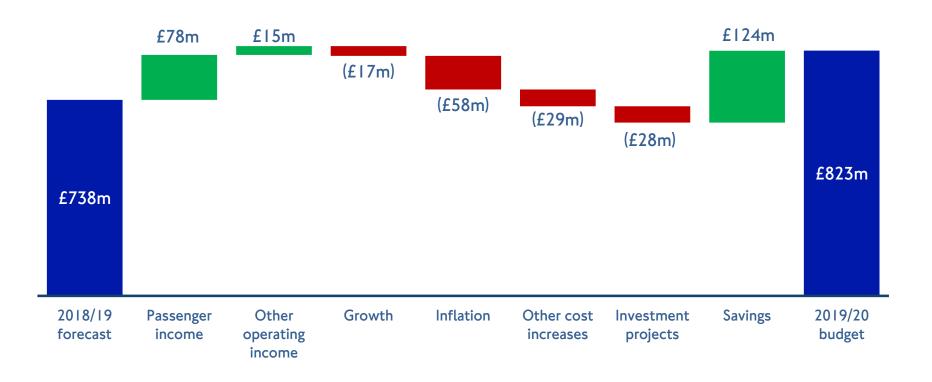


Direct operating surplus to increase 12% on 2018/19 reflecting better revenue expectations and real terms operating cost reductions



Cost savings from:

Reductions in the back and middle office Maintenance efficiency drive



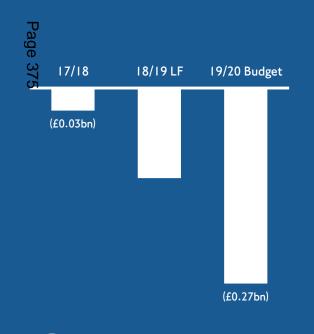
Elizabeth line costs increase as we prepare for opening and asset handover

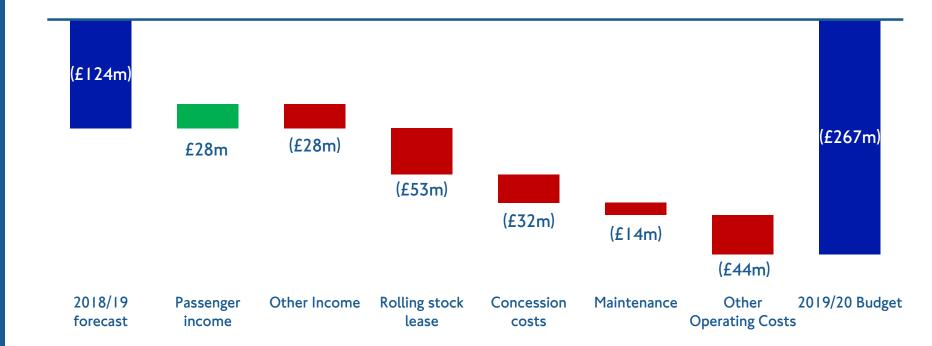
Operating cost increases owing to financing and maintaining the central sections, which will be non fare generating in 2019/20

Concession (to MTR) and Central Operating Section (COS) testing and preparation.

COS handover assumed late 2019

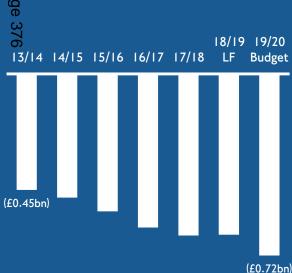






Bus deficit increases above £700m for the first time in our history

Direct operating deficit



26

Operating deficit increases due to lower passenger demand and cost increases not fully offset by our savings plans. We will ensure the investment in the bus network is deployed where it is needed most.

Key initiatives:



Efficiencies in contracting process



Reduce service, where demand has fallen the most



Boost service to support mode share target



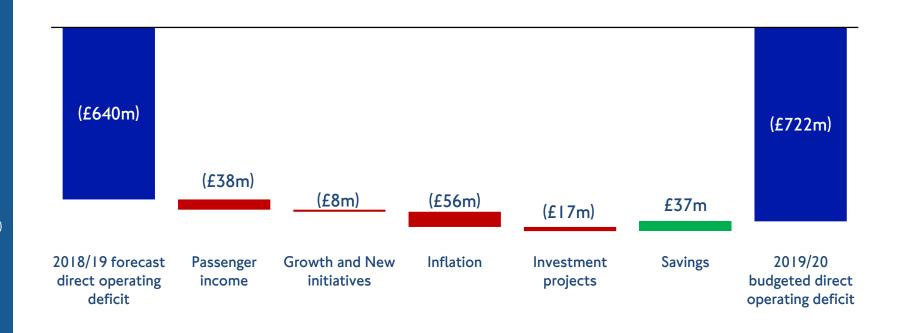
Tackle fare evasion



No deaths by 2030



Ultra low emissions fleet by Sept 2020



Rail service enhancements will increase operating costs in the short term

Direct operating surplus/(deficit) 19/20 13/14 15/16 17/18 Budget (£45m) (£49m)

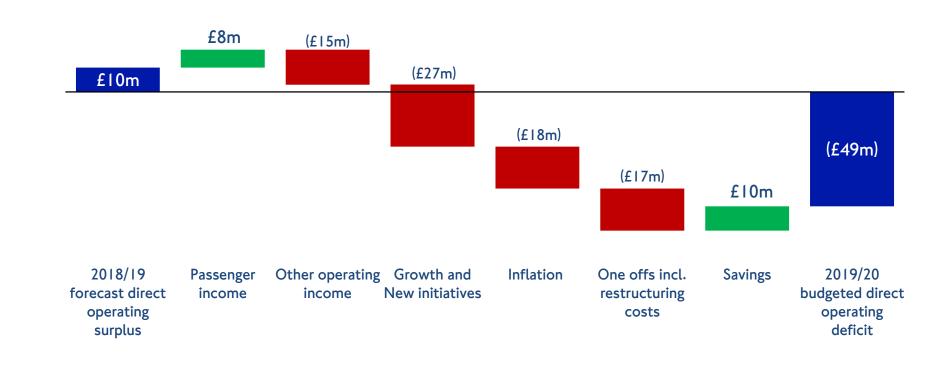
Rail will move to an operating deficit next year as we improve the service for our customers

Passenger revenue growth from increased services Other operating income reduces

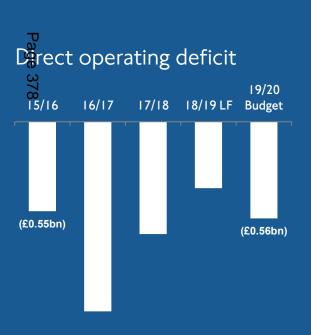
from one off receipts in 2018/19

Operating cost grows from 2018/19:

- Improved services on London Overground
- Contractual inflation and access costs
- Savings from concession cost covering fleet leasing & maintenance

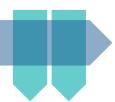


Professional services next stage of transformation



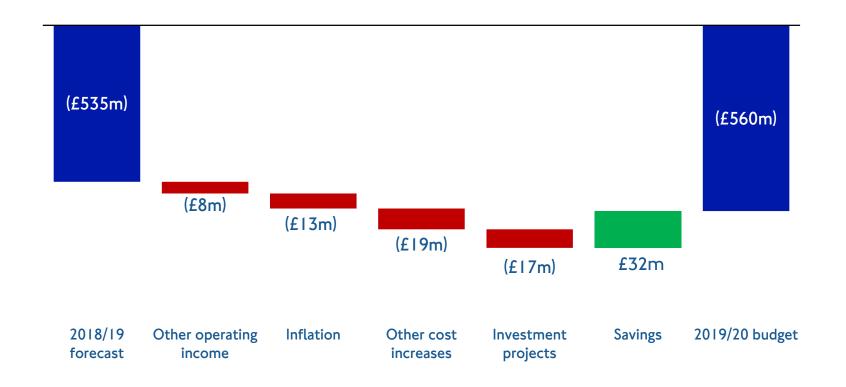


We have embedded significant savings challenges for all areas of Professional Services with many areas planning to deliver a 30% reduction from their 2018/19 budget by 2021/22.



Plans are in various stages of readiness. Savings of £32m mitigate the impact of inflation and one-off restructuring costs.

Investment programme costs included in the operating account adds £17m of cost in 2019/20.



Section 5

A disciplined capital plan

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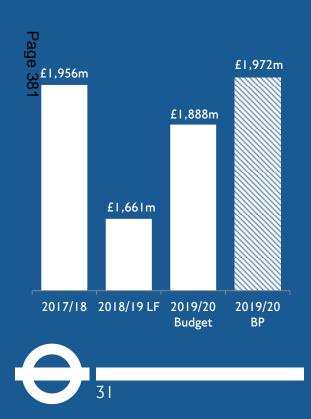
Capital account: maintains the Business Plan assumption except for phasing changes

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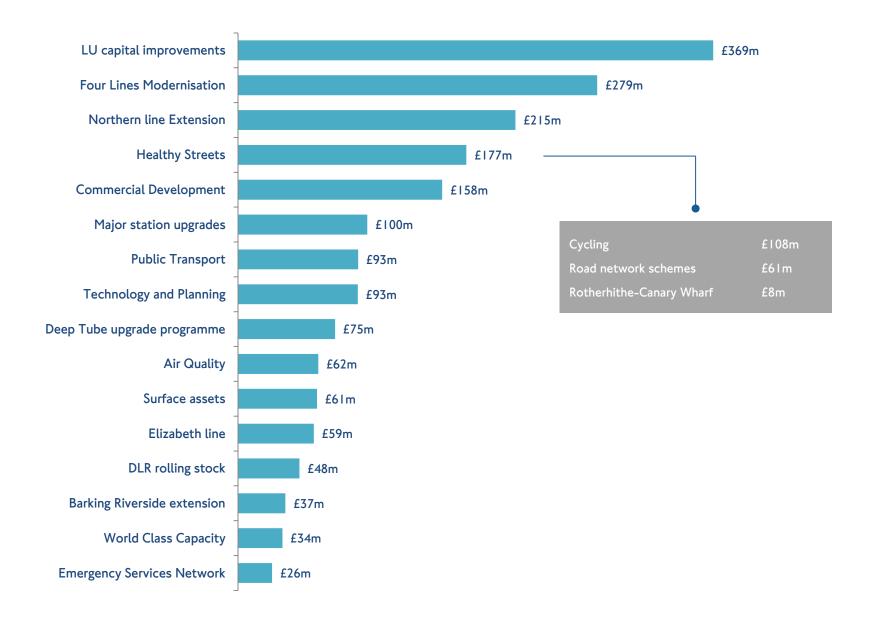
Crossrail funding sources includes the £1.4bn GLA/DfT funding. Subject to review once a delivery timetable is agreed.

£m	2017/18	2018/19	2019/20
	Actuals	Forecast	Budget
New capital investment	(1,420)	(1,252)	(1,429)
variance to 2018 BP		222	87
Crossrail programme	(1,530)	(1,416)	(1,196)
variance to 2018 BP		(13)	-
Total net capital expenditure	(2,950)	(2,668)	(2,625)
variance to 2018 BP		209	87
Funded by:			
Business Rates	960	976	893
Property & asset sales	59	667	155
Borrowing	620	728	845
Crossrail funding sources	108	757	1,216
Other capital grants	183	213	250
Total funding	1,930	3,341	3,359
variance to 2018 BP		(384)	176
Net capital account	1,020	673	734
variance to 2018 BP		(175)	263
Total renewals & new investment (excl. Crossrail)	(1,956)	(1,661)	(1,888)
variance to 2018 BP		238	84

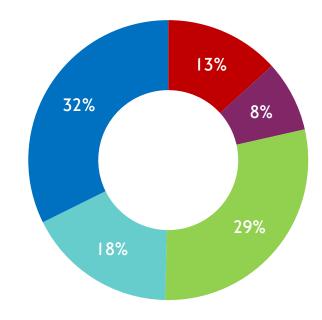
Our budgeted capital investment by portfolio



Net capital investment (excluding Crossrail programme)



Funding our capital investment (excluding Crossrail)



Business rates

The Mayor provides funding for investment schemes through business rate retention

Borrowing

We borrow to fund additional investment within the limits set by government

Specific grants

Some capital investment have direct funding contributions: for example the Northern line extension and the Home Office emergency services network

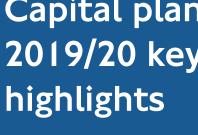
Property sales

We generate additional capital funding through sales of our operational properties helping to support our strategy to reduce overhead running costs

Reserves

Surplus cash, working capital and reserves generated from running, maintaining and operating the network is also used to fund capital investment

Capital plan 2019/20 key highlights





Full scale dynamic testing of **Elizabeth line** trains within the central tunnel section, ahead of trial running and operations once the infrastructure has been completed



Ultra Low Emission Zone in central London,

Further five Low Emission Bus Zones by end of 2019



Operate the first automatic trains on sections of the Hammersmith & City, Circle, and Metropolitan lines. District line signalling will come in 2020



White Hart Lane Station. Tottenham Hale new entrance, South Kensington station capacity upgrade and Finsbury Park ticket hall upgrade will all be completed



Complete step free access works at Newbury Park, Buckhurst Hill, Victoria and South Woodford, continue work at Harrow-on-the-Hill: begin works at Mill Hill East, Amersham, Osterley and Cockfosters.



Highbury Corner Gyratory completes



Network renewals including 7.5km of track replaced and 22 lifts/escalators replaced/refurbished



Extend Oyster and contactless to Reading

First phase of 4G on London Underground



Section 6 **Growing our**

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Property: a new direction



London's leading operator and owner of build-to-rent







Building London's future

We will start construction on 350 homes next to Blackhorse Road station in Waltham Forest, 50% affordable.



In March 2019 we'll select a preferred Investment Partner for our build-to-rent portfolio, which will deliver 3,000 homes, helping us deliver 10,000 more homes for London.

Making plans

We'll submit planning applications for over 5000 homes, including Limmo (Canning Town), Southall Sidings, Arnos Grove, Cockfosters, Harrow Carparks, High Barnet, Finchley Central, South Kensington and Harrow-on-the-Hill. The last two will also provide step-free access to the Tube station.



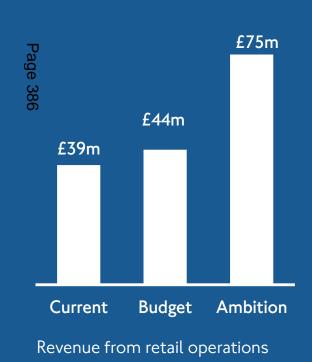


Retail: a growing presence across London



A top-five player in convenience and small retail







This year

An arch plan

Major schemes are under development for our arches at Wood Lane, Latimer Road and Kingsland Road

Making an entrance

We are progressing plans at major gateway stations such as South Kensington, Victoria and Liverpool Street to transform our retail environments

Investing in our portfolio

We'll improve and renovate our existing locations to attract the best tenants

Something for everyone

We are creating temporary kiosk spaces for new business ideas across our network



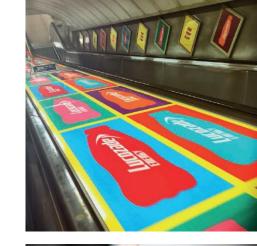


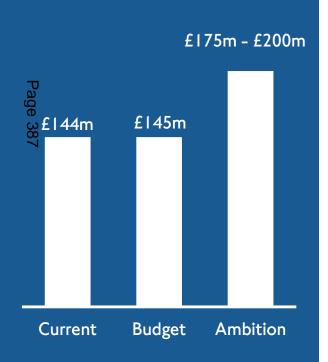


Media: transforming our advertising estate



The best partner to promote and understand business in London







Making an impression

We're in the last year of our advertising asset modernisation programme, which doubles the digital estate and removes obsolete assets

Screen time

New digital formats are being rolled out; full HD cross-track projection, 98 inch landscape screens and digital escalator ribbons.

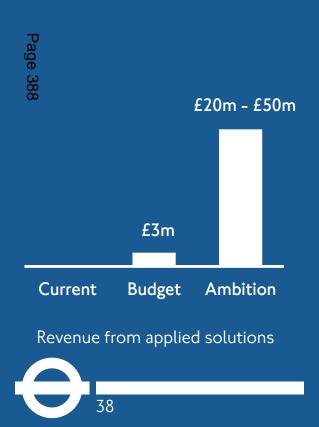
Driving growth

Having completed our roadside underpass digital screens programme we're now working to develop further sites





Our applied solutions business: Leveraging our expertise beyond London





The world's preeminent transport authority consultancy



Planning for the future

Cities around the world face the same challenges as us. Our experience with engineering, technology and urban planning are sought after world wide. In this year we'll set up our new function to capitalise on this.

The world is your Oyster

We will go beyond selling our advisory experience to also build and sell our IP portfolio, as we will continue to do with our contactless ticketing system through our partnership with Cubic.

The right call

We will also commercialise our telecoms assets and experience: we already have installed over 250km of cabling and will launch phase one of 4G on the Tube this year.







Section 7

Managing the Risks

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Preparing for Brexit

Our Budget forecasts are cautious, but assume stable economic conditions. A nodeal Brexit could change these conditions.

Our stress tests show that key impacts on TfL's finances would be from lower revenue due to reduced passenger and commercial demand, as well as increased operating costs due to higher inflation. The impact on financing costs and tariffs would be relatively minor.

Work is ongoing across the business to mitigate the potential risks of a hard Brexit as outlined below:

Operations:

- Working with London Resilience Forum and operators to manage risks
- Preparing for protests and disruptions
- Maintaining high stock of critical spares

Commercial and Finance:

- Managing supply chain risks to ensure continued delivery of contracts
- Managing exchange rate risk and exploring hedging where needed
- Looking into fixing borrowing rates in advance

People:

- Supporting our non-UK EU citizen staff, including providing guidance on process of applying for Settled Status
- Engaging with staff through internal communications and our HR helpdesk

Agenda Item 9

Board

Date: 27 March 2019

Item: 2019/20 TfL Scorecard



This paper will be considered in public

1 Summary

- 1.1 The TfL scorecard provides information to track business performance against the in year objectives derived from the Mayor's Transport Strategy (MTS), the Business Plan and the Budget.
- 1.2 We need to ensure that the scorecard provides the right measures for the Commissioner and Executive Committee to manage the business and ensure clear corporate responsibility, whilst also providing the ability to clearly articulate the key business priorities to a broader audience.
- 1.3 This is an evolution of the 2018/19 scorecard to reflect our ongoing priorities and to provide continuity. The changes that have been made take account of the work undertaken over the last year to further develop and improve the scorecard. This includes the use of metrics and data that were not available when the previous scorecard was approved.
- 1.4 We have taken the approach of setting challenging targets, recognising that they may not all be achieved noting the current financial climate, the ongoing organisation changes within the business, the challenges around delivering our capital programme whilst mitigating the effects on day to day performance; and external factors not fully within our control.
- 1.5 The paper seeks approval of the proposed TfL scorecard for 2019/20.

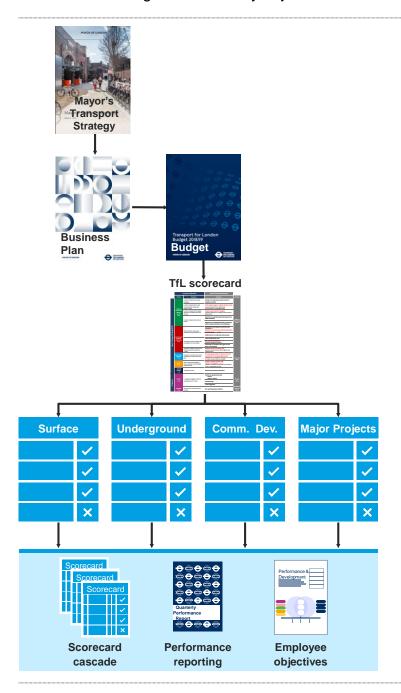
2 Recommendation

- 2.1 The Board is asked to note the paper and:
 - (a) approve the 2019/20 TfL Scorecard set out in this paper;
 - (b) authorise the Chair of the Finance Committee to approve the inclusion of a suitable milestone and target date relating to the Elizabeth line, once the delivery programme has been confirmed; and
 - (c) authorise the Chair of the Finance Committee to approve a revised target, if required during the year, for the new Bus Customer Journey Time metric, as further data is gathered and the metric matures.

3 Background

3.1 The scorecard for 2019/20 is a key tool to ensure that the Business Plan, approved by the Finance Committee in December 2018 (under authority delegated by the Board) 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 scorecard continues to show how the measures align to the themes and outcomes of the MTS and it retains the four balanced scorecard categories of safety and operations, customer, people and financial. Each of these categories receives a 25 per cent weighting, reflecting their equal importance to our business.
- 3.3 The scorecard focusses on the shorter term, in—year objectives and the measures identified against these. An annual update will be provided to the Board outlining progress towards meeting the longer-term objectives of the MTS, this will include progress against longer-term targets where it is more appropriate to track progress over year or multi-year periods.
- 3.4 The following diagram shows how the scorecard aligns with the MTS, Business Plan and the Budget and how key objectives are cascaded through the business.



The Mayor's Transport
Strategy (MTS) provides the
overall strategic direction for all
transport organisations across
London, including TfL. The
scorecard has been aligned with
the MTS.

The **Business Plan** sets out our long term objectives.

The **Budget** sets out our activity in 2019/20.

The scorecard captures the outcomes required over the next year to deliver this and to ensure the business is on track to meet the outcomes of the MTS.

The scorecards of the main operating areas capture how the scorecard translates into what each individual area needs to achieve.

This continues through the remainder of the scorecard cascade, regular performance reporting and also into individual employees' objectives.

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

- 3.5 The 20 March 2018 Board paper which sought approval of the 2018/19 TfL scorecard outlined the following scorecard development work to be undertaken during 2018/19:
 - (a) develop a bus measure that more directly reflects passenger experience, similar to London Underground's (LU) Excess Journey Time metric;
 - (b) consider the suitability of using a revised measure for 2019/20 relating to the delivery of new homes and the number of planning permissions sought;
 - (c) undertake the development of a new measure able to provide a quarterly mode share index which will give the percentage of travel by sustainable modes;
 - explore how we can measure the number of people undertaking 20 minutes of active travel daily; and
 - (e) develop a measure of road efficiency by location and time, this will include defining a methodology which sets MTS efficiency outcomes for each road and an appropriate metric which measures progress towards achieving this.

4 Specific measures and targets on 2019/20 scorecard

- 4.1 As applied to the 2018/19 scorecard, the following principles have been considered for the measures proposed for the 2019/20 scorecard:
 - (a) measures that reflect areas where we need to make progress in year, either because performance is of high importance or because it allows a future outcome to be achieved, in particular to keep us on trajectory to achieve the MTS objectives;
 - (b) that there are clear deliverables for TfL to achieve in year aligned to the Business Plan, or actions within our control to influence the achievement of the target; and
 - (c) that there is data available to allow us to measure progress regularly, ideally at least quarterly, to enable oversight and to monitor delivery over the year.
- 4.2 An appropriate milestone and target date will be confirmed for the Elizabeth line once the delivery programme has been confirmed. The Board is asked to authorise the Chair of the Finance Committee to approve the inclusion of a suitable milestone and target date in the 2019/20 scorecard once this has been identified.
- 4.3 The scorecard includes a new measure that has been developed over the last year relating to bus customer journey times. As we gather data for this new metric over the coming year, we will improve our understanding of the reporting process, the data provided and the associated target. As the measure matures it may prove necessary to revise the target set for the year. If this is required it is proposed to seek approval of a revised target from the Chair of the Finance Committee. The Board is therefore asked to authorise to the Chair of the Finance Committee to agree a revised target for this measure should it be necessary during the year.
- 4.4 Table 1 shows the proposed TfL scorecard for 2019/20. Changes from the 2018/19 TfL scorecard are shown in red text, these are further explained in table 2.

	Long	Term Objectives	2019/20 Scorecard Mo	easures		
	Theme	Outcome	Measure	2019/20 Target	2018/19 year end forecast	Category (weighting)
		London's streets will be clean and green	The number of London buses which are Euro VI compliant or better; which measures the number of buses in our fleet that meet the latest emissions regulations	8,350	6,600	
		London's streets will be used more efficiently and have less traffic on them	Traffic signal changes to support Healthy Streets; which measures the time saved for pedestrians, cyclists and bus users as a result of changes to traffic signal timings	15,000 person hours per day	17,500 person hours per day	
) di	Healthy streets and healthy	London's streets will be healthy and more Londoners will travel actively	Healthy Streets Check for Designers; which measures through ten Healthy Streets indicators how proposed changes to street layouts and use will deliver improvements and create street conditions that engender active travel	Average 10 point uplift	Average 10 point uplift	
Mayor's Transport Strategy	people	London's streets will be safe and secure	Reduction in people killed and seriously injured on roads, from 2005-09 baseline; which measures our progress to achieving the Vision Zero aim of all deaths and serious injuries eliminated from London's transport network by 2041	42.3%	39.8%	Safety &
			Reduction in people killed and seriously injured on roads, from 2005-09 baseline (incidents involving buses); which measures our progress to achieving the Vision Zero aim of no one killed in or by a London bus by 2030	58.7%	57.4%	Operations (25%)
		Public transport will be safe, affordable and	Reduction in customers and workforce killed and seriously injured; which measures our progress to achieving the Vision Zero aim of all deaths and serious injuries eliminated from London's transport network by 2041	56 fewer people killed or seriously injured (2.5% reduction)	New measure	
	A good public transport	accessible to all	Additional time to make step-free journeys; which measures our progress to halving by 2041 the additional journey time for people using the step free network.	8.3 minutes	9.0 minutes	
	experience	Journeys by public transport will be	Tube excess journey time; which measures performance of the Tube and the level of delay to our customers	2018/19 year end actual ¹	4.52 minutes	
		pleasant, fast and reliable	Weighted bus customer journey time; which measures bus performance and the journey experience of our bus customers	33.5 minutes	32.5 minutes	

Table 1: Proposed 2019/20 TfL Scorecard

¹ Performance to be no worse than 2018/19 year end actual, for which the current forecast is 4.52 minutes

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	Long Term Objectives		2019/20 Scorecard Measures				
	Theme Outcome		Measure	2019/20 Target	2018/19 year end forecast	Category (weighting)	
gy	A good	Journeys by public transport will be pleasant, fast and reliable	Percentage of Londoners who agree we care about our customers; which measures how well we are meeting customer expectations during every interaction with us, not just their last journey experience	50%	49%		
Strategy	transport experience	The public transport network will meet the	Deliver key investment milestones ; which measures how well we are progressing with our key delivery programmes	90%	81%		
ransport		needs of a growing London	Key Elizabeth line milestone; which measures our progress in delivering the Elizabeth line	To be confirmed ²	New measure	Customer	
- ⊢	and inhe	Transport investment will unlock the delivery of new homes and jobs	The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016); which measures our progress in delivering affordable homes on TfL land	50%	New measure	(25%)	
Mayor's	Mode Share	80% of trips will be made by active, efficient and sustainable modes by 2041	Public transport trips (millions) Average kilometres cycled per day (thousands) 3 Which measure how we are increasing the use of sustainable modes of travel	3,967 540	4,011 525		
	A c	A capable and engaged workforce	Workforce representativeness – all staff Workforce representativeness – director / band 5 Which measures how well TfL's workforce reflects the diversity of London's population	1.0% ⁴ 0.5% ⁴	70.1% 41.9%	People	
ate	. 55	representative of London	Inclusion index; which measures how staff feel about working at TfL	46%	43%	(25%)	
Corporate		London	Total engagement ; which measures how well our staff are engaged with working life at TfL	57%	56%		
ပ		We cover our costs	Net operating surplus / (deficit); which measures our progress in delivering a net surplus of operations by 2022/23	Budget	£359m	Financial	
	Financial	and we are prudent	Investment programme; which measures the delivery of our investment programme to budget	Budget	22% under budget	(25%)	

Table 1: Proposed 2019/20 TfL Scorecard (continued)

² Suitable milestone and target date to be identified from the delivery programme once this has been confirmed ³ Cycling trips in central London ⁴ Percentage point improvement over 2018/19 end of year position

- 4.5 Appendix 1 provides a comparison of the proposed targets for 2019/20 against the performance of the previous two years.
- 4.6 The changes to the scorecard, as shown in red text in table 1, are explained in the following table. Further information on these changes are provided in Appendix 2, which also provides a summary of the work undertaken over the last year in accordance with the development work outlined in paragraph 3.5 of this paper.

Measure	Summary of change
Traffic signal changes to support Healthy Streets	The measure has been renamed from "operational improvements to sustainable travel" to better reflect what it measures.
Healthy Streets Check for Designers	The measure has been renamed from "Healthy Streets scheme assessment" to align with the assessment tool used within the business for this measure.
Reduction in customers and workforce killed and seriously injured	This new measure replaces "reducing the total injuries to workforce and customers." The new measure better aligns with the Vision Zero target and the other safety measures already included in the scorecard.
Weighted bus customer journey time	This new measure replaces the "average bus speeds" measure and better reflects bus performance and the bus passenger experience.
Key Elizabeth line milestone	This is a revised measure associated with delivering the Elizabeth line.
The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016)	This new measure replaces the "percentage of housing units we take to market in year that are affordable" and reflects the overall progression in getting homes started on site.
Public transport trips	These new measures replace "sustainable mode share
Average kilometres cycled per day	improvement" and allow us to compare the change in the number of public transport trips and level of cycling undertaken, using data available to us each quarter.

Table 2: Summary of changes from 2018/19 TfL scorecard

4.7 Appendix 3 provides the rationale for the inclusion of the proposed measures and their associated targets.

5 Using the scorecard to drive performance

- 5.1 Scorecards are a tool to drive performance, enabling us to set out to our people the required level of improvement and where our focus lies for the year ahead.
- 5.2 Performance awards for senior managers are also based, in part, on achieving the scorecard targets. The reward process requires that the scorecard has a score out of 100

per cent to judge overall performance. To achieve this each scorecard measure is weighted to determine its contribution to the overall score. This allows us to express our in-year organisational priorities whilst maintaining a balanced scorecard.

- 5.3 The principles behind the weightings for the 2019/20 scorecard follow the same as those used for previous TfL scorecards. The proposed weightings and rationale are provided in Appendix 4.
- 5.4 For some targets it is appropriate that no reward is given unless the target is met. In other cases, it is sensible that a proportion of the weighting is given if the target is narrowly missed but is above a minimum performance level. Floor targets have generally been proposed based on the same principles applied to previous TfL scorecards. This is either in line with the performance achieved in the preceding year, or where this is not appropriate, a five per cent margin. The proposed floor targets and the rationale supporting these are shown in Appendix 5.

List of appendices to this paper:

Appendix 1: Comparison between proposed targets and previous performance

Appendix 2: Scorecard development work undertaken during 2018/19 Appendix 3: Reasons for including measures and rationale for targets

Appendix 4: Proposed weightings and rationale Appendix 5: Proposed floor targets and rationale

List of Background Papers:

Mayor's Transport Strategy
TfL Business Plan 2018
2019/20 Budget (elsewhere on the agenda for this meeting)
2018/19 TfL Scorecard
20 March 2018 Board paper on 2018/19 Scorecard

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Appendix 1: Comparison between proposed targets and past performance

		2017/18 (Actual)	2018/19 (Year end forecast)	2019/20 Target	
	London's streets will be clean and green, measured by: • Number of London buses which are Euro VI compliant or better	3,500	6,600	8,350	
Healthy streets and healthy people	London's streets will be used more efficiently and have less traffic on them, measured by: • Traffic signal changes to support Healthy Streets	New	17,500 person hours/day	15,000 person hours/day	
ets and hea	London's streets will be healthy and more Londoners will travel actively, measured by: • Healthy Streets Check for Designers	New	Average 10 point uplift	Average 10 point uplift	erations
Healthy stre	 London's streets will be safe and secure, measured by: Reduction in people killed and seriously injured on roads, from 2005-09 baseline Reduction in people killed and seriously injured on roads, from 2005-09 baseline (incidents involving buses) 	39.4% 55.2%	39.8% 57.4%	42.3% 58.7%	Safety & Operations
port	 Public transport will be safe, affordable and accessible to all, measured by: Reduction in customers and workforce killed and seriously injured Additional time to make step-free journeys 	New New	New 9.0 minutes	56 fewer people killed or seriously injured (2.5% reduction) 8.3 minutes	
good public transport experience	Journeys by public transport will be pleasant, fast and reliable, measured by: • Tube excess journey time • Weighted bus customer journey time • Percentage of Londoners who agree we care about our customers	4.60 minutes 32.4 minutes 46%	4.52 minutes 32.5 minutes 49%	2018/19 year end actual ¹ 33.5 minutes 50%	Customer
A go	The public transport network will meet the needs of a growing London, measured by: • Deliver key investment milestones • Key Elizabeth line milestone	72% New	81% New	90% To be confirmed ²	Cust

¹ Performance to be no worse than 2018/19 year end actual, for which the current forecast is 4.52 minutes ² Suitable milestone and target date to be identified from the delivery programme once this has been confirmed

		2017/18 (Actual)	2018/19 (Year end forecast)	2019/20 Target	
New homes	Transport investment will unlock the delivery of new homes and jobs, measured by: • The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016)	New	New	50%	Customer
Mode	 80% of trips will be made by active, efficient and sustainable modes by 2041, measured by: Public transport trips (millions) Average kilometres cycled per day (thousands) 3 	4,009 498	4,011 525	3,967 540	Cus
People	A capable and engaged workforce representative of London, measured by:	69.7% 41.5% 43% 56%	70.1% 41.9% 43% 56%	1.0% improvement ⁴ 0.5% improvement ⁸ 46% 57%	People
Financial	We cover our costs and we are prudent, measured by: Net operating surplus / (deficit) Investment programme	£319m 11% under budget	£359m 22% under budget	Budget Budget	Financial

Cycling trips in central London
 Percentage point improvement over 2018/19 end of year position

Appendix 2: Scorecard development work undertaken during 2018/19

The following provides a summary of the scorecard development work carried out during 2018/19, including the work to be undertaken as outlined in the 20 March 2018 Board paper.

Measure	Status	Commentary
Weighted bus customer journey time	New scorecard measure included for 2019/20	The new measure is an accumulation of all the elements of a customer's journey experience measured in minutes, meaning each element can be tracked over time. This new measure replaces average bus speeds, which will remain as a measure on the scorecard of the Director of Bus Operations. The weighted bus customer journey time is calculated for all high frequency routes. It is made up of five main components and is weighted by demand data. The five components are wait time; in-vehicle time; interchange and the journey leg factor (the average number of legs in each customer journey); crowding; and variability.
The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016)	New scorecard measure included for 2019/20	The new measure reports on the cumulative percentage of affordable homes for which planning applications have been submitted within this Mayoral term. This new measure replaces the percentage of housing units we take to market in year that are affordable, and reflects the overall progression in getting homes started on site.
Public transport trips Average kilometres cycled per day	New scorecard measures included for 2019/20	Quarterly data is available to report London wide public transport trips and the average total distance cycled in central London each day. We can compare these against both the previous quarter, and the equivalent quarter of the preceding year to take account of seasonality impacts. From quarter 3 2019/20 we will also be able to report the same for walking trips following the introduction of a central London walking survey in quarter 3 of 2018/19. This new measure replaces sustainable mode share improvement with a target of 4 out of 4 elements improving.
		Change in overall mode share is relatively small in-year, the MTS trajectory is an average 0.7 percentage point shift per annum, and can be volatile and difficult to report quarterly. Therefore, in addition to the measures included in the scorecard, it is proposed that overall mode share will be reported through the annual MTS update provided to the Board. This will include data on public transport, cycling, walking and car trips, for which London wide data is available annually.

Measure	Status	Commentary
Active travel metric	Ongoing development - work continues to develop a metric which once developed will be used in future annual MTS updates provided to the Board	Over the last year we have worked with specialist academics looking to identify a suitable metric. It has been concluded that it is not possible to identify a means of gathering responses to a survey of a large enough sample size from a localised intervention area, meaning we cannot use survey methodology to assess whether our investments are producing an uplift in physical activity. As an alternative, over the next year we will explore options for using mobile phone data to measure active travel. It is therefore proposed to retain the current measure in the scorecard whilst we develop a metric able to reflect levels of active travel. It is proposed that this new metric will be included in the annual MTS update to the Board given that changes in active travel occur over a relatively long time period and are therefore not ideal for quarterly reporting through the scorecard process.
Road efficiency metric	Ongoing development - a road efficiency measure is in development and will be included in the next annual MTS update to the Board	Investigations looking at alternative routes to measure road efficiency have concluded that a road efficiency measure is not best suited to frequent reporting. Efficiency is most notably achieved through long term road network changes which result from the investment programme. Short term disruption, such as accidents and roadworks, create excessive "noise" in any frequent reporting of a road efficiency measure, which then masks the underlying improvements being achieved for the MTS. Therefore, the analysis driven approach that is being developed will be included as part of the next annual MTS update to the Board. In parallel it is proposed to retain the current scorecard measure, renamed "Traffic signal changes to support Healthy Streets". This is considered to have been successful in driving changes to the way London's road
Reduction in customers and workforce killed and seriously injured	New scorecard measure included for 2019/20	network is set-up and operated. This is a new measure which better aligns with the Vision Zero target and the existing scorecard measures which report the reduction in people killed and seriously injured on the roads. It also reflects the current focus on reducing the severity of injuries. This new measure replaces the metric for total injuries to workforce and customers which will remain as a measure on the scorecards for LU, Surface Transport and Major Projects Directorate to ensure continued senior level focus on the number of total injuries.

Appendix 3: Reasons for Including Measures and Rationale for Targets

Safety and Operations

Measure 20	019/20 target	Reason for including measure	Rationale for target
Number of London buses Euro VI compliant	8,350	This measure was included in the previous scorecard and provides the rolling total of Euro VI compliant buses in the contracted TfL bus fleet. The aim is to reduce CO ₂ exhaust emissions and the impact on air quality.	The target aligns to the Business Plan and the target to make the bus fleet Euro VI compliant by September 2020. The target is based on a total fleet size of 9,500 buses, and includes both hybrid and diesel buses.
		This measure was included in the previous scorecard (previously titled operational improvements to sustainable travel) and reports the hours saved (net of all changes) to pedestrians, cyclists and bus passenger from our signal timing reviewing programme. The signal timing reviews are carried out on all signals (not just those on the TLRN). The focus is on reducing delay for bus passengers, pedestrians and cyclists, which does direct the changes to sites which do not affect the larger movements of vehicular traffic. With the focus on Healthy Streets and on bus performance (as buses carry the most people sustainability on the road network), it remains critical to keep all traffic moving effectively, so as not to create delays for buses, and to avoid increased congestion particularly where there are higher flows of pedestrians and cyclists who would be adversely impacted by poorer air quality and a more "hostile" road network environment. Therefore the timing reviews look to ensure the best balance on time is allocated based on users at a junction, at the right time of day. In order to ensure we continue to meet our statutory duties, alongside the delivery of any relevant transport policies, we continue to monitor broader road network performance through monitoring roads disruption on the Surface Transport scorecard, and roads journey time reliability on our Network Management (directorate)	The target is based on the outcome of 700 timing reviews. The review programme is split proportionally between high bus patronage, poor air quality, living streets nominated, borough nominated, cycle safety and customer enquiries. The previous year has exceeded target based on around 800 reviews, however there are fewer locations where large benefits are likely to be found in the 2019/20 programme, and it will become more challenging to realise time savings for buses, pedestrians and cyclists in a constrained network. For 2019/20 there are also 500 timing reviews planned to be undertaken to support the capital programme. This is a higher number than undertaken in 2018/19 and these are over and above the 700 timing reviews that will inform this metric in 2019/20. The benefits from the capital reviews are not claimed as part of this scorecard metric as they are captured as part of the investment programme benefits.

Measure	2019/20 target	Reason for including measure	Rationale for target
Healthy Streets Check for Designers	Average 10 percentage point uplift	This measure was included in the previous scorecard (titled healthy streets scheme assessment) It provides an assessment for TfL road intervention schemes over £200k against ten healthy street indicators which create street conditions that engender active travel. The measure is the average across all schemes assessed in the year and is based on the uplift between the assessment score for the current street design and the score arising from the new design.	In some locations it is challenging to deliver more than modest improvements, it is therefore necessary to compensate for these at other locations. In 2018/19 the target of an average 10 percentage point uplift has been challenging to achieve, and this is considered to be a similarly challenging target for 2019/20.
Reduction in people killed and seriously injured on roads, from 2005-09 baseline	42.3%	Vision Zero is our belief that no death or serious injury on London's transport networks is acceptable or inevitable. Our aim is for no one to be killed in or by a London bus by 2030, and for all deaths and serious	The police have introduced new collision reporting systems, including online self-reporting, resulting in more serious injuries reported. We have back-cast collision figures and have a provisional view of 2018 data. The Vision Zero targets for 2019 have been set using our most recent provisional view of 2018 collision figures and the
Reduction in people killed and seriously injured on roads, from 2005-09 baseline (incidents involving buses)	58.7%	injuries to be eliminated from London's transport network by 2041. These measures were included in the previous scorecard and provide a measure of safety on the TfL road network based on data provided by the Metropolitan Police (STATS19 data).	trajectory towards 2022 when we aim to have reduced the number of people who are killed or seriously injured on the roads by 65 per cent, and by 70 per cent for incidents involving buses. The 2019/20 targets are a 2.5 percentage point and 1.3 percentage point improvement respectively on the forecast 2018/19 end of year position. The targets take into account past and existing Vision Zero activity but do not include assumed reductions due to additional road danger reduction schemes, new technology or behavioural and demographic changes in future years.
Reduction in customers and workforce killed and seriously injured	56 fewer people killed or seriously injured (2.5% reduction)	This is a new measure which aligns with Vision Zero and the existing scorecard measures reporting the number of people who are killed or seriously injured on the roads.	The target reflects the programme of interventions planned for 2019/20 which are aimed at reducing the number of incidents where our customers or our workforce are killed or seriously injured, and aligns with the targeted reduction for the roads based safety measures.

Measure	2019/20 target	Reason for including measure	Rationale for target
Additional time to make step-free journeys	8.3 minutes	This measure was included in the previous scorecard and takes account of step free journeys across the TfL network. The MTS aim is to halve the additional journey time required by those using the step-free network by 2041.	The target aligns with the trajectory of achieving a reduction to four minutes additional journey time by 2041 and takes account of the stations which are due to become step free during 2019/20. This is against the 2015 base position of eleven minutes additional journey time.
Excess Journey Time (LU)	2018/19 year end actual	This measure was included in the previous scorecard and provides a measure of tube performance.	The target will align with the 2018/19 year end position, which is currently forecast to be 4.52 minutes. The target for 2019/20 in the Business Plan is 4.55 minutes and is considered to be challenging. The key issues are the migration of the signalling system on the Metropolitan, District, H&C and Circle lines; upgrades around the world have shown an initial degradation of reliability as the new systems bed in, and the challenge around meeting our budget which could impact on operator availability. We will be undertaking targeted mitigation around these issues, particularly around reviewing resilience and also consider other areas where improvements can be made.
Weighted bus customer journey time	33.5 minutes	This is a new metric providing a measure of bus performance and the customer journey experience. The weighted bus customer journey time is calculated for all high frequency routes and is made up of five main components.	The target is an increase of three per cent compared to the current average for 2018/19 of 32.5 minutes. The increase in weighted bus customer journey time is due to increases in excess wait time due to service changes and reductions in bus speeds which are expected to deteriorate slightly while major transformational road schemes are delivered.

Customer

Measure	2019/20 target	Reason for including measure	Rationale for target
			Ongoing initiatives around customer service and customer information have driven perceptions that staff are friendly and helpful, while value perceptions are on a record upward trend as a result of the Hopper fare and fares marketing campaigns. We expect these improvements to continue into 2019/20, with delivery of a number of initiatives targeting the key driver of Care: support when things go wrong. 2019/20 will see the embedding of the new Customer Strategy and associated action planning, giving a renewed focus to our efforts.
Percentage of Londoners who agree we care about our customers	50%	This measure was included in the previous scorecard and provides a measure of the perception of the level of customer care provided by TfL.	However, the target remains ambitious in the context of past performance. We have only achieved a quarterly score of 50 per cent three times previously: in response to impactful visible improvements such as the launch of contactless at a time of very solid reliability; the announcement of Night Tube; or in how we dealt with major incidents such as London Bridge. The underlying level of consistent performance with a more collaborative culture is crucial to hit the target. It is expected to be challenging given the current financial climate and the potential risks which may arise. These include possible industrial unrest as a result of LU pay negotiations, the impact of bus network changes, and negative perceptions of the Ultra Low Emission Zone rollout.
Deliver key milestones	90%	This measure was included in the previous scorecard and provides a measure of delivery for strategically significant programmes.	A target of 90 per cent reflects the importance of achieving the milestones. As used in previous years a sliding scale is employed with a range between 0-90 per cent, with any result of 90 per cent of milestones achieved, or above, resulting in the full achievement of the measure.
Key Elizabeth line milestone	To be confirmed	The measure will reflect a key milestone to achieve in 2019/20.	Given its importance a separate milestone measure is included for the Elizabeth line which will be confirmed when the delivery programme has been finalised.

Measure	2019/20 target	Reason for including measure	Rationale for target
The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016)	50%	This new measure reports on the cumulative percentage of homes submitted for planning permission for homes brought to market in this Mayoral term (since May 2016). This new measure replaces the percentage of housing units we take to market in year that are affordable, and reflects the progression to getting homes started on site.	The target aligns with the commitment of providing 50 per cent affordable housing as set out in the MTS.
Public transport trips (millions)	3,967	This is a new measure which provides a quarterly measure of how the number of public transport and the amount of cycling undertaken compares to the Budget forecast. It provides the ability to compare	The target for the number of public transport trips aligns with the Budget forecast. The target for cycling is based on past
Average kilometres cycled per day (thousands)	540	quarterly data against both previous quarter and equivalent quarter of the preceding year. From quarter 3 2019/20 we will also be able to report the same for walking trips.	trends which show continued increases in cycling, the target represents a 3 per cent increase in cycling on the previous year.

People

Measure	2019/20 target	Reason for including measure	Rat	ionale for target	
Workforce representativeness (all staff)	1.0% improvement	This measure was included in the previous scorecard. It provides a measure of how well TfL's workforce reflects the diversity of London's population.	Given the upcoming business of improvement targets reflect an workforce representativeness, expected to be lower than in 20 population is expected to decrepopulations can result in a high are still between 15 per cent ar have not declared in at least or experienced a drop in quarterly result of a declaration drive. An gather more complete data could demographic recruitment. The changes required from the meet the 2019/20 targets are s	ambition to further but take account the 18/19, and that the ease in 2019/20. Where percentage of mand 30 per cent of sense representative continuous accordance declaration and offset any increase forecast 2018/19 eaccounts.	improve our nat new recruitment e director / band 5 hile lower ninority groups, the enior managers wh haracteristic. We ng 2018/19 as a drives in the future ases in minority end of year position
		New recruitment is the main driver for changes to population demographics. The targets are based on an expectation that all new recruitment will be representative of	Representativeness Characteristic		ed from forecast of year position Director / band 5
			BAME Minarity Assa	. 40	+1
			Minority Age Minority Faith	+40 +70	+1
			Minority Sexual Orientation	+70	+1
Workforce		economically active Londoners on the seven	Disabled		T1
representativeness	0.5%	characteristics in the representativeness index.	Female	+210	+2
director / band 5)	improvement		Gender Reassign	1210	12
			It is, however, difficult to predict be affected by people leaving to organisation changes. This material meeting the 2019/20 targets as the salso recognised that the divolatile due to the small population leave or join and change the	he business througy give rise to a great people leave during rector / band 5 indection. It is possible f	th the upcoming ater challenge in ng the year. ex is particularly for only a few peop

Measure	2019/20 target	Reason for including measure	Rationale for target
			The Inclusion score in 2018/19 was 43 per cent, which was short of our 2018/19 target of 46 per cent. Perceptions around inclusion are more stable this year, following a 3 percentage point drop in 2017. The target for 2019/20 is therefore an aim to return to the score we achieved in 2016/17 of 46 per cent.
		This measure was included in the 2018/19 scorecard. It is a relatively new measure which helps us understand how people feel working at TfL.	 The Inclusion index reflects a variety of people's experiences of working here. The score is calculated from the answers to the following survey questions: I feel involved in decisions that affect my work Senior managers are open and honest in their communications with me
Inclusion index	46%	The measure is informed by the annual Viewpoint staff survey. We aim to have an inclusive culture, where everybody can realise their potential and where everyone is treated fairly.	 I think it is safe to challenge the way things are done where I work I believe that my workplace is free from bullying / harassment / discrimination A raised issue of bullying / harassment / discrimination would be dealt with I believe actions will be taken on the results of the survey.
			There is no weighting applied to the questions. Therefore to increase the inclusion index score by the 3 per cent target we need to obtain 3,234 more positive responses overall to the above questions. We need to achieve this whilst maintaining the current level of positive responses, which for the last survey totalled 46,517 positive responses out of a total of 107,849 overall responses to these questions.

Measure	2019/20 target	Reason for including measure	Rationale for target
			In 2018/19 the total engagement index score for TfL overall was 56 per cent, the same as our score in 2017/18, but short of our 2018/19 target of 57 per cent.
Total engagement 57 index		This measure was included in the previous scorecard. Total engagement is the model we use to measure people's engagement with working life at TfL and is based on responses provided by staff in the annual Viewpoint staff survey. Based on staff numbers, the LU score is the main driver of the overall TfL score.	Total engagement covers a whole variety of experiences; we believe our 2018/19 score was affected largely by the level of organisational change taking place across TfL in the last year. We know from our Viewpoint survey provider that in times of change organisations almost always see a decline in scores and it is considered a real achievement to keep scores stable. We can further support the idea that engagement is negatively affected during change by looking at our own recent experience and data. Our 2017 survey, which was taken during a period of change, saw significant drops across the board. The drops in LU were smaller than in Professional Services and Surface. We described the performance of LU as much more stable than the other business areas that were further along with change at that time. We expect the same outcome in 2019/20 as there will be further significant change in the organisation.
	57%		For TfL as a whole, to increase our total engagement score by the 1 percentage point target increase would require 7,168 more positive responses to the survey questions which inform the total engagement score. This will need to be achieved whilst maintaining the current level of 401,408 positive responses, out of a total of 716,800 responses.
			 The LU score is the main driver of our overall TfL score as LU makes up 59 per cent of the responses. To increase the LU total engagement score by 1 percentage point would require 4,232 more positive responses in addition to the current level of positive responses. To increase total engagement in LU we need to focus on the key drivers which relate to the following survey questions (in order of importance): I am satisfied I am recognised for doing a good job I am encouraged to collaborate with others outside my team I feel able to make the decisions I need to deliver a great service to the customer Senior managers are open and honest in their communications with me I am proud to be part of this organisation
			There is the greatest correlation between people in LU feeling recognised for doing a good job and being encouraged to collaborate with others, and their total engagement. Therefore for LU staff we are focussing on recognition and collaboration for this year.

Financial

Measure	2019/20 target	Reason for including measure	Rationale for target	
Net operating surplus / (deficit)	Budget	The measure was used in the previous scorecard and aligns to the Business Plan objective to deliver a net surplus of operations by 2022/23. This measure is targeted to divisional performance and excludes financing costs and renewals.	The targets will align with the approved Budget.	
Investment Programme	Budget	TfL commits significant expenditure to its investment programme; this measure tracks the delivery of agreed output with a target of delivering to budget. This measure is the sum of new capital expenditure and renewals.		

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Appendix 4: Proposed Weightings and Rationale

Safety and Operations (overall 25% weighting)

MTS Outcome (and weighting)	Measure	Measure Weighting	Rationale for Weighting
London's streets will be safe & secure (7.5%)	Reduction in people killed and seriously injured on roads, from 2005-09 baseline	5%	Safety is a major organisational priority, therefore the safety measures have an overall weighting of 12.5 per cent. The measures for customer and workforce killed and seriously
	Reduction in people killed and seriously injured on roads, from 2005-09 baseline (incidents involving buses)	2.5%	injured, and people on the roads killed and seriously injured have equal weightings of 5 per cent, with the measure for people killed and seriously injured involving a bus having a smaller weighting recognising that there is an element of
Public transport will be safe, affordable and	Reduction in customers and workforce killed and seriously injured	5%	duplication with the overall measure for people killed and seriously injured on the roads.
accessible to all (6.5%)	Additional time to make step-free journeys	1.5%	
London's streets will be clean and green (1.5%)	n and green Number of London buses which are Euro VI compliant or better		The measures relating to additional time to make step-free journeys, the introduction of more Euro VI compliant buses and active travel have lower weightings reflecting that fewer
London's streets will be healthy and more Londoners will travel actively (1.5%)	Healthy Streets Check for Designers	1.5%	people in the organisation can influence these measures.
Journeys by public transport will be	Tube excess journey time	3%	
pleasant, fast and reliable (6%)	Weighted bus customer journey time	3%	Improving performance has an overall 8 per cent weighting across LU, bus and the roads performance measures,
London's streets will be used more efficiently & have less traffic on them (2%)	Traffic signal changes to support Healthy Streets	2%	reflecting the focus of the business on driving performance improvements and the need to ensure revenue income.

Customer (overall 25% weighting)

Customer (overall	20 /0 Weighting)		
MTS Outcome (and weighting)	Measure	Measure Weighting	Rationale for Weighting
Journeys by public transport will be pleasant, fast and reliable (10%)	Percentage of Londoners who agree we care about our customers	10%	
Transport investment will unlock the delivery of new homes and jobs (2.5%)	The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016)	2.5%	
80% of trips will be made by active, efficient and	Public transport trips	5%	Higher weightings have been applied to those measures which can be influenced by most staff, e.g. percentage of Londoners who agree we care about our customers.
sustainable modes by 2041 (6%)	Average kilometres cycled per day	1%	
The public transport		5 0/	
network will meet the needs of a growing	Deliver key milestones	5%	
London (6.5%)	Key Elizabeth line milestone	1.5%	

People (overall 25% weighting)

MTS Outcome (and weighting)	Measure	Measure Weighting	Rationale for Weighting
A capable and engaged workforce representative of London (25%)	Workforce representativeness (all staff)	5%	The measures relating to having a representative workforce and
	Workforce representativeness (Director / Band 5)	5%	an inclusive culture have an overall weighting of 15 per cent reflecting the importance of these measures, with equal weighting applied across the three measures.
	Inclusion index	5%	Total engagement has a weighting of 10 per cent reflecting that as we continue to transform and develop the business it is
	Total engagement	10%	important to continue to engage and lead our staff to high performance.

Financial (overall 25% weighting)

MTS Outcome (and weighting)	Measure	Measure Weighting	Rationale for Weighting
We cover our costs and we are prudent (25%)	Net operating surplus / (deficit)	17.5%	Around two thirds of our spend relates to operating expenditure, with one third of our spend being capital
	Investment Programme	7.5%	expenditure. To reflect this, the measure for net operating surplus has a weighting of 17.5 per cent and the investment programme measure has a weighting of 7.5 per cent.

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Appendix 5: Proposed Floor Targets and Rationale

Safety and Operations

Measure	Floor Target	Rationale for Floor Target	
Number of London buses which are Euro VI compliant or better	7,930	Allows for a 5 per cent slippage against the 2019/20 target.	
Traffic signal changes to support Healthy Streets	14,250 hours		
Healthy Streets Check for Designers			
Reduction in people killed and seriously injured on roads, from 2005-09 baseline			
Reduction in people killed and seriously injured on roads, from 2005-09 baseline (incidents involving buses)	2018/19 end of year result	Performance no worse than 2018/19.	
Reduction in customers and workforce killed and seriously injured			
Tube excess journey time	5% below target		
Additional time to make step-free journeys	7.8 minutes	Allows for a 5 per cent slippage against the 2019/20 target.	
Weighted bus customer journey time	35.2 minutes		

Customer

Measure	Floor Target	Rationale for Floor Target
Percentage of Londoners who agree we care about our customers	48%	The floor target is in line with scores of the past few years and recognises the stretch target proposed for 2019/20 and the potential risks which may arise and impact on achieving this.
The cumulative percentage of affordable homes on TfL land with planning applications submitted (post May 2016)	50%	As in previous years there is no leeway allowed for the floor target given this is a prominent political target.
Public transport trips Average kilometres cycled per day	5% below target	Allows for a 5 per cent slippage against the 2019/20 target.
Deliver key milestones Key Elizabeth line milestone	0%	As in previous years, a sliding scale methodology will be applied to milestone delivery to accurately reflect where delivery is slightly later than planned, with 0 per cent being failure to achieve all budget milestones.

People

Measure	Floor Target	Rationale for Floor Target
Workforce representativeness (all staff)	2018/19 end	
Workforce representativeness (Director / Band 5)	of year result	Performance no worse than 2018/19.
Inclusion index	43%	
Total engagement index	56%	Performance no worse than 2018/19. Given the continuing transformation challenges in the business, if the overall stretch target of 57 per cent is met this will equate to 100 per cent achievement, if the current score is maintained and the floor target of 56 per cent is met this will be a 50 per cent achievement. Any score of 55 per cent or less will attract 0 per cent.

Financial

Measure	Floor Target	Rationale for Floor Target		
Net operating surplus / (deficit)	Budget	The focus is on meeting the Budget to align with the long term Business Plan objective to deliver a net surplus of operations by 2022/23.		
Investment Programme	Budget	Ensures a focus on meeting the budget.		

Board

Date: 27 March 2019

TRANSPORT FOR LONDON EVERY JOURNEY MATTERS

Item: TfL Prudential Indicators 2019/20 to 2021/22

This paper will be considered in public

1 Summary

- 1.1 This paper sets out the proposed TfL borrowing limits and other Prudential Indicators under the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code (the Prudential Code), which are consistent with the proposed Treasury Management Strategy for 2019/20 and the principles underpinning the proposed long term TfL Capital Strategy. These limits and indicators are based on figures in the 2019/20 TfL Budget, which appears as an item elsewhere on the Agenda.
- 1.2 Under the Prudential Code, TfL is required to adopt Prudential Indicators which support decision making on planned capital expenditure, borrowing and treasury management activities. The proposed Prudential Indicators for 2019/20 and the following two years are attached to this paper as Appendix 1. In line with guidance from CIPFA, Treasury Management Indicators are shown separately in Appendix 2.
- 1.3 Under Capital Finance regulations, local authorities are also required each year to set aside some of their revenues as provision for debt. TfL has a statutory duty to make an annual statement as to its policy for the calculation of this provision. This paper, therefore, sets out and asks the Board to approve the TfL Policy on Minimum Revenue Provision, as set out in section 7.

2 Recommendation

- 2.1 The Board is asked to note the paper and approve:
 - (a) the TfL Prudential Indicators as set out in Appendix 1 for 2019/20 and the following two years;
 - (b) the Prudential Indicators for Treasury Management as set out in Appendix 2 for 2019/20 and the following two years; and
 - (c) the TfL Policy on Minimum Revenue Provision set out in section 7 of the paper.

3 Background on the Prudential Code

3.1 The Prudential Code plays a key role in capital finance in local authorities. The Code was developed as a professional code of practice to support local authorities in their decision making processes for capital expenditure and its financing.

- 3.2 Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003 (the Act).
- 3.3 The framework of Prudential Indicators established by the Code aims to ensure that an authority's capital investment plans are affordable, prudent and sustainable. As part of the strategic planning process, authorities are required, on a rolling basis, to calculate a range of indicators for the forthcoming budget year and two subsequent years. Authorities are also required to monitor performance against indicators within the year as well as preparing indicators based on the Statement of Accounts at each year end. Indicators relate to capital expenditure, external debt and treasury management.
- 3.4 A revised Code was published in 2017, which stated that authorities that prepare Group accounts, in setting indicators, must include all items where a residual interest remains with the authority.
- 3.5 The Corporation which is made up of London Streets, Taxi and Private Hire and the corporate centre which, for legal and accounting purposes, constitutes TfL a local authority. TfL Group is made up of the Corporation and its subsidiaries.
- 3.6 Although not historically covered by the Code, TfL has, in previous years, issued equivalent Group indicators on a voluntary basis. Group indicators can provide a better indication of overall performance for TfL as they are not affected by some intercompany transactions that can distort the outturn for the Corporation. In view of the 2017 revision, TfL will continue to issue the Group indicators, but on a required rather than a voluntary basis.
- 3.7 The proposed Budget included in this agenda has been used to calculate the proposed indicators for 2019/20 (see Appendix 1). For 2020/21 to 2021/22 the figures have been calculated based on income, expenditure, and working capital and other movements included in the TfL Business Plan published in December 2018, being the latest available approved TfL Business Plan figures for those years.
- 3.8 The Capital Expenditure and External Debt Indicators relevant to TfL are the:
 - (a) Authorised Limit;
 - (b) Operational Boundary;
 - (c) Capital Financing Requirement;
 - (d) Capital Expenditure; and
 - (e) Ratio of Financing costs to Net Revenue Stream.

Definitions for each of these are included in Appendix 3.

4 Treatment of PFI Liabilities in the Calculation of External Debt Limits for 2019/20

4.1 In setting the direct borrowings element of the authorised limit an allowance was made for the Corporation to refinance certain PFI transactions held as long term liabilities in subsidiary entities as and when it becomes commercially advantageous to do so. The long term liabilities element of the authorised limit for the Group was

- adjusted down by the same amount to ensure that there was no overall increase in the total authorised limit for the Group.
- 4.2 The proposed Budget assumes that only the portion of PFI liabilities outstanding at the start of any particular year that is scheduled to be repaid within that year will be refinanced; and the Operational Boundary has been calculated to reflect this.
- 4.3 For the Group indicator, so long as total debt remains within the overall authorised limit, movement may be made between direct borrowings and other long-term liabilities without penalty. These debt reclassifications are accordingly not considered to be a matter for concern as they have no net effect on the overall total limit for external debt.

5 Changes to Prudential Indicators for 2019/20 and 2020/21

5.1 Changes to Borrowing Limits for Future Years

Prudential Indicators for the years 2019/20 and 2020/21 were approved by the Board in March 2018.

- (a) As noted in paragraph 4.1, the calculation of the Corporation's authorised limit for direct borrowings includes an amount of headroom to allow for the refinancing in the Corporation of certain PFI contracts currently held by subsidiary companies. In the Group the authorised limit for long term liabilities is reduced correspondingly to avoid double counting these liabilities. The calculation for this adjustment has been revised to reflect the fact that subsidiary PFI liability amounts outstanding (and hence the balances that could potentially be refinanced) have changed since the Prudential Indicators were last approved.
- (b) In the Group, the reduction to the authorised limit for long term liabilities for the possible refinancing of PFI liabilities has been similarly amended for 2019/20 and 2020/21, reflecting the change in the outstanding liabilities under these contracts since the Prudential Indicators were last set.
- (c) The Operational Boundary for Direct Borrowings in the Group and Corporation has been reduced by £92.6m in 2019/20 and by £49.6m in 2020/21 to reflect the fact that incremental borrowings planned for those years in the March 2018 budget, have now been replaced by the recognition of a finance lease creditor. The Corporation and Group Authorised Limits for Total External Debt remain unchanged in respect of this item.
- (d) The Operational Boundary for Direct Borrowings in the Group and Corporation has been increased by £44m in 2019/20 and £22m in 2020/21 to reflect the fact that the proposed Budget assumes that scheduled repayments of PFI finance lease liabilities held within the subsidiaries are now expected to be refinanced by direct borrowings within the Corporation. Our previous Business Plans had not anticipated this refinancing. The Corporation and Group Authorised Limits for Total External Debt have also been adjusted to reflect the fact that these liabilities will be refinanced rather than repaid.
- (e) The Group Operational Boundary (and the Group Authorised Limit) for Long-Term Liabilities for 2019/20 and 2020/21 have been increased by £136m in 2019/20 falling to £133m in 2020/21 to reflect the recognition of a new lease

- liability in one of TfL's subsidiaries. The Corporation's Operational Boundary and Authorised Limits remain unchanged in respect of this item.
- (f) The Operational Boundary for long term liabilities (and the Total Authorised Limit for External Debt) in both the Corporation and Group have been increased by £27 m in 2019/20 and £26m in 2020/21 to reflect, primarily, a revised settlement profile for long term capital provisions set up in relation to the Crossrail project's CPO property liabilities.
- (g) To address funding shortfalls in relation to the delivery of the Crossrail project, TfL agreed, in July 2018, with Central Government to bring forward £20m of planned borrowings from 2020/21 to 2018/19. The Group and Corporation limits have been amended to reflect this change.
- (h) A further Crossrail funding package was agreed with the Department for Transport in December 2018. Under this package, TfL may make drawdowns under a new £750m loan facility provided by the Department for Transport. The facility, however, can only be accessed once a £1.4bn grant from the GLA has been fully utilised and the project has further funding needs that cannot be met from other sources. TfL's proposed budget assumes that £300m of this facility is drawn down in 2019/20. Thus, the Operating Boundary for External Debt in both the Corporation and the Group has been increased by £300m – with the Authorised Limit being increased by the full £750m.

Reconciliation of Changes in External Debt Limits for the Corporation for 2019/20 to 2020/21

	Paragraph reference	2019/20	2020/21	2021/22
		£m	£m	£m
Corporation:				
Previous Operational				
Boundary for Gross				
External Debt		12,025.0	12,617.0	n/a
Re-phasing of provisions				
and liabilities	(f)	26.8	26.3	n/a
Planned new borrowings				
restricted by recognition				
of new finance lease				
liability	(c)	(92.6)	(49.6)	n/a
Reborrowing of				
scheduled finance lease				
liability repayments	(d)	44.0	22.0	n/a
Rephasing of planned				
borrowing from 2020/21				
to 2018/19	(g)	20.0	-	n/a
Department for Transport				
loan facility ⁴	(h)	300.0	300.0	n/a
Proposed Operational				
Boundary for Gross				
External Debt		12,323.2	12,915.7	13,424.6
Overdraft facility 1		200.0	200.0	200.0
Refinancing of PFIs ²	(a)	227.0	205.0	186.0
Refinancing of short term				
borrowings ³		500.0	500.0	500.0
Department for Transport				
loan facility ⁴	(h)	450.0	450.0	450.0
Proposed Authorised				
Limit		13,700.2	14,270.7	14,760.6

Reconciliation of Changes in External Debt Limits for the Group for 2019/20 to 2020/21

	Paragraph reference	2019/20	2020/21	2021/22
		£m	£m	£m
Group				
Previous Operational				
Boundary for Gross				
External Debt		12,286.0	12,856.2	n/a
Re-phasing of provisions				
and liabilities		60.0	61.3	n/a
Planned new borrowings				
restricted by recognition				
of new finance lease				_
liability	(c)	(92.6)	(49.6)	n/a
Reborrowing of				
scheduled finance lease				
liability repayments	(d)	44.0	22.0	n/a
New finance lease				
creditor recognised	(e)	136.0	132.5	n/a
Rephasing of planned				
borrowing from 2020/21				
to 2018/19	(g)	20.0	-	n/a
Department for Transport				
loan facility ⁴	(h)	300.0	300.0	n/a
Proposed Operational				
Boundary for Gross				
External Debt		12,753.4	13,322.4	13,811.0
Overdraft facility 1		200.0	200.0	200.0
Refinancing of short term				
borrowings ³		500.0	500.0	500.0
Department for Transport				
loan facility ⁴	(h)	450.0	450.0	450.0
Proposed Authorised		40.000.4	44.470.4	44.004.0
Limit		13,903.4	14,472.4	14,961.0

Notes

- an overdraft facility is in place to mitigate short term adverse cash flow variances and this is included in the authorised limit
- In setting the Prudential indicators in March 2012 the Board approved an increase in the authorised limit to allow for the refinancing of certain PFI contracts (as permitted in annex C of TfL's SR2013 settlement letter) as and when commercial opportunities arise and value for money can be demonstrated.
- In setting the Prudential indicators in March 2012 the Board also approved an increase in the authorised limit to provide flexibility in refinancing of borrowings, to ensure that the most advantageous rates can be secured.
- facility made available as part of the funding package to deliver Crossrail agreed with the Department of Transport in December 2018, draw down is subject to conditions precedent

5.2 Changes to Other Prudential Indicators for Future Years

Further amendments to reflect TfL's proposed budget have been applied to the other prudential indicators for 2019/20 and 2020/21 for the Corporation and Group. The tables in Appendix 1 set out the revised indicators.

6 Prudential Treasury Indicators

- 6.1 A number of treasury indicators that historically formed part of the Prudential Code are now presented by CIPFA as treasury management indicators required by its Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (the TM Code). Local authorities are required to "have regard" to these treasury indicators.
- 6.2 CIPFA acknowledged that the landscape for public services delivery has changed significantly following the sustained period of reduced public spending and the developing localism agenda. As a result it published an updated TM Code in December 2017. The updates reflect changes in regulatory environment, the increasing use of a wider range of investment opportunities, and include streamlined reporting requirements to promote engagements.
- 6.3 Following the changes to the TM Code, CIPFA has published revised guidance on treasury management for local authorities, which confirms changes to the treasury indicators. These changes are as follows:
 - (a) there is no longer a specific recommended indicator in respect of interest rate exposures;
 - (b) upper and lower limits on the maturity structure of borrowing should now include variable as well as fixed rate debt; and
 - (c) the period for upper limits to the total of principal sums invested has been revised to longer than one year (instead of 364 days previously).
- 6.4 We propose to remove the indicator in respect of interest rate exposures. Our targets for fixed and floating rate debt are explained in our Treasury Management Strategy.
- 6.5 The proposed indicators are detailed in Appendix 2.

7 TfL Policy on Minimum Revenue Provision

- 7.1 Local authorities are required each year to set aside some of their revenues as provision for debt. TfL has a statutory duty to determine for the current financial year an amount of minimum revenue provision which it considers to be 'prudent' in relation to debt service obligations.
- 7.2 While statutory guidance suggests four potential methods for calculating Minimum Revenue Provision (MRP) it also allows for other methods and approaches to be used. Since 2016/17 TfL has applied the principles inherent in the statutory guidance on MRP, to make an annual provision in the Transport for London (the Corporation), that aims to build up a reserve on the Balance Sheet over the average useful economic life of the assets funded by borrowings in the Corporation,

such that, at the end of that useful economic life, that reserve may be employed to either repay borrowings or to finance replacement capex for those assets that have reached the end of their lives. An MRP is effectively already made for borrowings passed down to the subsidiaries through TfL's existing processes for funding those entities.

7.3 Given current levels of borrowing retained within the Corporation the MRP is anticipated to be approximately £25m per annum throughout the business plan period, and will result in an annual transfer of this amount from usable reserves (i.e. the General Fund) to unusable reserves (namely the Capital Adjustment Account).

List of appendices to this report:

Appendix 1: TfL Prudential Indicators for 2019/20 to 2022/23

Appendix 2: Treasury Management Indicators Appendix 3: Definitions for Prudential Indicators

List of Background Papers:

None

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Appendix 1

THE PRUDENTIAL INDICATORS FOR 2018/19 TO 2021/22 TRANSPORT for LONDON

	Paragraph reference	Approved Indicators 2018 - 19	Proposed Revised Indicator Budget 2019 - 20	Proposed Revised Indicator Plan 2020 - 21	Proposed Indicator Plan 2021 - 22
Operational Boundary for External Debt*		£millions	£millions	£millions	£millions
TfL Corporation Borrowing PFI and long term liabilities Total Operational Boundary for External Debt in TfL Corporation	5.1	11,339.9 200.3 11,540.2	,	12,715.0 200.7 12,915.7	190.6
TfL Group Borrowing PFI and long term liabilities Total Operational Boundary for External Debt TfL Group	5.1	11,339.9 200.3 11,540.2	12,113.0 640.4	12,715.0 607.4	13,234.0 577.0
Authorised Limit for External Debt**		-			
TfL Corporation Borrowing PFI and long term liabilities Total Authorised Limit in for External Debt in TfL Corporation TfL Group Borrowing PFI and long term liabilities Total Authorised Limit for External Debt in TfL Group	5.1 5.1	12,382.1 200.3 12,582.4 12,382.1 200.3 12,582.4	13,700.2 13,494.0 409.4	200.7 14,250.7 14,050.0 422.4	190.6 14,740.6 14,550.0 411.0
·		12,002.4	10,500.4	14,472.4	14,301.0
Estimates of Capital Expenditure (Annual)					
TfL Corporation	5.2	2,192.0	2,945.8	1,874.7	1,520.2
TfL Group	5.2	2,845.1	3,893.3	2,741.8	2,500.3
Estimates of Capital Financing Requirement (Cumulative)***					
TfL Corporation	5.2	11,812.5	13,259.9	13,897.6	14,460.8
Total TfL Group	5.2	13,111.4	15,339.1	16,493.1	17,607.0

The Operational Boundary is a calculation based upon the cash flows in the Budget and Plan. If breached, it is a warning that financial plans may require review and amendment.

^{**} The Authorised Limit is the maximum amount that TfL may borrow legally.

^{***} The Capital Financing Requirement is the amount of capital expenditure to be financed by means other than grant or asset sales proceeds.

Prudential Indicators for Prudence and Affordability						
Estimates of ratio of financing costs to net revenue stream	Paragraph reference	Approved Indicator 2018 - 19	Proposed Revised Indicator Budget 2019 - 20	Proposed Revised Indicator Plan 2020 - 21	Proposed Indicator Plan 2021 - 22	
TfL Corporation	5.2	12.4%	16.9%	23.5%	22.7%	
TfL Group	5.2	8.7%	6.6%	6.7%	6.5%	
Gross Debt and the Capital Financing Requirement*					Corporation £millions	
Gross Debt at 31 March 2020				13,903.4	13,700.2	
Capital Financing Requirement at 31 March 2022					14,460.8	

^{*} The Prudential Code stipulates that Gross Debt at 31 March 2020 should not generally exceed the Capital Financing Requirement at 31 March 2022.

^{**}The Prudential Code requires information in respect of TfL Corporation and also requires the effect of subsidiaries to be taken into account. Accordingly, Group figures are also stated.

Appendix 2

Prudential Indicators for Treasury Management

Maturity Structure of Borrowing	Budget		
	31 Mar 2020		
	Upper	Lower	
< 1year	35%	0%	
1 year to < 2 years	35%	0%	
2 years to <5 years	50%	0%	
5 years to <10 years	75%	0%	
10 years and above	100%	20%	

This indicator represents limits of the percentage of borrowing maturing in the future periods above as a total of fixed rate borrowing outstanding.

Actual amounts will depend on the projects financed and which ones have been converted into long-term obligations

Maximum Outstanding Principal sum Invested for more than 365 days	Budget	Plan	Plan
	31 Mar 2020 £millions	31 Mar 2021 £millions	31 Mar 2022 £millions
Forward Financial Year 1	0	0	0
Forward Financial Year 2	0	0	0



Definitions for Prudential Indicators used by TfL

1. External Debt - Operational Boundary

- The Operational Boundary is a sum of external borrowings and long term capital liabilities, including finance lease creditors and provisions, as shown in the Budget and Plan. If breached, it is a warning that financial plans may require review and amendment.

2. External Debt - Authorised Limit

- The authorised limit is the maximum amount that TfL may borrow legally.
- It is comprised of the Operational Boundary plus an element of headroom to allow for unexpected cashflow fluctuations.

3. Capital Expenditure

- For the Group this is the total of fixed asset additions for the given period.
- For the Corporation this is the Corporation's own fixed asset additions plus any loans or capital grants passed to the subsidiaries for the given period.

4. Capital Financing Requirement

- The Capital Financing Requirement (CFR) is the amount of capital expenditure to be financed by means other than grant or asset sales proceeds. It is calculated from the balance sheet of the Group and Corporation by deducting deferred grant, and capital reserve balances from the total fixed asset balance.
- There is a requirement in the Code to ensure that the estimate for the CFR at the end of 2022 is not exceeded by gross debt budgeted at the end of 2020. This requirement seeks to ensure that over the medium term, debt will only be for a capital purpose.

5. Ratio of financing costs to net revenue streams

- Indicator expresses the interest costs, net of interest income as a percentage of TfL's Revenue Grant and fares income plus or minus transfers to reserves.



Agenda Item 11

Board

Date: 27 March 2019

Item: TfL Capital Strategy 2019/20



This paper will be considered in public

1 Summary

- 1.1 The Prudential Code 2017 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) requires local authorities to prepare and publish a capital strategy for the first time this year.
- 1.2 The purpose of the capital strategy is set out the longer term investment required to deliver service objectives. For TfL, these service objectives include delivery of the Mayor's Transport Strategy. As well as the longer term investment requirements, the capital strategy also identifies future anticipated funding, and the shortfall between investment required and funding identified.
- 1.3 This paper seeks the approval of the TfL Capital Strategy 2019/20.
- 1.4 The members of the Finance Committee informally reviewed the Draft Capital Strategy on 11 March 2019.

2 Recommendations

- 2.1 The Board is asked to:
 - (a) approve the TfL Capital Strategy 2019/20; and
 - (b) delegate to the Chief Finance Officer the authority to make any editorial or other minor changes prior to its publication.

3 Background

- 3.1 TfL's draft Capital Strategy 2019/20 sets out the steady and sustained investment required to help deliver the infrastructure London needs over a 20 year time horizon.
- 3.2 Under the Prudential Code TfL is required to prepare its own Capital Strategy, but the draft Capital Strategy has also been incorporated into the GLA Capital Strategy, published on 15 February 2019.
- 3.3 The GLA Capital Strategy was prepared in outturn prices, and this approach has also been followed for TfL's Capital Strategy to ensure consistency. This does, however, mean that expenditure and funding amounts shown in the Capital Strategy are not in line with indicative costs already published for some projects as these are generally shown in constant prices (i.e. today's prices). It also means that

- amounts shown in the Capital Strategy are sensitive to future assumptions on inflation, particularly in the later years.
- 3.4 The first five years of the TfL Capital Strategy are in line with the Capital Account in the TfL Business Plan and there is no funding gap for this period. The capital investment plan and capital funding plan for the remainder of the 20 year period are shown in "buckets" of five years. The affordability of the Capital Strategy beyond the initial five year Business Plan is dependent on TfL obtaining significant additional funding which cannot be considered certain at this point in time. The characteristics of the funding source(s) could influence the timing, cost and capitalisation of projects within the Capital Strategy. The nature of these large projects is such that they require a certainty of funding over a number of years prior to commencement. There is considerable risk in estimating costs up to 20 years into the future, especially for novel projects.
- 3.5 The Capital Strategy makes it clear that additional funding will be required to deliver the Mayor's Transport Strategy, and in particular to deliver Crossrail 2. The Capital Strategy will be a valuable input into subsequent business planning discussions and also assist in making the case for investment in London.

List of appendices to this report:

Appendix 1: Draft TfL Capital Strategy 2019/20

List of Background Papers:

None

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DRAFT TfL Capital Strategy

1. Background

- 1.1. This year, for the first time, the Prudential Code 2017 requires all local authorities including TfL to prepare and publish a Capital Strategy.
- 1.2. The Capital Strategy is produced in the financial context described in TfL's Business Plan, published in December 2018. It is important that, while we address our immediate priorities to generate an operating surplus and complete Crossrail, we continue to look ahead and identify what investment is needed to operate, maintain and improve the transport network to support the growth of London and the UK and how that investment can be funded.
- 1.3. The Mayor's Transport Strategy (MTS) aims to reduce Londoners' dependency on cars in favour of active, efficient and sustainable modes of travel, with the central aim for 80 per cent of all trips in London to be made on foot, by cycle or using public transport by 2041. This Capital Strategy covers the majority of this period. Our Capital Strategy sets out the steady and sustained investment required to help deliver the infrastructure London needs.
- 1.4. Over the next twelve months we will be making the case to Government for confirmed capital funding to support the level of investment described in this strategy as part of the Government's comprehensive spending review. We are unable to commit to long term projects without long term certainty of funding, which we do not currently have.
- 1.5. The capital strategy forms part of TfL's business planning process and is based on a number of assumptions including the likely cost of the future capital programme and expectations in terms of funding. As estimates continue to evolve these assumptions will be refined and the capital strategy will be reviewed and developed year on year.

2. Benefits

- 2.1. Our Capital Strategy will enable clearer and more transparent long-term decisions to be made on the investment needs of London. Many transport schemes take a long time to develop and deliver: for example Crossrail was first proposed in the 1970s, but is only now nearing its final delivery. A long term view is critical to ensure enhancements to London's transport network are delivered when they are needed.
- 2.2. Our Capital Strategy sets out a pipeline of investment for 20 years. Giving clear sight of how our investment will progress over this period is useful for a variety of audiences, including our supply chain who will be able to resource accordingly to meet the demand for construction in London.
- 2.3. Investment in transport infrastructure benefits many different groups, and it is appropriate that the funding packages for these investments reflect these various beneficiaries. These beneficiaries range from central government, through increased taxation, all the way to local

businesses and residents, who most directly benefit from improved transport. Formulating full funding packages for large schemes is complex and takes time, as was the case with Crossrail. This Capital Strategy identifies schemes that require such funding packages and discusses some options for funding them. Developing this work further will help to ensure such schemes are funded in a fair and sustainable way.

2.4. It is not possible to commit to long term projects unless and until there is long term funding available to ensure they can be completed. Therefore a lack of long term certainty of funding can delay the commencement of essential improvements. A key benefit of the Capital Strategy is that it enables these funding requirements to be identified in sufficient time for them to be addressed.

3. Approach

- 3.1. Our Capital Strategy reflects the MTS and the Mayor's policy priorities including the needs of running services safely and reliably.
- 3.2. Our Capital Strategy has been sourced primarily from the MTS and information previously provided to the National Infrastructure Commission (NIC) (years 7-20) and the TfL Business Plan (years 1-6). Each of these documents has already undergone a rigorous approval process.
- 3.3. The underlying MTS/NIC figures have been adjusted to reflect:
 - Estimates of future inflation (from constant prices to outturn)
 - Addition of items intentionally not included within the MTS/NIC figures such as TfL Capital Renewals as well as capital spend in non-transport areas such as IT and Commercial Development
 - Removal of spend that is not likely to be incurred by TfL directly
 - Removal of spend that TfL is unlikely to be able to capitalise under current accounting rules. For example capital projects delivered on borough roads are excluded since they are accounted for as TfL operating expenditure through the Local Implementation Plans (LIPs) process
 - Most recent cost estimates where available

4. Influences

- 4.1. Our Capital Strategy is directly influenced by:
 - a) the Mayor's statutory policies for London, including the MTS, the draft London Plan, and the London Environment Strategy;
 - b) the UK's infrastructure requirements, as set out in the National Infrastructure Assessment;
 - c) our near-term delivery plans and financial position, as set out in our Business Plan; and

- d) underlying behaviour trends in London, as analysed in documents such as our annual Travel in London report.
- 4.2. Our Capital Strategy will be directly or indirectly influenced over time by:
 - a) central government policy, in areas such as direct infrastructure funding and devolution:
 - b) external events with the potential to impact on the national economy, London's growth and/or our financial position, such as the UK's exit from the European Union; and
 - c) the Mayor's future decisions on allocation of devolved business rates to functional bodies of the Greater London Authority.

5. Policies

- 5.1. Our Capital Strategy is fully aligned to the Mayor's policies, as are the MTS/NIC figures and our Business Plan on which the Capital Strategy is based.
- 5.2. We acknowledge that any activity in delivering the Capital Strategy will be executed within the parameters of statutory frameworks and Board approved policies. The most important of these policies and frameworks are outlined here.
- 5.3. In adherence with the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2017, the Capital Strategy references key principles underpinning our approval and governance processes for capital expenditure, commercial activity (including long term liabilities) and treasury management. For detailed aspects, the documents referenced below and TfL Standing Orders are published on our website.
- 5.4. Capital spend on transport infrastructure and commercial/investment activity is budgeted for and included in the TfL Group Budget and TfL Business Plan, both of which are produced annually and approved by the Board (or, under delegation, the Finance Committee). The TfL Business Plan outlines the medium term plan that aligns to delivery of the overall MTS, whereas the TfL Group Budget sets out the more detailed, shorter-term target.
- 5.5. The TfL Business Plan is a balanced plan, integrating capital spend inclusive of commercial activity and investment strategies with the financing strategy for planned expenditure. The approved TfL Business Plan encompasses a complete forecasted balance sheet including reserve positions, demonstrating that the capital and financing strategy is prudent and affordable principles advocated within the Prudential Code.
- 5.6. TfL Group Budget and TfL Business Plan are produced reflecting the Treasury Management Strategy (TMS), which is updated at least annually and approved by the Finance Committee prior to submission to the Board for final approval.

- 5.7. TfL's treasury management is directed and governed by the TMS comprising the Investment Strategy, Borrowing Strategy, Liquidity Strategy, Risk Management Strategy and Counterparty Exposure Limits. The TMS is implemented, operated and administered in accordance with the Board approved Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments.
- 5.8. Unbudgeted activity is monitored by various means, and is explicitly captured through monitoring of the Prudential Indicators which are aligned to the TfL Group Budget and TfL Business Plan, and define an operational boundary and authorisation limit of external borrowings including long term liabilities for the following year. The Prudential Indicators set an expected estimate of capital financing costs and capital expenditure for the following year. The Prudential Indicators are approved by the Finance Committee prior to submission to the Board for final approval annually.
- 5.9. Financial guarantees granted by TfL are subject to approval by the Chief Finance Officer or higher authority according to the approvals matrix set out in TfL Standing Orders. Under section 161 of the Greater London Authority Act 1999, details of all financial guarantees so granted are disclosed annually in TfL's Annual Report and Financial Statements.
- 5.10. Outturn performance against the Board approved Prudential Indicators is presented to the Finance Committee who also monitor treasury management by verifying the TMS has been implemented and administered appropriately and are responsible for regular in-year monitoring of outturn performance against the TfL Budget and Business Plan.

Financial Investment Strategy:

- 5.11. TfL maintains a low risk appetite consistent with the good stewardship of public funds, the overriding principle being the prioritisation of security before liquidity and liquidity before yield.
- 5.12. TfL considers the risk of its overall portfolio as well as individual investments, seeking to diversify its investments and has regard to the exposure to any one counterparty, country, industry, investment type, and credit. TfL targets allocating a portion of the portfolio across sovereign exposures, government agencies, financial institutions, and corporate instruments, subject to investments available at the time.
- 5.13. TfL has regard to expected cash flow requirements and maintains an investment portfolio with a range of maturities (an investment can have a maximum tenor of one year).
- 5.14. TfL seeks to achieve year-to-date returns greater than the year-to-date average benchmark of the seven day London Interbank Bid Rate (LIBID), which is widely regarded as the appropriate benchmark for short-term cash investments and is used by professional investors such as Money Market Funds.

Borrowing Strategy:

- 5.15. TfL's objective is to manage its borrowing in a manner that is affordable, sustainable and prudent, combining flexibility, security of access to funds, diversity of funding sources and value for money.
- 5.16. TfL's annual borrowing requirement is driven by the financing requirement of its capital investment programme and the refinancing of its maturing debt. TfL plans to raise incremental borrowing in each year to 2022/23, supported by increases in the operating surplus. In future years, additional borrowing is only an option where the capital spend results in an increase in future operating surplus that can service the operating and financing costs, as discussed in the Ambition Gap section below.
- 5.17. In addition to the Public Works Loan Board (or any future body replacing it) being a readily available source to raise funds, TfL seeks to achieve its borrowing objectives by maintaining access to capital markets and complementing this with loans and other facilities from financial institutions where appropriate.
- 5.18. The annual increase in total outstanding borrowing is within incremental borrowing limits agreed with central government. The total value of outstanding borrowing and other long-term liabilities is maintained within an Authorised Limit agreed by the Mayor and approved annually by the Board (as required by the Local Government Act 2003) through a separate Prudential Indicators document.
- 5.19. The Prudential Indicators document incorporates limits on fixed and variable interest rates exposures. As debt service represents a relatively significant part of TfL's annual expenditure, a high level of certainty over the interest payment amounts is desirable to meet the balanced budget requirement.

6. 20 Year Capital Ambition

- 6.1. The MTS shows how we can support London's growth by making the most of our existing infrastructure and assets, and investing in new infrastructure.
- 6.2. We are partway through our programme to transform the Tube network to a modern, digital metro. Work is currently underway to deliver a 33 per cent increase in capacity on the Circle, District, Hammersmith & City and Metropolitan lines by the early 2020s. In November 2018 we awarded a contract to build 94 new state-of-the-art trains that will enter service on the Piccadilly line from 2024. Stations upgrades are being delivered across the network, increasing capacity and providing record levels of step-free access. And we are working with the boroughs through our Healthy Streets portfolio to address our strategic goals for the road network and investing in hundreds of schemes across London.
- 6.3. We estimate that to support London's growth and achieve the outcomes in the MTS to 2041 would require, on average, £4.8bn of new capital investment per year, with an additional £0.9bn for renewals, as shown in Table 1 in outturn prices. This is more than double our

current level of expenditure.

- 6.4. These figures, when converted to constant 2017 prices as presented on page 58 of the TfL Business Plan, are very similar to the National Infrastructure Commission's recommended spend on infrastructure of 1.2 per cent of total gross domestic product, the equivalent of which would be around £4.8bn¹. This national assessment re-emphasises the need for steady and sustained investment in London.
- 6.5. Our forecast of required capital investment is made up of the following sections:

Line Upgrades and Enhancements:

- 6.6. Over the next 20 years we will need to deliver capital enhancements across our network, including increasing capacity and providing step-free access at London Underground stations; upgrades that would accompany an expanded London Overground network, to provide a modern, metro-style service across London's suburban rail network; continuing high levels of capital investment on London's streets to promote walking and cycling and deliver new bus priority schemes; and a comprehensive programme of environmental and air quality initiatives to build on the introduction and expansion of the Ultra Low Emission Zone in the next three years and support a transition to cleaner vehicles across London.
- 6.7. This section includes the Deep Tube Upgrade Programme, which will deliver new capacity across the Piccadilly, Central and Waterloo & City lines. New trains will be delivered on the Piccadilly line within the next five years, and the cost of these trains is included in our Business Plan. We remain committed to providing new signalling on the Piccadilly line as quickly as possible, particularly in the context of the planned expansion of Heathrow Airport. However, a lack of confirmed capital funding has meant that we have been forced to discontinue the signalling procurement we had begun, while we work with suppliers to find the best way forward.

New routes and Line Extensions:

6.8. Our Business Plan includes details of the new infrastructure schemes we are developing now for delivery over the next 20 years, including Crossrail 2; a combined upgrade of the Bakerloo line and extension of the line to Lewisham, and potentially beyond; the extension of the Northern line to Battersea; an extension of the Elizabeth Line to Ebbsfleet and extensions of our existing DLR (to Thamesmead), Tram (in Sutton) and Overground (to Barking Riverside) networks. The latest estimated cost of these schemes is included in the Capital Strategy.

Renewals:

6.9. In addition to the capital enhancements above, we will continue to carry out capital renewals of our existing, and growing, asset base in order to continue to deliver safe and reliable services. The level of renewals expenditure in the latter years of the Capital Ambition is higher than the average of the five year Business Plan allowing for works to enhance and improve reliability as well as to reflect a growing asset base.

 $^{^1}$ The £4.8bn figure includes small amounts for non-TfL capital spend in London.

7. 20-Year Capital Investment Plan

- 7.1. All projects included in the Capital Ambition are included within the Capital Investment Plan.
- 7.2. While the MTS deliverables are clear, it is not always possible to be precise about the exact schemes being undertaken, particularly towards the later years of the Capital Ambition. Where specific projects and cost estimates are not available, costs have been included based on appropriate comparator projects. This means the costs outlined in this Capital Investment Plan are not precise and will be expected to change over time.
- 7.3. The combined Capital Investment Plan and Capital Funding Plan are presented in Table 1.

8. 20-Year Capital Funding Plan

Funding Line Upgrades and Enhancements:

- 8.1. This tranche of our investment programme contains the largest number of schemes, including all streets investment and much of our London Underground and Rail investment.
- 8.2. The main funding source for these enhancements is the capital element of retained business rates (formerly paid as an Investment Grant direct from central government). This is insufficient to cover all investment included here, particularly given the need to upgrade the Deep Tube lines to replace rolling stock dating back to the 1970s and signalling in some cases even older. Delivering all of the investments London needs to replace and upgrade its infrastructure will require further funding beyond that currently identified.
- 8.3. Possible funding sources for additional funding requirements are considered in the next section.

Funding new routes and Line Extensions:

- 8.4. New routes and line extensions not only improve transport but also stimulate a step change in development in the areas they run through, and they are of particular strategic importance to the future of London and the wider South East. Due to their size, complexity and expense, they require bespoke funding and delivery plans, as was the case for Crossrail 1 and the Northern line extension.
- 8.5. Sources of funding for these projects could range from central government investment grant through to devolved income streams, contributions from developers and other forms of land value capture. Elements of some projects would be expected to be delivered by bodies other than TfL, including Network Rail.
- 8.6. Given the early stages of development of these schemes, it is natural that their funding packages have not yet been fully agreed. This Capital Strategy includes funding where sources have already been identified. Possible funding sources for additional funding requirements are considered in the next section.

8.7. It should be noted that we are not including any provision for borrowing in this Capital Funding Plan beyond the first five years. Our assumption at this stage is that all existing borrowing will be able to be refinanced, but no further incremental borrowing is included. This issue is discussed further in the next section.

Funding Renewals:

- 8.8. From 2022/23 we will break even on our operating account, including capital renewals, subject to continuing levels of retained business rates. The funding for renewals will therefore come from operating revenue.
- 8.9. We require our commercial development activities to be self-financing, with the capital expenditure needed to renew and enhance our commercial assets funded by asset disposals and increased operating income.

Table 1: Capital Investment and Funding

All figures are adjusted for future forecasts of inflation.

TfL's Capital Strategy	2018/19 to 2022/23	2023/24 to 2027/28	2028/29 to 2032/33	2033/34 to 2037/38
	£bn	£bn	£bn	£bn
Capital Investment				
Line Upgrades and Enhancements:	5.9	7.8	7.6	9.8
Line Upgrades	2.3	3.8	2.9	5.4
Enhancements	3.6	4.0	4.7	4.4
New routes and Line Extensions:	3.7	10.2	7.5	1.2
Crossrail 1				
(including Elizabeth line trains	3.0	-	-	-
and enabling work) Line Extensions	0.7	10.2	7.5	1.2
Renewals	2.7 2.7			6.0
	-	4.0	4.9	
Total capital expenditure	12.3	22.0	20.0	17.0
Funding				
Capital Receipts	1.5	0.2	0.0	-
Retained Business Rates	3.9	5.6	6.2	6.8
Revenue Contributions	1.4	4.4	5.1	6.2
Borrowing	3.2	-	-	-
Working Capital and Reserve movements	(0.5)	-	-	-
Capital Grants	0.6	1.3	1.1	-
Crossrail 1 Funding Sources	2.2	-	-	-
Total funding	12.3	11.5	12.4	13.0
Overall additional funding required	-	(10.5)	(7.6)	(4.0)
Crossrail 2 ²	2018/19 to 2022/23	2023/24 to 2027/28	2028/29 to 2032/33	2033/34 to 2037/38
	£bn	£bn	£bn	£bn
Total Crossrail 2 Capital Expenditure		10.4	18.4	12.5
Grant - CR2 ²		5.2	12.4	3.1
Potential devolved and third party funding sources		0.9	1.2	3.3
Total CR funding	-	6.1	13.6	6.4
Overall additional CR2 funding required		(4.3)	(4.8)	(6.1)

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² Crossrail 2 figures have been sourced from the Crossrail 2 Integrated Project Team, and **assume that 50% of the costs are funded by DfT grant** with a provisional phasing shown, while the potential devolved and third party funding sources includes a supplement on retained Business Rates and Mayoral Community Infrastructure Levy. Exact details of the scheme together with its funding are yet to be finalised.

9. Ambition Gap

- 9.1. Our Business Plan is fully balanced in the first five years, reflecting the greater certainty of funding over this period and the difficult decisions we have taken to defer important investments. Additional funding will be required to deliver the necessary investment to support London's growth beyond this period.
- 9.2. The main funding source for enhancements is the capital element of retained business rates (formerly paid as an Investment Grant direct from central government). This is insufficient to cover all investment included here, particularly given the need to upgrade the Deep Tube lines to replace rolling stock dating back to the 1970s and signalling in some cases even older. Delivering all of the investments London needs to replace and upgrade its infrastructure will require further funding beyond that currently identified.
- 9.3. Various mechanisms exist for raising this additional funding, including:
 - a) Further government support beyond the current business rates arrangements. This could include a larger allocation to London, reflecting its contribution to the national economy, and/or a longer-term settlement enabling us to plan with more certainty for investments that will take many years to deliver. Over the next twelve months we will be making the case to Government for confirmed capital funding to support the investment described in this strategy.
 - b) **Devolution of financial powers to London (and other cities).** London controls relatively little of the tax raised within it. Devolving powers over taxes such as stamp duty and vehicle excise duty could allow London to better manage its own growth.
 - c) Generating a larger than expected operating surplus and devoting this to investment. We are making extensive savings as part of our current Business Plan to enable a small operating surplus to be delivered by 2022/23.
 - d) Generating new commercial income. Our Business Plan includes new approaches to property development, management of our media and advertising estate, and leveraging our expertise and intellectual property in markets in the UK and overseas. Any new commercial income (beyond that already planned) can be reinvested in capital investment.
 - e) **Funding from new income sources.** This could include addressing the unsophisticated way in which road use is paid for in London, and developing new methods of land value capture where specific projects can generate benefits for local landowners.
 - f) **Bidding for targeted support from central government**, from sources such as the Housing Infrastructure Fund or Major Road Network funding.

- g) Private financing on a case-by-case basis where it delivers value for money. Such financing would generally have to be paid back over time through the operating account, so this option should only be considered as a short-term financing solution where circumstances justify it.
- h) Funding contributions from developers and other third parties including boroughs. We seek such funding for all appropriate projects.
- 9.4. Renewals are funded out of our operating revenue, which is not fully modelled here, but it is expected to cover the cost of renewals from 2022/23 onwards. Commercial Development activities will be self-financing. We therefore do not anticipate any additional funding requirement for these areas of investment.

10. Risks to the Capital Investment Plan

- 10.1. TfL manages an identified set of strategic risks through a defined framework. Some particular risks relevant to the capital account over a 20-year horizon are noted here.
- 10.2. Lack of long term certainty of funding: It is not possible to enter into long term contracts for major projects until long term funding is determined, so that delay in agreement of long term funding can result in a delay in projects commencing. This risk can be best managed by early identification and sharing of funding requirements with stakeholders.
- 10.3. Approvals and consents risk: Most projects require cooperation including approvals from other parties which may or may not be forthcoming. This includes rail devolution as well as Transport and Works Act powers / hybrid bills for many projects.
- 10.4. Delivery Risk: delivery of a significant capital programme is not without risks. In particular for this 20 year ambition where cost estimates are being made many years in advance of when projects would commence and in some cases there is little detail of the scheme available on which to base an estimate.
- 10.5. Risk of underestimating future costs: It is very difficult to predict construction cost inflation over 20 years. Coupled with the possibility for project cost estimates to rise over time, there is a risk that costs will become higher than currently estimated.
- 10.6. Risk that pressures on TfL's Operating Account require funding to be diverted away from Capital Expenditure. This could include for issues such as funding investment on non-TfL assets or higher operating costs for necessary staffing and maintenance levels.
- 10.7. A PESTLE analysis of the Capital Strategy identifies a number of risks listed below. Many of these could impact on TfL either positively or negatively.
 - Political Risk: Over 20 years, politics at every level can impact on the availability of funding and support for TfL capital projects

- Economic Risk: Brexit is the most obvious current single risk in this context, but over 20 years many economic conditions and factors could change demand for TfL services, and hence indirectly funding available and the need to invest
- Social Risks: Known risks include reductions in the requirement for travel such as
 increases in home working, internet shopping and alternatives to conventional public
 transport such as private hire apps, ride sharing, car clubs and dockless cycle hire. Such
 trends if accelerated could require a reprioritisation of the strategy
- Technology Risks: Known risks include cyber security, the impacts of Artificial Intelligence and autonomous vehicle technology but there may be others yet to be invented. These could have favourable or unfavourable impacts on TfL and might conceivably challenge today's public transport model
- Legal Risk: TfL may be compelled to undertake new activity as a result of changes in law, which may increase costs of projects or require additional ones. Legal challenges may delay TfL activity
- Environmental Risk: Climate change, including rising sea levels, could have a significant impact on our infrastructure, much of which is low lying. Changes in temperature could impact our requirement to invest in cooling our infrastructure. Attempts to reduce the impact of climate change will require us to invest in decarbonising our services, which we are already including in this Capital Strategy, but the specific requirements of this could change

11. Appraisal

- 11.1. The standard Business Planning process involves input from TfL's Executive Committee, the Finance Committee and TfL Board at numerous points from the initial plan conception in July. The process includes the production of an Equality Impact Assessment, and projects included in the Business Plan have been appraised against safety, maintenance and operations requirements; "fit" with the MTS and other Mayoral strategies; and affordability.
- 11.2. Similarly the MTS underwent a thorough review and approval process. This included substantial stakeholder engagement during its development followed by a fifteen-week public consultation in the summer of 2017. An Integrated Impact Assessment and substantial evidence base were also developed and published alongside the strategy. Following incorporation of many comments received during this consultation, the final MTS was formally approved by the Mayor in February 2018, then reviewed and noted by the London Assembly in March 2018.
- 11.3. The Capital Strategy has been reviewed by the Chief Finance Officer.
- 11.4. The TfL project and programme management methodology "Pathway" allows for key governance intervention points to ensure effective governance oversight and control throughout the project lifecycle. Monitoring and evaluation is in place across the MTS to ensure that the desired outcomes are delivered.

Statutory Chief Finance Officer sign off

Draft

11.5. The affordability of the Capital Strategy beyond the 5 year Business Plan is dependent on TfL obtaining significant additional funding which cannot be considered certain at this point in time. The characteristics of the funding source(s) could influence the timing, cost and capitalisation of projects within the Capital Strategy. The nature of these large projects is such that they require a certainty of funding over a number of years prior to commencement. The risks noted above are a comprehensive but not exhaustive list. Significant known risks have been listed, however, it is possible that unpredictable future events and opportunities would result in an amendment to the TfL Capital Strategy. Readers of the Capital Strategy should note the considerable risk in estimating costs up to 20 years into the future, especially for novel projects.



Board



Date: 27 March 2019

Item: Treasury Management Strategy 2019/20

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to ask the Board to approve the proposed Treasury Management Strategy (TMS) for 2019/20. The TMS 2019/20 comprises the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits. This paper supports the TfL objective of prudence and financial sustainability.
- 1.2 The Finance Committee considered this item at its meeting on 11 March 2019. The Committee supported the recommendation and did not raise any specific issues to draw to the attention of the Board.

2 Recommendations

- 2.1 The Board is asked to note the paper and;
 - (a) approve the Treasury Management Strategy (TMS) for 2019/20, attached at Appendix 1, including the Investment Strategy, the Borrowing Strategy, the Liquidity Strategy, the Risk Management Strategy and the Counterparty Exposure Limits;
 - (b) authorise the Finance Committee to approve any changes to the TMS 2019/20 during the course of the year;
 - (c) note that the proposals for derivative investments set out in Recommendation 2.1(d) have been approved by the Chief Finance Officer, as required under the TfL Group Policy Relating to the Use of Derivative Investments (the 'Derivatives Policy'); and
 - (d) note that subject to the Board approving the TMS 2019/20 and the Derivatives Policy, the Finance Committee has approved, pursuant to Section 49 of the Transport for London Act 2008 (as amended by the Transport for London Act 2016, together the Act, and in accordance with the Derivatives Policy) for 2018/19 (or 2019/20 as may be applicable at such time), Transport for London Finance Limited (as a qualifying TfL subsidiary for the purposes of the Act) entering into derivative investment(s) in relation to:

- (i) mitigating exchange rate risk related to specific currency exposures arising from the procurement of goods or services by any member of the TfL Group or grants or revenues payable in currencies other than Sterling to any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of exchange rate risk to any member of the TfL Group is established;
- (ii) mitigating exchange rate risk arising from any TfL Group investments in foreign currencies in accordance with the TMS 2018/19 (or 2019/20 as may be applicable at such time);
- (iii) mitigating commodity rate and/or price risk related to specific commodity (including fuel and electricity) exposures arising from the procurement of goods or services by any member of the TfL Group in the ordinary course of business as soon as practicable once the quantum of commodity risk to any member of the TfL Group is established;
- (iv) mitigating interest rate risk and if applicable currency risk related to any existing, imminent and future TfL Group borrowing (including any leases), once the borrowing has become certain and authorised in accordance with the TMS 2018/19 (or 2019/20 as may be applicable at such time);
- (v) mitigating inflation risk related to specific exposures arising from the procurement of goods or services by any member of the TfL Group once the quantum of inflation risk to any member of the TfL Group is established; and
- (vi) mitigating risk related to any index reflecting any of the above matters referred to in paragraphs (i) to (v).
- 2.2 The following Officers and Subsidiaries shall have delegated authority:
 - (a) TfL Officers: the Commissioner, Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999, the Managing Director (Chief Finance Officer), General Counsel and Corporate Finance and Strategy Director; and
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

3 Treasury Management Strategy 2019/20

- 3.1 The TMS 2019/20 has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2017, (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2017, and (iii) the Statutory Guidance on Local Authority Investments (the 'Investments Guidance') issued by the Ministry of Housing, Communities and Local Government 2018.
- 3.2 The 2018 Statutory Guidance on Local Authority Investments requires investment strategies to be published for treasury and non-treasury investments such as property portfolios. All references to 'investments' in the TMS 2019/20 refer to investments held for treasury management purposes only and do not cover non-treasury related investments.
- 3.3 The TMS 2019/20 includes TfL's proposed strategies for investment, borrowing, liquidity and risk management for the financial year 2019/20, as well as proposed counterparty exposure limits. It sets out TfL's borrowing requirement for 2019/20. There are no major changes to the TMS compared to the 2018/19 TMS.

4 Brexit related risks

- 4.1 The uncertainty created by Brexit negotiations and particularly the absence of an agreed position on the withdrawal mechanism only weeks away from 29 March 2019 may have a number of impacts on treasury activities. While an orderly exit continues to be the base case for many forecasts, the risk of "no deal" is high, as it remains the default position. Also the possibility of "no Brexit" cannot be ruled out at this stage.
- 4.2 The impact on financial markets is dependent upon the outcome of Brexit negotiations. Under a no deal outcome, Sterling is forecast to depreciate, the Bank of England may reduce interest rates, inflation may increase and UK Gilts may fall. Conversely, under a "soft deal" or no Brexit scenario, Sterling is forecast to appreciate, interest rates may rise, inflation may fall and UK Gilts may increase.
- 4.3 The current sovereign rating for the UK (Aa2/Stable, AA/Negative and AA/Negative by Moody's, S&P and Fitch) reflects the risk of sustained economic weakness and deterioration in government finances if access to key European markets is lost. There is a risk that an adverse outcome of the negotiations (e.g. no deal Brexit) might result in the downgrade of the sovereign rating. On 6 February 2019, S&P published a report on the rating implications of a no deal Brexit. The report specifically references that TfL's rating may come under pressure in the case of a no deal Brexit due to the link with the sovereign rating and dependence on central government funding. On

- 21 February 2019, Fitch placed the UK's "AA" rating on Rating Watch Negative (RWN), owing to the ongoing uncertainty over Brexit and the likely impact on the UK economy. On 25 February 2019, Fitch placed TfL (and certain other bodies with links to the UK government) on RWN as a result.
- 4.4 Treasury specific risks are being monitored and reported to the Executive Committee by the pan-TfL Brexit working group. Risk mitigation strategies were described in detail to the Finance Committee on 11 March 2019.

5 Investments

- 5.1 A reduction in cash balances combined with TfL's priority for security and liquidity will continue to put downward pressure on investment yields.
- 5.2 Lower cash balances require shorter investment tenors in order to maintain liquidity. Due to borrowers' preference for longer dated debt, the majority of investment opportunities are between three and six months. It is therefore more difficult to source shorter dated investments with attractive yields.
- 5.3 Investment yield may be further suppressed as a result of the amount of investment opportunities in the Sterling market being limited compared to Euro and US Dollar, and the attractiveness of investing in Euro or US Dollar securities varying depending on the FX forward market.
- In addition, the outcome of Brexit negotiations, particularly a no deal outcome, may result in reduced liquidity and a reduction in the Bank of England base rate. New Money Market Fund (MMF) regulation introduced in March 2019 will require MMFs to invest more cash in short dated investments, negatively impacting yields.

6 Borrowing

Funding settlement with government and planned borrowing

6.1 The maximum amount of incremental debt that we could raise is set by the Mayor and, in practice, HM Treasury through various funding agreements. The current incremental borrowing limits were originally agreed with government as part of the 2015 Spending Review and covered a period to 2020/21. These limits have been adjusted over the last couple of years to reflect a number of developments, including the removal of borrowing headroom associated with Metropolitan line extension, borrowing deferred at TfL's request from one year to the next and, most recently, the additional funding required by Crossrail Limited (Table 1).

Table 1 – TfL Incremental Borrowing*

£m	2019/20	2020/21
TfL incremental borrowing limit per July 2018 funding settlement	500	580

^{*} The 2018 Business Plan assumes £500m of incremental borrowing in 2021/22 and 2022/23. These amounts are yet to be agreed with HM Treasury.

In addition to the above limits, a £750m contingency loan facility from the Department for Transport (DfT) will be available to TfL in the event that the £1.4bn GLA grant is fully utilised by Crossrail Limited and the project has further funding needs that cannot be met from other sources. This facility is only available for Crossrail funding and the timing of the drawdowns is not linked to a specific year. The 2018 Business Plan assumed that up to £300m may be required to cover Crossrail Limited costs in 2019/20. In practice, the funds cannot be raised in advance of need and will only be drawn as and when required by the project.

7 Liquidity management

7.1 The general approach to liquidity management remains the same as last year. In order to meet its liquidity needs TfL mainly relies on cash balances (including short-term liquid investments), supplemented by a bank overdraft, access to commercial paper and PWLB.

8 Risk Management

Foreign exchange

8.1 We work in conjunction with Commercial Procurement to identify foreign currency exposures in procurements through the tendering and contracting process. There is often a long lead time before a final bidder is selected and contract award, especially on the large procurements such as rolling stock. During these periods the exposure cannot be mitigated effectively. Once the exposure becomes highly probable our strategy is to mitigate those exposures by either passing the risk to suppliers and contracting in Sterling or by entering into a hedging programme. The latter option often offers savings due to TfL's strong credit rating.

Commodities

8.2 Aggregate exposure to commodities (iron ore, copper, coking coal, etc.) is not significant to the organisation, but risk management strategies may reduce cost volatility for the projects. We are also supporting the Surface directorate with exposures to diesel.

List of appendices to this report:

Appendix 1: Treasury Management Strategy 2019/20

List of background papers:

None

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TRANSPORT FOR LONDON

TREASURY MANAGEMENT STRATEGY 2019/20

1 SUMMARY

- 1.1 This Treasury Management Strategy (TMS) 2019/20 comprises the:
 - (i) Investment Strategy;
 - (ii) Borrowing Strategy;
 - (iii) Liquidity Strategy;
 - (iv) Risk Management Strategy; and
 - (v) Counterparty Exposure Limits.

2 BACKGROUND

- 2.1 The TMS 2019/20 has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting)
 Regulations 2003 (as amended), as well as the key recommendations of
 - (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2017;
 - (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2017; and
 - (iii) the 2018 Statutory Guidance on Local Authority Investments (the '2018 Investments Guidance') issued by the Department for Communities and Local Government (DCLG), with respect to treasury investments.
- 2.2 As recommended by the Treasury Management Code, this strategy will be updated at least annually and submitted for the approval of the Board.

3 POLICIES AND DELEGATIONS

- 3.1 The TMS 2019/20 will be implemented, operated and administered in accordance with the Treasury Management Policies and the TfL Group Policy Relating to the Use of Derivative Investments approved by the Board.
- 3.2 The arrangements for the implementation, execution, operation and administration of the TMS 2019/20, including the arrangements for banking, cash management, investment of cash balances, borrowing, liquidity management and financial risk management are delegated to the managing

Chief Finance Officer¹ and the Corporate Finance and Strategy Director, provided no decision contravenes the TMS 2019/20, the Treasury Management Policies, the TfL Group Policy Relating to the Use of Derivative Investments.

4 STRATEGIC OBJECTIVES

- 4.1 The objectives underpinning the TMS 2019/20 are:
 - (i) to ensure that sufficient cash and liquidity facilities are available to enable TfL to discharge its financial obligations when they become due, in accordance with approved budgets;
 - (ii) to undertake treasury management operations with primary regard for the security and liquidity of capital invested;
 - (iii) to maximise the yield from investments consistent with the security and liquidity objectives identified above;
 - (iv) to undertake treasury management activities having regard to Prudential Indicators (including Treasury Management Indicators) and to remain at all times within the Authorised Limit for external borrowings;
 - (v) to manage its borrowing in a manner that is affordable, sustainable and prudent and combines flexibility, security of access to funds, diversity of funding sources and value for money;
 - (vi) to support TfL's commitment to maintaining its credit rating relative to that of the UK Government as it recognises the value of its strong credit rating; and
 - (vii) to use TfL subsidiaries' statutory power relating to risk management to manage financial market risks across TfL, with the primary objective of reducing volatility or increasing certainty in the Business Plan and achieving greater value for money through reducing costs or protecting revenues.

5 INVESTMENT STRATEGY

F. 4. The line to observe the China

- 5.1 The Investment Strategy will be applied in accordance with the TMS 2019/20 strategic objectives listed in 4.1.
- 5.2 TfL maintains a low risk appetite consistent with the good stewardship of public funds, the overriding principle being the prioritisation of security before liquidity and liquidity before yield.
- 5.3 Where possible, TfL will seek to maximise active investment in counterparties, rather than passive investments held through Money Market Funds (MMFs). This allows greater control over the quality of investments, may allow higher

¹ References to managing Chief Finance Officer in this document mean the Managing Director (Chief Finance Officer).

- returns, and reduces fees. Some MMF investments will still be required for liquidity purposes.
- 5.4 The maturity profile of investments will reflect the expected cash flow requirements of TfL and accommodate for forecast variability.
- 5.5 All investments will have a maximum tenor of one year and at the time of investment will be rated a minimum of A-2, P-2 or F2 by Standard & Poor's, Moody's or Fitch Ratings credit rating agencies, with no more than 20 per cent of the portfolio invested in counterparties with a credit rating of less than any of A-1, P-1 or F1.
- 5.6 TfL will consider the risk of its overall portfolio as well as individual investments, seeking to diversify its investments as much as possible and have regard to the exposure to any one counterparty, country, industry, investment type, and credit. TfL will target allocating a portion of the portfolio across sovereign exposures, government agencies, financial institutions, and corporate instruments, subject to investments available at the time.
- 5.7 TfL will consider investing in instruments including: sovereign Treasury bills and bonds, UK Debt Management Office deposits, repurchase agreements, bank deposits, certificates of deposit, bonds, commercial paper, floating rate notes, MMFs or any other instrument allowing TfL to achieve the objectives set out in 4.1. Due to the short term nature of TfL's investments and the desire not to lose any principal, TfL will not invest in equity.
- 5.8 TfL may invest in non-sterling denominated investments where:
 - currency is bought in advance of a payment or payments in that currency, or where the currency is otherwise received and TfL can identify other future expenditures in that currency to offset against; or
 - (ii) instruments permitted under the TMS 2019/20 and denominated in currencies other than Sterling are swapped back to GBP as a matter of course.
- 5.9 TfL will generally hold investments to maturity, however where the Corporate Finance and Strategy Director deems it appropriate, TfL may seek to break or resell fixed term investments early (including where doing so will result in TfL incurring penalties or crystallising a loss), in order to protect TfL against potential losses, meet unexpected liquidity requirements, improve its investment return or for ethical or reputational reasons.

TfL will seek to achieve year to date returns greater than the year to date average benchmark of seven day London Interbank Bid Rate (LIBID), which is widely regarded as the appropriate benchmark for short-term cash investments and is used by professional investors such as MMFs.

6 BORROWING STRATEGY

- 6.1 The Borrowing Strategy will be applied in accordance with the TMS 2019/20 strategic objectives listed in 4.1.
- 6.2 TfL's objective is to manage its borrowing in a manner that is affordable, sustainable and prudent and combines flexibility, security of access to funds, diversity of funding sources and value for money.
- 6.3 TfL's annual borrowing requirement, set out in Table 1 for 2019/20, is driven by the financing requirement of its capital investment programme and the refinancing of its maturing debt.

Table 1 – 2019/20 borrowing requirement

Description	£m
2019/20 incremental borrowing per latest funding settlement	500
Refinancing of debt maturing within 12 months, including rolling short-term commercial paper	147
Borrowing up to the headroom created by amortisation of finance leases	44
Borrowing requirement for 2019/20	691

- 6.4 The annual increase in total outstanding borrowing will be within the incremental borrowing limits set out in the March 2017 funding letter from Central Government. To the extent that permitted incremental borrowing is not required in 2019/20, it may be deferred to the following financial year, subject to notification to HM Treasury eight weeks prior to the end of 2019/20.
- 6.5 In addition to the borrowing requirement in Table 1, TfL may borrow under the £750m loan facility provided by the Department for Transport for Crossrail purposes. This facility has been made available to TfL as part of the additional Crossrail financing package agreed in December 2018. It can only be accessed once the £1.4bn GLA grant has been fully utilised by Crossrail Limited and the project has further funding needs that cannot be met from other sources.
- 6.6 The notional amount of outstanding debt is expected to be £11,719m at the end of 2019/20, excluding any amounts drawn under the DfT Crossrail facility described above in the event this becomes necessary.
- 6.7 The total value of outstanding borrowing and other long-term liabilities will be within the Authorised Limit set by the Mayor and adopted by the Board (as required by the Local Government Act 2003).
- 6.8 TfL seeks to achieve its borrowing objectives by maintaining access to capital markets through its Euro Commercial Paper programme, Euro Medium Term Note programme and stand-alone capital market transactions, and complementing this with loans and other facilities from financial institutions where appropriate. TfL's borrowing plans are ultimately underpinned by access to the Public Works Loan Board (or any future body replacing it), a readily

- available source of liquidity. Other sources of finance will be used where they further TfL's stated objectives.
- 6.9 As debt service represents a relatively significant part of TfL's annual expenditure, a high level of certainty over the interest payment amounts is desirable to meet the balanced budget requirement. While fixed rates of borrowing are generally preferred, as they provide more certainty, TfL will assess the merits of having a certain amount of floating debt, where it is consistent with the borrowing and risk management objectives. TfL aims to have at least 75 per cent of all outstanding borrowing at fixed interest rates and up to 25 per cent of borrowing at variable rates.
- 6.10 All borrowing is expected to be drawn in Sterling, as currently permitted by HM Treasury. Should TfL receive HM Treasury approval to raise debt in foreign currencies, any foreign currency exposures arising from such borrowing will be subject to risk mitigation measures consistent with the principles of the Risk Management Strategy.
- 6.11 Given the long life of the majority of the assets financed by TfL, TfL's objective is to have a weighted average tenor of TfL's debt of at least 15 years. TfL will aim to structure its borrowing in a way that avoids large concentrations of debt of the same maturity in order to minimise the refinancing risk. The limits for maturity structure of borrowing are set out on annual basis, as suggested by the Treasury Management Code, and are the subject of a separate Prudential Indicators document approved by the Board.
- 6.12 TfL will seek to arrange loan facilities that enable drawdown of debt in future years. Where TfL has the ability and option to do so, it will consider fixing the borrowing for drawdowns beyond the 2019/20 financial year, in order to mitigate interest rate risk related to future borrowing requirements. Any fixed borrowing will be within the incremental borrowing limits and Authorised Limit for borrowing, where applicable.
- 6.13 The source, tenor, currency (subject to 6.10) and interest rate basis of individual debt transactions will be determined on a case by case basis taking into account value for money, TfL's risk appetite, market conditions, interest rate expectations, investors' preferences, the impact on TfL's debt maturity profile and target weighted average tenor.
- 6.14 TfL will consider opportunities to buy back, refinance, or otherwise restructure existing liabilities (including leases) where doing so represents value for money, or will improve the structure of TfL's liabilities, or facilitate changes to TfL's corporate structure.

7 LIQUIDITY STRATEGY

- 7.1 The Liquidity Strategy will be applied in accordance with the TMS 2019/20 strategic objectives listed in 4.1.
- 7.2 The TfL Group (excluding Crossrail Ltd, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited) will hold a

- minimum level of cash and short-term investments as defined in the Treasury Management Policies.
- 7.3 Where appropriate, the cash and short-term investments will be supplemented by access to external liquidity sources, such as bank overdrafts, revolving credit facilities and other standby credit facilities. The adequacy of the external liquidity sources will be reviewed on an ongoing basis and TfL will arrange and maintain these facilities as required.
- 7.4 Bank overdrafts and standby credit facilities will not be used in the normal course of business, however TfL would consider borrowing temporarily within the Authorised Limit to address short-term liquidity issues, where it represents prudent management of TfL's financial affairs.
- 7.5 Cash and short-term investments balances ring-fenced for the construction of Crossrail will be managed to ensure sufficient liquidity to meet Crossrail Limited's forecast payment obligations.
- 7.6 In order to limit the liquidity risk created by rolling the commercial paper programme, TfL will aim to manage its maturities so that no more than £200m of short-term borrowings fall due for repayment in any three-day period.

8 RISK MANAGEMENT STRATEGY

- 8.1 The Risk Management Strategy will be applied in accordance with the TMS 2019/20 strategic objectives listed in 4.1.
- 8.2 TfL maintains a low risk appetite consistent with the good stewardship of public funds. It aims to mitigate financial risks to the extent possible, aiming to provide security of TfL's funds and certainty of costs and revenues.
- 8.3 The objectives of the Risk Management Strategy are to:
 - (i) reduce volatility or increase certainty relating to the impact of financial risks upon the Business Plan;
 - (ii) achieve greater value for money through reducing costs or protecting revenues; and
 - (iii) holistically manage financial risks across the whole of TfL.
- 8.4 TfL is materially exposed to a number of specific financial risks in the ordinary course of business, arising from the borrowing programme, the capital investment programme and certain ongoing contractual obligations. These risks include:
 - (a) interest rate risk related to TfL and its subsidiaries' existing or planned future borrowing requirements (including leases);
 - (b) exchange rate risk related to specific currency exposures arising from the procurement of goods or services by TfL or its subsidiaries; from receipts of grants or revenues payable to TfL or its subsidiaries in currencies other

- than Sterling; from any foreign currency borrowing (if permitted); and in the course of making foreign currency investments;
- (c) commodity price and/or rate risk related to specific procurements or contracts across TfL and its subsidiaries containing a significant cost element for a commodity component and/or ongoing operational procurements such as power and fuel whether direct or indirect exposures; and
- (d) inflation risk across TfL and its subsidiaries.
- 8.5 Financial risks will be identified, managed and controlled through a number of instruments, methods and techniques, including passing the risk to the counterparty where appropriate. Where the identified risks fall into the categories described in paragraph 8.4 and have highly probable exposures with a highly certain risk profile, TfL may use financial instruments to manage exposure to these risks.
- 8.6 Where TfL arranges derivative investments through its subsidiary, Transport for London Finance Limited, it may put in place intra-group arrangements to confer the benefit of those derivative investments to the TfL entity bearing the underlying risk.

9 COUNTERPARTY EXPOSURE LIMITS

- 9.1 The managing Chief Finance Officer and/or the Corporate Finance and Strategy Director will approve individual counterparties and will set individual counterparty exposure limits following detailed analysis of each counterparty and its impact on the overall portfolio, including sector and country concentration risk.
- 9.2 The maximum exposure limit per investment counterparty will be within the counterparty exposure limits set out in Table 2. Counterparties within the same group will be classified as one counterparty for the purposes of the concentration limit. Where banks are required to have separate entities for retail (ring-fenced) and investment (non-ring-fenced) activities, TfL will apply separate counterparty exposure limits to the applicable entities. This may result in ring-fenced banks having different counterparty limits to non-ring-fenced banks
- 9.3 To reduce investment risk and in line with the requirement to have primary regard to security, TfL aims to keep a diversified portfolio of investments by limiting exposures to individual counterparties. As the maximum tenor of investments is one year, short-term credit ratings will be the primary ratings used to determine these limits, as defined in Table 2.
- 9.4 As Moody's short-term credit rating does not have a P-1+ category, when a counterparty is rated P-1, its concentration limit will be based on the average limit derived from any Standard & Poor's and Fitch ratings. In the event the counterparty only has a short-term rating from Moody's and it is P-1, its limit will be 7.5 per cent. Where it is rated P-2, its limit will be based on the average of

all the rating agencies supplying a rating. If any of the rating agencies rates the counterparty A-3, P-3, or F3, no investments will be permitted.

Table 2 – Investment counterparty exposure limits

Моо	Moody's		Standard & Poor's		ch	Concentration limit per
ST	LT	ST	LT	ST	LT	counterparty (as a percentage of total portfolio)
	Aaa		AAA		AAA	
	Aa1		AA+		AA+	
	Aa2	A-1+	AA	F1+	AA	10%
P-1	Aa3		AA-		AA-	
P-1	A1				A+	
			A+		A+	
	A2	A-1	Α	F1	Α	7.5%
	А3				A-	
	А3		A-		A-	
P-2	Baa1	A-2	BBB+	F2	BBB+	5%
	Baa2				BBB	
P-3	Baa2	A-3	BBB	F3	BBB	0%
F-3	Baa3	A-3	BBB-	го	BBB-	U 70
UK Sovereign				100%		

- 9.5 Where a counterparty does not have a short-term rating, the equivalent longterm rating as shown in the above table will be used to determine the counterparty exposure limit.
- 9.6 The exposure limit for TfL's clearing bank may be temporarily exceeded (for example, where cash is made available for investment after the daily deadline for deposits with other entities has passed).
- 9.7 Where an instrument benefits from a UK Government Guarantee, the limit will be that for the UK Sovereign rather than that of the entity.
- 9.8 For investments benefitting from collateral arrangements, the counterparty exposure will not be counted as the full face value of the investment, but will be calculated based on the potential shortfall caused by any expected movement in the value of the collateral.
- 9.9 TfL calculates its derivative counterparty exposures based on accepted market methodology. The current fair market value (FMV) of each derivative is added to the potential future exposure (PFE). The PFE is calculated based on the maximum counterparty exposure assuming a 95 per cent confidence level of

- possible adverse future movements in interest rates or foreign exchange rates over the life of the instrument.
- 9.10 TfL expects to hold all derivative contracts to maturity. As such, exposures under derivative contracts are contingent exposures during the life of the contract. The contingent exposure is therefore the relevant risk factor rather than the notional value of the contract.
- 9.11 Derivative counterparty exposures have a limit based on long-term credit ratings, as these exposures will generally be for over one year. The limits are shown in Table 3.

Table 3 – Derivative counterparty exposure limits

Moody's	Standard & Poor's	Fitch	Derivative limit per counterparty (£m)	CSA threshold for new derivative counterparties* (£m)
Aaa	AAA	AAA	400	50
Aa1	AA+	AA+	400	40
Aa2	AA	AA	350	40
Aa3	AA-	AA-	250	40
A1	A+	A+	200	25
A2	А	А	175	25
А3	A-	A-	150	20
Baa1	BBB+	BBB+	0	0

^{*} Will apply to new derivative counterparty ratings at the time the Credit Support Annex (CSA) is entered into.

- 9.12 Where a counterparty has a split rating, the limit for each rating is calculated as the average of the relevant limits for each rating available.
- 9.13 The proposed derivative counterparty exposure limits provide sufficient headroom for all proposed risk management activities in 2019/20. Derivative exposures are allocated over numerous approved counterparties to minimise concentration risk.
- 9.14 TfL will apply the investment and derivative limits as set out in this section for each counterparty unless circumstances outside its control prevent it from doing so. In this case the managing Chief Finance Officer and/or Corporate Finance and Strategy Director will implement appropriate replacement limits for that counterparty.

9.15 If any investment or derivative limit applicable to a counterparty changes while TfL has an outstanding investment or derivative with that counterparty it will not be considered a breach of these limits. TfL may seek to bring its exposure down to within the revised limits, or at the Corporate Finance and Strategy Director's discretion, may decide to allow an investment or derivative to run its course for economic reasons.

Board



Date: 27 March 2019

Item: Treasury Management and Derivative Investments

Policies

This paper will be considered in public

1 Summary

- 1.1 This paper asks the Board to approve the proposed Treasury Management Policies and the proposed TfL Group Policy Relating to the Use of Derivative Investments. This paper supports our commitment to financial prudence through risk management.
- 1.2 The Finance Committee considered this item at its meeting on 11 March 2019. The Committee supported the recommendation and did not raise any specific issues to draw to the attention of the Board.

2 Recommendations

- 2.1 The Board is asked to note the paper and approve:
 - (a) the proposed Treasury Management Policies in Appendix 1; and
 - (b) the proposed TfL Group Policy Relating to the Use of Derivative Investments in Appendix 2.

3 Treasury Management Policies

- 3.1 The Treasury Management Policies have been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of: (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2017; (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2017; and (iii) the Statutory Guidance on Local Authority Investments (the 'Investments Guidance') issued by the Ministry of Housing, Communities and Local Government in 2018.
- 3.2 The 2018 Statutory Guidance on Local Authority Investments requires investment strategies to be published for treasury and non-treasury investments such as property portfolios. All references to 'investments' in the TMS 2019/20 refer to investments held for treasury management purposes

- only and do not cover non-treasury related investments. Non treasury related investments are covered in a separate paper.
- 3.3 CIPFA recommends that all public service organisations adopt a series of clauses for effective treasury management. Such clauses include the need for public service organisations to create and maintain:
 - (a) a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities; and
 - (b) suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 3.4 Under the Treasury Management Code, we are required to adopt Prudential Indicators and Treasury Management Indicators (together the 'Prudential Indicators') that support planned capital expenditure, borrowing and treasury management activities. Our Prudential Indicators will be the subject of an item on the agenda for the meeting of the Board in March 2019.
- 3.5 The Treasury Management Policies require us to have a Treasury Management Strategy (TMS) approved by the Board on at least an annual basis. The TMS for 2019/20 is included as a separate item on the agenda for this meeting. A copy of the proposed policies is included in Appendix 1.

4 TfL Group Policy Relating to the Use of Derivative Investments

4.1 The TfL Group Policy Relating to the Use of Derivative Investments must be reviewed annually. A copy of the proposed policy is included in Appendix 2.

List of appendices to this report:

Appendix 1: Treasury Management Policies

Appendix 2: TfL Group Policy Relating to the Use of Derivative Investments

List of background papers:

None

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TRANSPORT FOR LONDON

TREASURY MANAGEMENT POLICIES

TREASURY MANAGEMENT POLICIES

1 BACKGROUND

- 1.1 The establishment and review of a policy for TfL in relation to treasury management is a matter reserved to the Board. This document (including the Treasury Management Policy Statement, Treasury Management Policies, Treasury Authorities and Delegations and Treasury Management Practices) is therefore subject to Board approval.
- 1.2 This document has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of (i) the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (the 'Treasury Management Code') issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) and last updated in 2017, (ii) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2017, and (iii) the Statutory Guidance on Local Authority Investments (the 'Investments Guidance') issued by the Ministry of Housing, Communities and Local Government (MHCLG) in 2018, with respect to treasury investments.
- 1.3 This document sets out TfL's policies and practices, including approach to risk management of its treasury management activities. It also sets out authorities and delegations for treasury management activities.

2 TREASURY MANAGEMENT POLICY STATEMENT

- 2.1 TfL defines its treasury management activities as:
 - (i) the management of the organisation's investments and cash flows:
 - (ii) its financing, banking, money market, capital market and derivative transactions;
 - (iii) the effective control of the risks associated with those activities; and
 - (iv) the pursuit of optimum performance consistent with those risks.
- 2.2 TfL regards the successful identification, monitoring and control of treasury 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 their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 2.3 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 value for money in treasury management, and to employing suitable performance measurement techniques, always in the context of effective risk management.
- The following sections detail TfL's overarching policies for treasury management, including high level policies for borrowing and investments, as recommended by the Treasury Management Code.

Borrowing Policy

- 2.5 As required by the Local Government Act 2003, at all times, the aggregate of all TfL's borrowings will be within the Authorised Limit set by the Mayor and adopted by the Board.
- 2.6 TfL's borrowing to fund capital expenditure is to be contained within the profile agreed with HM Treasury. As confirmed by HM Treasury in a letter dated 2 March 2016, from the financial year 2016/17 onwards TfL is able to defer borrowing from one year to the next until needed, provided TfL informs the relevant HM Treasury officials at least eight weeks ahead of the end of the financial year.
- 2.7 Under section 2(3) of the Local Government Act 2003, TfL may not, without the approval of HM Treasury, borrow other than in Sterling. All borrowings will be in Sterling unless HM Treasury grants approval to borrow in alternative currencies, in which case TfL may borrow in any currency approved by HM Treasury.
- 2.8 Under section 13(1) of the Local Government Act 2003, TfL (the local authority) may not charge any of its property as security for money which it has borrowed or which it otherwise owes. All money borrowed by TfL (the local authority) shall be charged indifferently on all revenues of the authority. TfL subsidiaries however may charge their property as security for money which they borrow or otherwise owe, pursuant to Section 4 of the Transport for London Act 2016¹.
- 2.9 Where TfL is issuing new debt, or refinancing existing debt, it may be necessary or commercially desirable to draw the new debt prior to the repayment of the debt being refinanced, which may result in a temporary increase in liabilities above the planned incremental borrowing for the year. Borrowing in excess of the incremental amounts agreed with Central Government is permitted, provided the position is temporary and that TfL remains within the Authorised Limit at all times (i.e. it reflects the temporary utilisation of headroom between the planned incremental borrowing and the legal limit on TfL's liabilities).

Investment Policy

- 2.10 All cash balances will be invested having regard to the relevant Investments Guidance, as applicable to treasury investments, and the GLA Responsible Investment Policy.
- 2.11 If any investment or derivative limit applicable to a counterparty under the Treasury Management Policies or Treasury Management Strategy changes while TfL has an

¹ Section 4 of the Transport for London Act 2016 has not yet entered into force. It will enter into force on a day appointed by TfL.

outstanding investment or derivative with that counterparty, it will not be considered a breach of these limits. TfL may seek to bring its exposure down to within the revised limits, or at the Corporate Finance and Strategy Director's discretion, may decide to allow an investment or derivative to run its course for economic reasons.

Liquidity Policy

- 2.12 The TfL Group's (excluding ring fenced subsidiaries; Crossrail Limited, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited) minimum level of cash and short-term investments will be, on average, at least 30 days' worth of forecast annual operating expenditure. TfL may also have undrawn credit facilities in place to supplement the cash balances, as required.
- 2.13 TfL may borrow short-term for working capital purposes, provided the position is temporary and that TfL remains within the Authorised Limit at all times.
- 2.14 The statutory and managing Chief Finance Officers² will be notified of any material changes in the usage of short-term sources of liquidity.

TREASURY MANAGEMENT AUTHORITIES AND DELEGATIONS

3 RESPONSIBLE OFFICERS

3.1 The Treasury Management Policies will be implemented, operated and administered through the Treasury team within the Corporate Finance Directorate and will be applied to TfL and all its subsidiaries whose monies are under the control of Treasury.

- 3.2 The managing Chief Finance Officer is responsible for advising the Board on investments, borrowing, derivatives, financial risk management, capital financing and also for the establishment and operation of banking arrangements necessary for the TfL Group business. On an operational basis, this will be discharged through the Corporate Finance and Strategy Director.
- 3.3 The statutory Chief Finance Officer is responsible for ensuring the execution of the Treasury Management Policies, as the designated Section 127 officer under the Greater London Authority Act 1999. On an operational basis, this will be discharged through the Corporate Finance and Strategy Director.
- 3.4 The Corporate Finance and Strategy Director and Treasury officers will implement, execute, operate and administer a Treasury Management Strategy (TMS).
- 3.5 The arrangements for the implementation, execution, operation and administration of the TMS, including the arrangements for banking, cash management, investment of cash balances, borrowing, liquidity management and financial risk management are delegated to the managing Chief Finance Officer and the Corporate Finance and Strategy Director, provided no decision contravenes the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the

² References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999. References to managing Chief Finance Officer mean the Managing Director (Chief Finance Officer).

Use of Derivative Investments. Subject as otherwise provided for in the TMS, the Treasury Management Policies or the TfL Group Policy Relating to the Use of Derivative Investments, the Treasury officers will enter into any appropriate documentation.

- 3.6 The statutory or managing Chief Finance Officers or the Corporate Finance and Strategy Director will appoint relevant Treasury officers to be authorised signatories for the purposes of paragraph 3.5.
- 3.7 Subject as otherwise provided for within these policies, no investments, borrowings or entry into credit arrangements (including, but not limited to any lease³ or other such arrangement that might count towards TfL debt or liabilities under relevant accounting standards) shall be permitted without the consent of the statutory or managing Chief Finance Officer or Corporate Finance and Strategy Director.
- 3.8 The managing Chief Finance Officer or Corporate Finance and Strategy Director will provide guidance for accepting financial guarantees, performance bonds, letters of credit and other credit enhancing products, and this must be followed by TfL and/or its subsidiaries at all times.
- 3.9 For the purposes of this document, TfL Officers means the Commissioner, managing Chief Finance Officer, General Counsel and Corporate Finance and Strategy Director.

4 BORROWING

- 4.1 The managing Chief Finance Officer is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within the TfL's Authorised Limit). The Corporate Finance and Strategy Director is authorised to approve, notwithstanding the value of the borrowing, any new borrowings (subject to this falling within the TfL's Authorised Limit) for a tenor of not more than 12 months.
- 4.2 Without further reference to the statutory or managing Chief Finance Officer, Treasury officers will use the Euro Commercial Paper programme and any other short-term facilities (e.g. overdraft, commercial paper, back-stop facilities or revolving credit facilities) to manage its liquidity requirements.
- 4.3 Approval of, and entry into any required agreements or other documentation in relation to the implementation of permitted borrowing is delegated from the Board to TfL Officers.
- 4.4 The managing Chief Finance Officer may approve the pre-payment or refinancing of loans or re-purchase or redeeming of existing debt instruments.
- 4.5 TfL officers will follow ongoing compliance and disclosure procedures set out in the TfL Prudential Borrowing Process for Ensuring Compliance in relation to the Medium Term Note Programme.

³ Consent not required if the impact of the debt or liability is driven by the reclassification of existing leases as a result of the adoption of IFRS 16

5 INVESTMENTS

- 5.1 The Corporate Finance and Strategy Director and Treasury officers may enter into investment related agreements and/or documentation required to execute the TMS.
- 5.2 The managing Chief Finance Officer or Corporate Finance and Strategy Director will set individual investment counterparty exposure limits, which will be within any limits approved by the Board in the Treasury Management Strategy.
- 5.3 The managing Chief Finance Officer or Corporate Finance and Strategy Director will approve investment and derivative counterparties.

6 BANKING

- 6.1 The Corporate Finance and Strategy Director shall as and when necessary be authorised to:
 - (a) supply to TfL's financial institutions, lists of officials authorised to sign in respect of each and any account(s) of TfL and/or any TfL subsidiary together with specimen signatures;
 - (b) open further accounts for and on behalf of TfL and/or any TfL subsidiary and supply to the financial institutions, details of the signatories together with specimen signatures in respect of such account(s);
 - (c) notify the financial institutions of any restrictions on the operation of any such accounts; and,
 - (d) agree on behalf of TfL and/or any TfL subsidiary the terms of any facility or service provided by the financial institutions including but not limited to general banking services, bonds, guarantees and credit limits.
- 6.2 The financial institutions shall be entitled to rely on any such details or notifications supplied by the Corporate Finance and Strategy Director or any Corporate Finance officer confirmed in writing as having the same authority as the Corporate Finance and Strategy Director.

TREASURY MANAGEMENT PRACTICES (TMPs)

7 TREASURY RISK MANAGEMENT – TMP1

- 7.1 The Corporate Finance and Strategy Director will:
 - (a) design, implement and monitor all arrangements for the identification, management and control of treasury management risk;
 - (b) report annually to the Finance Committee on the adequacy/suitability thereof, and on any specific issues as directed by the Finance Committee; and.
 - (c) report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect to the statutory and managing Chief Finance Officers.

8 PERFORMANCE MEASUREMENT – TMP2

- 8.1 TfL is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim within the framework set out in its Treasury Management Policy Statement.
- 8.2 The actual performance of the treasury management function will be measured using criteria to be agreed by the managing Chief Finance Officer.

9 DECISION-MAKING AND ANALYSIS – TMP3

9.1 TfL will maintain records of its key treasury management decisions and for demonstrating that reasonable steps were taken to ensure that issues relevant to those decisions were taken into account at the time.

10 APPROVED INSTRUMENTS, METHODS AND TECHNIQUES - TMP4

- 10.1 TfL will undertake its treasury management activities by employing recognised and approved instruments, methods and techniques and within the limits and parameters defined in its policies and practices.
- 10.2 Where TfL uses derivative instruments for the management of risks, these will be approved in accordance with the TfL Group Policy Relating to the use of Derivative Investments.
- 10.3 TfL and relevant subsidiaries intend to maintain their classification as professional clients with financial institutions under MiFID II in respect of all products and services that they receive.
- 10.4 All decisions on capital/project financing, borrowing, investment and derivatives will be made in accordance with TfL Standing Orders and relevant policies and strategies.

11 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITES, AND DEALING ARRANGEMENTS – TMP5

- 11.1 TfL considers it essential, for the purposes of effective control and monitoring of its treasury management activities, for the pursuit of optimum performance, and for the reduction of the risk of fraud or error, that activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities.
- 11.2 The principle on which this will be based is a clear distinction between those charged with setting Treasury Management Policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 11.3 If for any reason there is intended to be or has been any departure from these principles, the Corporate Finance and Strategy Director will ensure that the reasons are properly reported in accordance with TMP6 Reporting requirements

- and management information arrangements (below), and the implications properly considered and evaluated.
- 11.4 The Corporate Finance and Strategy Director will ensure that there are clear lines of responsibilities, objectives and guidance for each post engaged in treasury management, and that arrangements are in place for absence cover. The Corporate Finance and Strategy Director will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out.
- 11.5 The Corporate Finance and Strategy Director will ensure all transactions are recorded, and that procedures exist for the effective transmission of funds. The Corporate Finance and Strategy Director will fulfil all such responsibilities in accordance with TfL's Treasury Management Policy Statement and Treasury Management Practices.

12 REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS – TMP6

- 12.1 TfL will ensure that regular reports are prepared and considered on the implementation of its Treasury Management Policies; on the effects of decisions taken and the transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.
- 12.2 As a minimum, the following reports will be produced:
 - (a) an annual report to the Board on the strategy to be pursued in the coming year;
 - (b) a mid-year report to the Finance Committee on the performance of the treasury management function; and,
 - (c) an annual report to the Finance Committee on the performance of the treasury management function, on the effects of decisions taken and the transactions executed in the past year, and on any non-compliance with the organisation's Treasury Management Policy Statement and Practices.
- 12.3 The statutory and managing Chief Finance Officers will receive regular monitoring reports on treasury management performance, activities and risks.
- 12.4 In addition to the regular reporting requirements set out above, any non-compliance with the Treasury Management Policies or the Treasury Management Strategy must be immediately reported to the statutory and managing Chief Finance Officers. If the breach is material in the view of either the statutory or managing Chief Finance Officer, it must be reported to the Finance Committee as soon as practicable.

13 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS - TMP7

13.1 The Corporate Finance and Strategy Director will prepare 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.
- 13.2 TfL will account for its treasury management activities, for decisions made and transactions executed, in accordance with accounting practices and standards, and with statutory and regulatory requirements in force for the time being.
- 13.3 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 for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and practices.
- 13.4 The Audit and Assurance Committee will have responsibility for the scrutiny of Treasury Management Policies and this responsibility will be discharged through its regular scrutiny of the reports received from internal audit.

14 CASH AND CASH FLOW MANAGEMENT - TMP8

14.1 Unless statutory or regulatory requirements demand otherwise, all monies (with the exception of London Transport Insurance (Guernsey) Limited and London Transport Museum Limited) in the hands of the TfL Group will be under the control of the Corporate Finance and Strategy Director, 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 Corporate Finance and Strategy Director will ensure that these are adequate for the purposes of monitoring compliance with the policy statement.

15 MONEY LAUNDERING - TMP9

15.1 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, if required by law or regulation, 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.

16 TRAINING AND QUALIFICATIONS - TMP10

16.1 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 seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Corporate Finance and Strategy Director will recommend and implement the necessary arrangements.

17 USE OF EXTERNAL SERVICE PROVIDERS - TMP11

17.1 TfL recognises that it retains responsibility for treasury management decisions at all times. TfL recognises that there may be potential value in employing external providers of 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 Corporate Finance and Strategy Director.

18 CORPORATE GOVERNANCE – TMP12

- 18.1 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.
- 18.2 TfL has adopted and implemented the key principles and recommendations of the Treasury Management Code. This document is considered vital to the achievement of proper corporate governance in treasury management. The Corporate Finance and Strategy Director will monitor and, if and when necessary, report upon the effectiveness of these arrangements.



TRANSPORT FOR LONDON GROUP

TFL GROUP POLICY RELATING TO THE USE OF DERIVATIVE INVESTMENTS

1 INTRODUCTION

- 1.1 TfL promoted a Bill in Parliament which included a range of provisions clarifying existing legislation and introducing new powers. The Bill completed its passage through Parliament in April 2008 and was granted Royal Assent on 22 May 2008 to become the Transport for London Act 2008 (as amended by the Transport for London Act 2016, the TfL Act). Section 49 of the TfL Act relates to powers to make arrangements for risk mitigation in respect of the prudent management of the financial affairs of TfL and its subsidiaries. The provision came into force on 22 July 2008.
- 1.2 TfL agreed with the House of Commons Committee considering the original Bill promoted by TfL that a TfL Board approved annual policy on the use and governance of derivative investments to be entered into pursuant to section 49 of the TfL Act would be put in place.
- 1.3 Any amendments to this policy are subject to prior approval from the TfL Board. Compliance with this policy is mandatory. It is primarily for the internal use and guidance of TfL and its subsidiaries only.

2 USE OF POWERS OF DERIVATIVE INVESTMENTS

2.1 The TfL Act confers powers to prudently manage certain financial risks. Any derivative investment entered into must be entered into solely for the purpose of managing such a risk and speculative investment in derivative investments is not permitted. The powers are subject to various restrictions and safeguards as set out in this policy.

3 RESTRICTIONS ON THE POWERS TO ENTER INTO DERIVATIVE INVESTMENTS

- 3.1 The powers to enter into derivative investments are subject to the following restrictions:
 - (a) the powers are only exercisable for the purposes of the prudent management of the financial affairs of TfL and its subsidiaries and of limiting the extent to which any TfL body¹ would be affected by changes in the following:
 - (i) interest rates;
 - (ii) exchange rates;
 - (iii) inflation of the United Kingdom or elsewhere;

¹ TfL body means TfL, any subsidiary of TfL, a joint venture of TfL or an associated undertaking of TfL.

- (iv) rates or prices applicable to oil, electricity or any commodity which is used by any TfL body or by which a TfL body is affected or to which it is otherwise exposed under a relevant agreement;
- (v) rates or prices applicable to any securities creating or acknowledging indebtedness issued by or on behalf of:
 - · the government of the United Kingdom;
 - any state outside the United Kingdom;
 - any body the members of which comprise states which include the United Kingdom or another EEA State; or
 - any body the members of which comprise bodies whose members comprise states which include the United Kingdom or another EEA State; or
- (vi) any index reflecting any of the matters referred to in paragraphs (i) to (v);
- (b) only qualifying TfL subsidiaries (as defined in section 49) can enter into derivative investments and TfL itself cannot; and
- (c) a qualifying TfL subsidiary can only enter into a derivative investment with TfL's consent and in accordance with any guidance or special or general directions given by TfL.
- 3.2 TfL is accountable for its subsidiaries' exercise of the powers and the usual TfL statutory requirements and safeguards apply. In particular, the exercise of the powers will fall within the statutory remit of TfL's Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999.

4 CORPORATE GOVERNANCE

- 4.1 The following governance controls and oversight of the use of the powers apply:
 - (a) any derivative investment must be in accordance with this policy;
 - (b) the Finance Committee is authorised to give consent on behalf of TfL to any derivative investment or a programme of derivative investments;
 - (c) the prior consent of the Finance Committee is required before a qualifying TfL subsidiary can enter into any derivative investment or a programme of derivative investments:
 - (d) the Finance Committee can issue any guidance or specific or general directions to any qualifying TfL subsidiary as to the manner in which it is to exercise its functions in relation to derivative investments:
 - (e) the TfL Board and Finance Committee will be provided with professional financial and legal advice, as required, in respect of their functions relating to the examination and approval of the exercise of the powers;

- (f) the approval of the statutory Chief Finance Officer ² is required before any derivative investment or programme of derivative investments is entered into, in recognition of the statutory role under local authority finance legislation;
- (g) the approval of the managing Chief Finance Officer ³ is required before any derivative investment or programme of derivative investments is entered into;
- (h) in respect of the derivative investments, the statutory and managing Chief Finance Officers will approve the types of instruments used;
- (i) any one of the managing Chief Finance Officer and Corporate Finance and Strategy Director are authorised by the TfL Board to give consent on behalf of TfL to approve derivative counterparties;
- (j) any use of derivative investments will be monitored on a regular basis by the statutory Chief Finance Officer;
- (k) any use of derivative investments will be reported in the TfL Group accounts in accordance with International Financial Reporting Standards (IFRS);
- (I) the reporting of all derivative investments in the TfL Group accounts will be subject to audit by the TfL Group's auditors; and
- (m) the recognised market standard legal documentation processes for derivative investments produced by the International Swaps and Derivatives Association will be used where appropriate with suitable TfL bespoke amendments.

5 RESPONSIBLE OFFICERS

- 5.1 The Corporate Finance and Strategy Director will be responsible for:
 - (a) the proposal of all matters relating to the exercise of powers under section 49 of the TfL Act;
 - reporting on a regular basis to the Finance Committee on the adequacy / suitability of the exercise of these powers, and on any specific issues as directed by the Finance Committee;
 - (c) reporting, as a matter of urgency, to the statutory and managing Chief Finance Officers, the circumstances of any actual or likely difficulty in achieving TfL's objectives in this respect; and
 - (d) responding to any queries of the statutory or managing Chief Finance Officers following the statutory or managing Chief Finance Officers' review of the regular reports.
- 5.2 The approval of the statutory and managing Chief Finance Officers is required before:

² References to statutory Chief Finance Officer in this document mean the Chief Finance Officer under sections 114 and 115 of the Local Government and Finance Act 1988 and section 127 of the Greater London Authority Act 1999.

³ References to managing Chief Finance Officer in this document mean the Managing Director (Chief Finance Officer).

- (a) any derivative investment or programme of derivative investments is proposed to the Finance Committee; or
- (b) any changes to the Risk Management Strategy is proposed to the TfL Board.
- 5.3 The Corporate Finance and Strategy Director will propose exposure limits to counterparties with whom TfL may enter into derivative investments. These limits will be approved by the TfL Board as part of the Treasury Management Strategy, prior to the start of the relevant financial year.
- 5.4 In order to ensure compliance with the legal controls set out in section 49, the Chief Finance Officer is required to state that all legal controls in section 49 will be met before a transaction can be executed. In giving this approval, the Chief Finance Officer must seek the advice of General Counsel and other professional advisers as may be required.
- 5.5 Once all the necessary approvals required under this policy have been obtained, the Corporate Finance and Strategy Director and Corporate Finance officers will be authorised to agree and execute any related documentation required in relation to the approved derivative investments or programme of derivative investments.

6 REPORTING REQUIREMENTS, MONITORING AND MANAGEMENT INFORMATION ARRANGEMENTS

- 6.1 TfL will ensure that regular reports are prepared and considered on the implementation of this policy; on the effects of decisions taken and the transactions executed in pursuit of this policy; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its derivative investment activities; and on the performance of the use of derivative investments.
- 6.2 As a minimum, the following reports will be produced:
 - (a) an annual report to the TfL Board on the strategy to be pursued in the coming year;
 - (b) bi-annual reports to the Finance Committee on the performance of the treasury management function, including the status of the hedges in place; on the strategy to be pursued in the coming months; on the effects of decisions taken and the transactions executed over the review period, and on any noncompliance with this policy; and
 - (c) periodic reports to the statutory and managing Chief Finance Officers.
- 6.3 The statutory Chief Finance Officer will monitor the use of derivative investments on a regular basis and part of this process will include the review of the periodic reports.

7 ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 TfL will account for derivative investments, for decisions made and transactions executed, in accordance with best practice and commercial and accounting practices and standards, and with statutory and regulatory requirements in force at the time.

- 7.2 TfL will consult with external auditors as required regarding correct accounting treatment.
- 7.3 TfL will ensure that its auditors, and those charged with regulatory review, have access to all information, and papers supporting the activities of the use of derivative investments for the proper fulfilment of their roles.

Policy Custodian and Owner

- 7.4 The owner of this policy is the Corporate Finance and Strategy Director but its content and any amendments to it must be approved by the TfL Board.
- 7.5 This policy will be reviewed annually.



Agenda Item 14



Board

Date: 27 March 2019

Item: Investment Strategy 2019/20 – Non Financial Assets

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to ask the Board to approve the proposed Commercial Development Investment Strategy 2019/20 Non Financial Assets set out in Appendix 1 (the Strategy).
- 1.2 The Strategy sets out how we plan to manage and grow our various commercial assets.

2 Recommendations

- 2.1 The Board is asked to note the paper and:
 - (a) approve the Commercial Development Investment Strategy 2019/20 Non Financial Assets attached at Appendix 1; and
 - (b) delegate authority to the Finance Committee to approve any changes to the Commercial Development Investment Strategy 2019/20 Non Financial Assets during the course of the year.

3 Investment Strategy

- 3.1 Updated statutory guidance on Local Government Investments requires that TfL's Investment Strategy should include reference to "other non financial assets that the organisation holds primarily for or partially to generate a profit".
- 3.2 The Strategy sits alongside TfL's Treasury Management Strategy, which addresses financial investments, the latest version of which is elsewhere on the agenda for approval at this meeting.
- 3.3 The Guidance recommends that the strategy should be presented for approval before the start of the financial year.

List of appendices to this report:

Appendix 1: Commercial Development Growth and Investment Strategy

List of Background Papers:

None

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TRANSPORT FOR LONDON

INVESTMENT MANAGEMENT STRATEGY 2019/20 FOR NON FINANCIAL ASSETS

1 SUMMARY

1.1 This Investment Management Strategy (IMS) 2019/20 describes the objectives of the TfL's programme of investment in commercial assets, the associated sources of funding, approach to managing the risks arising from it and relevant key performance indicators.

2 BACKGROUND

- 2.1 The IMS 2019/20 has been prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), as well as the key recommendations of:
 - (i) the Prudential Code for Capital Finance in Local Authorities (the 'Prudential Code') issued by CIPFA and last updated in 2017; and
 - (ii) the Statutory Guidance on Local Authority Investments (the '2018 Investments Guidance') issued by the Department for Communities and Local Government (DCLG) in 2018.
- 2.2 As recommended by the 2018 Investments Guidance, this strategy will be updated at least annually and submitted for the approval of the Board.
- 2.3 The IMS 2019/20 will be implemented, operated and administered under delegations of authority established in TfL Standing Orders.

3 STRATEGIC OBJECTIVES

- 3.1 The objectives underpinning the IMS 2019/20 are to:
 - (i) produce a growing, sustainable operating surplus for TfL from its commercial assets;
 - (ii) fund the commercial investment programme to achieve growth from capital receipts in the form of land sales, asset disposals and development profits, alongside funding options from a new asset holding structure as necessary;
 - (iii) create a potential source of future liquidity for TfL through improving structural, legal and strategic aspects of each asset class that maximise value and enable future transactions; and
 - (iv) deliver in excess of 10,000 homes under the Mayor's Transport Strategy, with a target of 50 per cent affordable housing for residential projects brought to market in this mayoral term. The strategy will also aim to improve accessibility of the transport system through step free access, enhancing the customer experience in stations and offering mobile connectivity.

4 INVESTMENT PROGRAMME

4.1 The Investment Strategy is forward looking with substantial capital expenditure anticipated over a 10-year period. The main programmes of capital expenditure within the plan are listed in Table 1. While some of these investments aim to deliver capital income returns, the majority is set to deliver an ongoing rental stream and associated asset value.

Table 1 – Main programmes of capital expenditure

	2018/19 - 2028/29 Capital Plan
	Ranking by Expenditure (largest to smallest)
Build to rent residential (BtR)	1
Retail expansion and estate improvements	2
Earls Court development	3
Development for Sale Joint Ventures	4
Office rental development	5
Digital Media	6
Crossrail over station development commitments	7
Telecoms	8

Build to Rent

- 4.2 The majority of the capital investment proposed in the IMS relates to real estate with the largest sums primarily directed to Build to Rent (BtR) residential stock. TfL's development land is primarily in areas considered well located for residential development, and this investment follows a natural path from our requirement to deliver 10,000 homes on our land under the Mayor's Transport Strategy. BtR has a track record of delivering real growth in rental income (i.e. matching or exceeding inflation). Property Market Analysis data from 2003 to 2018 shows a 1.0 per cent real growth rate per annum vs a return in line with the Consumer Price Index(CPI) for residential rental values in outer London and flat 0 per cent growth per annum for inner London. This data includes a period of economic downturn during the 2007 financial crisis. We propose to target outside of central London for BtR. In addition to resilience during downturns, BtR has low exposure to obsolescence, although purpose built BtR is still a relatively immature market compared to other property sectors.
- 4.3 In order to deliver the BtR programme, TfL will invest in new site developments with chosen partner/s. Building stock through new development delivers property at a discount to purchasing completed units, which enhances income yields and capital

returns. The ongoing tender process for bidders is near to completion and we are aiming to select the delivery partners in 2019/20.

Retail expansion and estate improvements

4.4 TfL will invest in new retail expansion on our current estate, and in line with a revised customer experience strategy, target investment in improving the existing retail portfolio. Our assets are in prime locations with consistent footfall, making them more resilient to economic downturns. Historical investment has been limited and there is a significant opportunity to bring retail assets up to the required standard. This will drive higher average asset values throughout the portfolio. TfL will utilise assets in new ways through more effective data analysis and targeting of suitable brands to enhance retail offerings. In 2019/20 TfL will commence the first stages of this programme.

Earls Court development

4.5 TfL will continue to progress our investment in Earls Court, during 2019/20, with the aim of unlocking the site and commencing future delivery of homes.

Development for sale Joint Ventures

4.6 TfL plans to invest in development for sale, on land sites that are deemed suited to this purpose. Such development will deliver future profits, providing cash flow to reinvest, whilst contributing to new home delivery in London. In 2019/20 TfL will progress existing schemes through planning and conclude marketing of others.

Office rental developments

4.7 Ownership around transport modes creates other ancillary options, such as office use. TfL will consider long term investment and retention in such developments including a current significant development at Southwark. In 2019/20 TfL plans to confirm land swap arrangements with London Borough of Southwark and submit a planning application.

Digital media

- 4.8 Media is currently the single biggest commercial contributor. It includes advertising estates across the London Underground, TfL Rail and Bus Shelters.
- 4.9 The Out of Home (OOH) advertising market is currently forecasting limited growth in the UK, with a leading advertising intelligence service forecasting 1.5 per cent per annum growth over the next two years. This compares to internet advertising growth of 5.4 per cent per annum.
- 4.10 Despite this subdued level of growth the OOH market is moving at pace to a much more digital orientated service, which presents a significant opportunity for TfL given the size of the estate and prime location of assets. The expectation and the evidence of spend diverting to digital will continue.
- 4.11 TfL expect the media landscape to evolve over the business plan period, with consolidation in the OOH area by major providers. TfL needs to prepare for this by presenting a modern network of assets to the market.

4.12 TfL will complete a first phase of major investment in digital media assets, and over the plan period schedule further investment in line with a need to refresh assets every six to seven years. Without investment there is a risk that revenue streams could decline.

Telecoms

4.13 In 2019/20 TfL will conclude proposals to deliver public cellular services and a fibre optic data network across its tunnels and land. Our intention is to partner with established market players to deliver and manage these services. Levels of investment will be determined based on anticipated returns and risk level.

5 SOURCES OF FUNDING

- 5.1 Capital investment to generate additional income will mainly be funded out of capital receipts over the life of the Business Plan. The target is to fund investment year on year across the programme while allowing individual schemes to develop and then achieve future projected returns.
- 5.2 Disposal and sale receipts will be used to fund developments. TfL will consider selling income generating assets with weak long term income prospects; properties currently producing no income; and sites with development potential. In 2019/20 TfL will progress the first stage of identified disposals to completion in accordance with budget requirements.
- 5.3 Due to the relatively illiquid nature of the portfolio of property assets, the timing of receipts is not certain. Due diligence via forecasting will be undertaken to ensure future timings of investment commitments on development sites can be met.
- 5.4 TfL will use Joint Ventures as a primary delivery route for real estate projects where land interests will be sold into the joint venture and followed by investment in an equity interest in the joint venture. This method enables us to be flexible on capital investment levels and brings in skill sets and market specialisms to limit risk and increase successful deliveries.
- 5.5 TfL will also investigate and develop alternative ways of funding that could be achieved by consolidating our commercial property assets into a portfolio. We will work with external advisors to deliver corporate structures to provide this. Consideration will be given to the impact on TfL group activities, including borrowing limits and credit ratings in establishing the structures and any funding will be conducted under standing orders delegation and working with TfL's Corporate Finance team.

6 RISK MANAGEMENT

- 6.1 The level of risk associated with non-financial investments described above will vary across industries as well as across specific projects within that industry. This section seeks to address how this risk will be minimised to ensure good stewardship of public funds.
- 6.2 In order to ensure that the self-funding objective is maintained throughout the plan, TfL will not enter into long-term project commitments until the funding arrangements are clear, whether through disposals or other funding options.

- 6.3 TfL will seek to minimise risk to assets and loss of capital value. Control will be retained over assets through ownership retention, step in rights and other legal protections up to completion / payment. Credit and reputational risks will be assessed and monitored. Long-term contractual commitments will be fully assessed and reviewed.
- 6.4 TfL will manage real estate scheme risks through assessments of sustainability of income stream, planning risks, construction risks, stakeholder risks and political risks. In addition two risks are considered in further detail:
 - (i) market / sales risk Development value across all joint ventures primarily focuses on the residential sector. TfL will manage risk levels through prudent assessment of sales values and likelihoods and also through forward sales of affordable housing to Registered Providers who have a strong appetite to purchase stock; and
 - (ii) credit risk There is a risk on availability of credit on a site by site basis and impact of long term interest payments if sales demand is weak. TfL will not progress schemes unless funding sources are confirmed.
- 6.5 TfL will monitor and set appropriate levels of gearing across our portfolio to ensure we are not overly exposed if market conditions worsen. Prudent assumptions of 50 per cent within development phases (loan to cost) and 40 per cent within the income generating investment phase (loan to value) have been set as a benchmark. Alternative funding options will be carefully assessed as needed. TfL will ensure interest cover ratio (rental values relative to interest to service debt), are agreed and can be met prior to finalising any debt packages.
- 6.6 Measuring and managing forward commitments will be a key part of overall programme management, along with forecasting scheme outcomes regularly and testing for market conditions. TfL will manage exposures by reducing equity share in JVs and thus lowering investment requirements, and will cancel or defer projects as needed, should there be indications of a property downturn.
- 6.7 When assessing schemes TfL will take a prudent approach to cost growth and value growth.
- 6.8 The investment programme focuses on markets where we have a natural advantage, namely our land. This puts us in a strong position to invest capital compared to other operators in the market and minimises risk.
- 6.9 Investing into our property estate will provide liquidity options in the form of underlying asset value which can be traded as per TfL requirements to manage overall risk. This is particularly relevant within the BtR portfolio where market research has proven there to be significant investor demand, so TfL will manage exit options as part of its risk approach.
- 6.10 Valuations will be important factors in ensuring investment decisions are justified. The valuation process will be completed on a six monthly basis and ad-hoc as required. TfL will regularly assess fair value of assets relative to capital investment and loans to ensure informed decisions are made and compliance with loan terms is assured.

- 6.11 TfL will use independent experts as required to inform investment decisions. These will be procured on a case by case basis around the specific activity i.e. transport node retail projects will require different market advisors compared to other assets in the portfolio. Procurement will occur through TfL frameworks, where a competitive process ensures the most technically competent and most economical advisors are available as required.
- 6.12 Similar due diligence and competitive procurement processes are in place for our investment decision making. Suppliers will undergo a rigorous process which demonstrates TfL are achieving best value. Protection measures will be included within commercial contracts giving us ability to monitor and assess suppliers throughout the life of any project.
- 6.13 TfL will also use experts in property in its governance process and provide challenge to investment decisions. This group consists of property industry experts from a range of backgrounds, ensuring all our property investment projects can be scrutinised.

7 KEY PERFORMANCE INDICATORS

- 7.1 Subject to meeting security and liquidity requirements, yields and returns on capital investment will drive all decisions. Specific key performance indicators (KPIs) will be used by TfL to assess and monitor investments:
 - (i) all projects will be expected to produce a positive *net present value* discounted at TfL's standard rates;
 - (ii) all projects delivering rental income will be expected to achieve *yields* in excess of our cost of borrowing;
 - (iii) target geared *Internal Rate of Return (IRR)* will be measured. This will be based on market testing of development schemes as well as internal experience on schemes to date. This will vary according to the project and will take into account the following considerations:
 - delivery requirements within the Mayor's Transport Strategy (e.g. step free access as part of a development scheme, delivery of affordable housing) which could reduce the IRR; and.
 - different industries in which CD operates have different risk profiles and the IRR expectation will reflect this; and
 - (iv) TfL will measure **Return on Equity (ROE)**, a metric which is well used across the property industry showing levels of profit compared to TfL capital invested.
- 7.2 Third party debt and capital investment will be utilised by TfL as required to promote growth. If the interest rate available is greater than the net yield on the property investment TfL will review dilution of returns in assessing viability. Consideration will be given to the impact of debt on the group, specifically around financial ratios, as well as the impact on other investments in transport and infrastructure.

- 7.3 There is recognition that introduction of third party capital does not in itself boost income returns indeed, it may dilute income returns after allowance for any management fees introduced with the third party capital. The introduction of investment partners will be driven more by the skills they bring, with the expectation of improvements in delivery and increases in income returns. Proposals for introduction of third party capital will be tested against the requirement for liquidity. TfL will make an assessment as to whether a stake in an investment vehicle is likely to be more or less liquid than direct ownership of the properties.
- 7.4 The boosts to long-term income may potentially come from identifying new sources of income consequent upon being located at major transport nodes. TfL will have regular reviews of global innovation in terms of new sources of income around transport nodes.
- 7.5 A summary of key investment areas and rationale is attached at Appendix 1.

Appendix 1

Investment Area	Overview	Rationale
Build to Rent	TfL will procure a BtR investment partner to deliver residential units and long term rental on TfL land. Major investment required identified BtR sites, delivering in excess of 3,000 units. We expect to become one of London's leading operators and owner of BtR. Sites include Limmo, Nine Elms & Woolwich.	Delivers long term recurring rental stream and asset value growth. Demand and supply dynamic favours rented product in London.
Retail enhancement and estate improvements	TfL will create new commercial assets across transport nodes and invest in existing assets through asset management initiatives, including exploiting opportunities of long leasehold interests. Investment plans include capital for maintenance and health & safety of our portfolio.	Delivers rapid increase in net income, makes best use of existing assets, and delivers enhanced customer experience.
Earls Court	The largest single development contributing to TfL 10,000 homes target working with our Joint Venture partner. Creating a new district and supporting thousands of jobs.	Largest single contributor to 10,000 homes target.
Development Joint Ventures	TfL will establish Joint Ventures with private sector companies to deliver capital receipts from land plus profits and deliver in excess of 2,700 units. Sites include Kidbrooke, Blackhorse Road, Landmark Court and Northwood Town.	Supports 10,000 homes target. Sites typically have best sales potential with residential values typically <£900 psf. Strong interest from PPF panel.
Office rental development	Offices in central London can produce good returns but can be volatile. TfL has a major opportunity for delivery of an over station development at Southwark, creating Grade A commercial office space.	Station environment enhancement and delivering Grade A office space in a proven location
Media	TfL will be replacing life expired assets and deliver new digital formats in Partnership with Exterion Media.	Investment in digital required to maintain and grow revenues with consumer expectation of digital product.

Agenda Item 15

Board

Date: 27 March 2019

TRANSPORT FOR LONDON EVERY JOURNEY MATTERS

Item: TfL Subsidiaries Rationalisation

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to set out proposals for the making of three transfer schemes under the Greater London Authority Act 1999 (GLA Act) to transfer, subject to the Mayor's approval, certain property, rights and liabilities of LUL Nominee SSL Limited (SSL), LUL Nominee BCV Limited (BCV) and Tube Lines Limited (TLL) (save in relation to rights and obligations under the public-private partnership contracts with London Underground Limited (LUL) and under the Northern Line Train Services Contract) to LUL.
- 1.2 The purpose of these transfer schemes is to allow SSL and BCV to become dormant companies. TLL will not become dormant but its accounting will be simplified. Investigations will continue into making TLL dormant in the future. These changes will result in cost savings through the reduction of the company secretarial and accounting burden of maintaining three subsidiary entities that perform no operational function in the TfL Group. Importantly these changes will support London Underground in the delivery of future year savings of £1.2bn embedded in the 2018/19 TfL Business plan.
- 1.3 The Finance Committee considered this item at its meeting on 11 March 2019. The Committee supported the recommendation and did not raise any specific issues to draw to the attention of the Board.
- 1.4 A paper is included on Part 2 of the agenda, which contains exempt supplemental information and documentation. The information is exempt by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL and legally privileged information.
- 1.5 This project is an enabler for the wider finance transformation programme.

2 Recommendation

- 2.1 The Board is asked to note the paper and the related supplemental information on Part 2 of the agenda and:
 - (a) approve the making of the Transport for London (London Underground Legal Entity Rationalisation) Transfer Schemes 2019 described in this paper to transfer all property, rights and liabilities from LUL Nominee SSL Limited, LUL Nominee BCV Limited and Tube Lines Limited to London Underground Limited (save in relation to rights and obligations under (i) the public-private partnership

contracts with London Underground Limited; and (ii) in respect of Tube Lines Limited only, the Northern Line Train Services Contract with Alstom NL Service Provision Limited);

- (b) approve the submission of the transfer schemes to the Mayor for his approval; and
- (c) authorise the TfL Officers and Subsidiaries described at paragraph 2.2 below:
 - (i) to agree the form of the transfer schemes;
 - (ii) to seek the Mayor's approval of the transfer schemes; and
 - (iii) to do all such other things as they consider necessary or desirable to facilitate the making and implementation of the transfer schemes.
- 2.2 The following Officers and Subsidiaries shall have delegated authority:
 - (a) TfL Officers: the Commissioner, Chief Finance Officer, the Managing Director London Underground and General Counsel; and
 - (b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited and any other subsidiary (whether existing presently or to be formed) of Transport Trading Limited and any of the directors of the relevant company shall be authorised to act for and on behalf of that company.

3 Background

- 3.1 Metronet Rail BCV Limited, Metronet Rail SSL Limited (the Metronet companies) and TLL were infrastructure companies in public-private partnership with LUL. They entered into public-private partnership service contracts (PPP Contracts) with LUL and were responsible for the maintenance, renewal and upgrade of certain London Underground lines from 2003.
- 3.2 In July 2007, the Metronet companies were put into PPP administration. To enable TfL to take over the businesses of the Metronet companies and deliver their PPP obligations the property, rights and liabilities of the Metronet companies were transferred to SSL and BCV, two dedicated subsidiaries of Transport Trading Limited (TTL). These transfer schemes came into effect in May 2008.
- 3.3 In June 2010, the entire issued share capital of TLL was acquired by TTL and it became a wholly-owned subsidiary of TTL, sitting within the TfL Group.
- 3.4 The PPP Contracts were kept in place between LUL and each of BCV, SSL and TLL. BCV, SSL and TLL have subcontracts with third party service providers which cover the scope of services envisaged in the PPP Contracts (the Subcontracts). The Subcontracts contain various links and references to the PPP Contracts that are relevant to the operation of those subcontracts.

- 3.5 In practice, LU is now making payments directly to the subcontractors from the LU bank accounts with correspondence directly made by LU. Some of the Subcontracts have subsequently been entered into directly by LU. TfL now wishes to make SSL and BCV dormant and simplify the structure within TLL, to reflect current operations and realise associated benefits, which is explained further in section 5. This project is a key enabler for a more unified and integrated finance function within TfL and supports our Enterprise Resource Planning (ERP) strategy to upgrade SAP.
- 3.6 Once all property, rights and liabilities of SSL and BCV (except the PPP Contracts) have been transferred to LUL they will be left as dormant companies, eliminating unnecessary complexity and administrative costs. The PPP Contracts between LU and each of SSL, BCV and TTL will remain in place with those entities, given the interdependency with the various Subcontracts mentioned in paragraph 3.4. Whilst SSL and BCV remain the counterparties to the PPP Contracts, they will remain on the Companies House register. The closure of existing bank accounts has been identified as the key requirement to realising dormant status. New bank accounts have been requested in the name of LU.
- 3.7 Our auditors (Ernst & Young) have confirmed that, so long as no accounting entries fall to be recorded in the books of SSL and BCV, which TfL Finance have confirmed to be the expectation following the execution of the statutory transfer schemes, SSL and BCV will qualify as dormant.
- 3.8 Due to certain complexities it is not proposed to make TTL dormant and the Northern Line Train Services Contract (NLTSC) will remain in TTL. This is described in more detail in the paper on Part 2 of the agenda. The PPP Contracts between LUL and each of SSL, BCV and TLL will remain in place as various Subcontracts have interdependency with them.

4 Proposed Internal Transfer Schemes

- 4.1 The GLA Act provides TfL with the power to make schemes for the transfer of property, rights and liabilities between TfL and a subsidiary, or between subsidiaries, subject to the approval of the Mayor. Approval of transfer schemes prior to their submission to the Mayor is a matter reserved to the Board under TfL's Standing Orders.
- 4.2 The proposed Transport for London (London Underground Subsidiary Entity Rationalisation) Transfer Schemes 2019 are threefold:
 - (a) SSL to LUL

All property, rights and liabilities of SSL will be transferred to LUL, with no exceptions, save in relation to the PPP Contract between SSL and LUL which will remain in place between these two parties.

(b) BCV to LUL

All property, rights and liabilities of BCV will be transferred to LUL, with no exceptions, save in relation to the PPP Contract between BCV and LUL which will remain in place between these two parties.

(c) TLL to LUL

All property, rights and liabilities of TLL will be transferred to LUL, save in relation to the PPP Contract between TLL and LUL which will remain in place between these two parties and also with the exception of the NLTSC.

4.3 None of these companies has employees so no employees will transfer under these transfer schemes.

5 Financial Implications

- 5.1 LU has a significant savings challenge to deliver, as outlined within the 2018/19 TfL business plan. The future year savings of £1.2bn require transparent and simple management information which is aligned to the business operating model. Currently the structure and reporting do not reflect the LU business operating model. Instead they reflect the PPP arrangements of 10 years ago. Not addressing the recommendation of this paper has the consequence of continuing this disconnect and makes it harder to deliver the savings targets.
- 5.2 Specifically this recommendation supports our commitment to improve our planning and forecasting, make efficiencies to contractual management, and introduce lean culture to ways of working, all of which are included within our path to delivering the savings target.
- 5.3 Implementation will allow LU to operate a single balance sheet, reducing the complexity of transactions, eliminating non value-adding intercompany postings, and limiting the risk of financial misstatement. Recording costs in one company will facilitate the provision of clearer and more robust financial analysis to management in a shorter time frame, and also provide greater clarity to our lenders and the public.
- This will also be a significant enabler to support the proposed Finance Transformation Programme and the rationalisation of our processes and governance, which is a key deliverable through our implementation of the Finance "Hub".
- 5.5 This recommendation is in line with our overall ERP strategy. Reducing the complexity in this area has a significant impact on the design and control of future ERP requirements.

List of appendices to this report:

A paper containing exempt supplemental information is included on Part 2 of the agenda.

List of Background Papers:

None

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Board

Date: 27 March 2019



Item: Report of the Meeting of the Customer Service and

Operational Performance Panel held on 13 February

2019

This paper will be considered in public

1 Summary

1.1 To report to the Board on the meeting of the Customer Service and Operational Performance Panel held on 13 February 2019.

2 Recommendation

2.1 The Board is asked to note the report.

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Panel held on 13 February 2019 were published on 5 February 2019 and are available on the TfL website: https://tfl.gov.uk/corporate/publications-and-reports/customer-service-op-performance
- 3.2 The main matters considered by the Panel were:
 - (a) Quarter 3 Customer Service and Operational Performance Report;
 - (b) Taxi and Private Hire Vehicle Compliance;
 - (c) Strategic Overview of Cycling in London;
 - (d) Borough Engagement and Active Travel;
 - (e) Bus Strategy Update Next Steps;
 - (f) Future Mobility Business Models; and
 - (g) Actions Arising and Suggestions for Future Discussion Items.
- 3.3 A summary of the items discussed at the meeting is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Panel on 13 June 2019.

4 Issues Discussed

Quarter 3 Customer Service and Operational Performance Report

- 4.1 The Panel noted the quarterly report and thanked staff for adapting and amending the content and layout to reflect Members' requests. The quarterly report appears elsewhere on the agenda for the Board.
- 4.2 Members welcomed the volume of crime detections and positive outcomes, resulting in a falling trend on the bus and tram networks. Further data on response times to driver code reds would be provided.
- 4.3 A paper on the joint TfL and Metropolitan Police Vision Zero Action Plan, and how these initiatives were being assessed, would be presented to the next meeting, as would further details on TfL's travel mentoring service, as part of the Assisted Transport Services update.

Taxi and Private Hire Vehicle Compliance

- 4.4 The Panel noted the paper, which provided an overview of the work of TfL's Taxi and Private Hire compliance officers.
- 4.6 TfL's analysis of the Department for Transport's response to the task and finish group on statutory guidance for taxi and private hire licensing would be circulated to Panel Members.
- 4.7 Information on accessibility checks and compliance would be sent to Dr Alice Maynard CBE; and an invitation to attend a site visit to see such checks in action has been extended to all Board Members.

Strategic Overview of Cycling in London

- 4.8 The Mayor's Cycling and Walking Commissioner presented the paper. The Panel noted the update on TfL's strategy to grow cycling in London. Members welcomed the report and the considerable progress in promoting and supporting cycling in London, and the associated benefits, and supported the use of Local Implementation Plans to achieve the Mayor's Transport Strategy objectives.
- 4.9 Engagement with disability groups had taken place, including Wheels for Well Being and the Royal National Institute of Blind People (RNIB). Members would be advised of the outcome of issues raised by the RNIB to previous cycling schemes. An annual update on cycling would be scheduled in the Forward Plan.

Borough Engagement and Active Travel

4.10 The Panel noted the update on TfL's engagement with the boroughs to help achieve the active travel objectives of the Mayor's Transport Strategy.

Bus Strategy Update - Next Steps

4.11 The Panel noted the presentation on TfL's Bus Strategy, adding detail to the direction set out in the Mayor's Transport Strategy. Members requested an annual update to be scheduled in the Forward Plan.

Future Mobility Business Models

4.12 The Panel noted the paper which set out an overview of some of the emerging technologies and services that are impacting on existing and future transport services in London.

Actions Arising and Suggestions for Future Discussion Items

4.13 A number of additional matters were discussed including the London Underground Station Action Plan, the Gospel Oak to Barking line services and the closure of London Overground ticket offices.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Customer Service and Operational Performance Panel on 13 February 2019.

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Agenda Item 17

Board



Date: 27 March 2019

Item: Report of the Meeting of the Safety, Sustainability and

Human Resources Panel held on 27 February 2019

This paper will be considered in public

1 Summary

1.1 To report to the Board on the meeting of the Safety, Sustainability and Human Resources Panel held on 27 February 2019.

2 Recommendation

2.1 The Board is asked to note the report.

3 Background

- 3.1 The papers for the meeting of the Panel held on 27 February 2019 were published on 19 February 2019 and are available on the TfL website: https://tfl.gov.uk/corporate/publications-and-reports/safety-sustainability-hr
- 3.2 The main matters considered by the Panel were:
 - (a) Quarterly Health, Safety and Environment Performance Report;
 - (b) Energy Strategy;
 - (c) Road Danger Analysis;
 - (d) Bus Driver Facility Improvements;
 - (e) Human Resources Quarterly Report;
 - (f) Improving Total Engagement;
 - (g) Transformation Update; and
 - (h) Update on Strategic Risk Achieving Safety Outcomes.
- 3.3 A summary of the items discussed at the meeting is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Panel on 10 July 2019.

4 Issues Discussed on 27 February 2019

Quarterly Health, Safety and Environment Performance Report

4.1 The Panel noted the report, which provided an overview of health, safety and environment performance for London Underground, TfL Rail, Surface Transport and Crossrail services for Quarter 3 2018/19 (16 September to 8 December 2018). On the road network, the overall number of people, including cyclists and motorcyclists, killed or seriously injured had shown an increase which highlighted the need for Vision Zero to be embedded as soon as possible. Bus collisions had shown an improving downward trend and the number of injuries on buses had also decreased. On London Underground, the injury rate was higher than the same quarter last year and activities focusing on escalator safety and the platform train interface were being introduced.

Energy Strategy

4.2 The Panel noted an overview of the work on energy efficiency, low carbon energy generation, road transport electrification and low carbon energy procurement. An exercise was underway to asses the potential for solar generation capacity and the first Tube waste heat recovery scheme had been completed at City Road. TfL was investigating procurement models, funding models and suppliers to help achieve the target of a zero carbon railway by 2030.

Road Danger Analysis

4.3 The Panel noted an overview of the number of people involved in fatal collisions, as reported by the police during 2018.

Bus Driver Facility Improvements

4.4 The Panel noted an update on the programme, which would install a facility on 42 routes by July 2019.

Human Resources Quarterly Report

4.5 The Panel noted the report, which provided an overview on key Human Resources led activities and performance for Quarter 3 2018/19 (16 September to 18 December 2018). Workforce representativeness was slightly below the target of 70.7 per cent at 69.9 per cent against a background of increased levels of declaration. The impact of the Transformation programme was being monitored and a People Impact Assessment would be used to capture information including demographics, talent, skills and resource planning.

Improving Total Engagement

4.6 The Panel noted the progress against actions relating to the Viewpoint survey. Work was underway to understand the factors driving the scores and metrics would be developed to measure and track progress.

Transformation Update

4.7 The Panel noted the update on the programme. Financial progress was good with cost savings tracking well against the Business Plan. The launch of smart working pilots had seen a reduction in desk use which would have cost benefits and modernise work practices.

Strategic Risk Management Update

4.8 The Panel noted the work undertaken and planned to control risk through the Safety Management System.

List of appendices to this report:

None

List of Background Papers:

Papers for the meeting of the Safety, Sustainability and Human Resources Panel held on 27 February 2019.

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Board

Date: 27 March 2019



Item: Report of the Meeting of the Programmes and

Investment Committee held on 6 March 2019

This paper will be considered in public

1 Summary

1.1 To report to the Board on the meeting of the Programmes and Investment Committee held on 6 March 2019.

2 Recommendation

2.1 The Board is asked to note the report.

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 6 March 2019 were published on 26 February 2019 and are available on the TfL website: https://tfl.gov.uk/corporate/publications-and-reports/programmes-and-investment-committee
- 3.2 The main matters considered by the Committee were:
 - (a) Crossrail Update;
 - (b) Investment Programme Report Quarter 3 2018/19;
 - (c) Independent Investment Programme Advisory Group Quarterly Report;
 - (d) Use of Delegated Authority;
 - (e) Emergency Services Network;
 - (f) Technology and Data Programme and Project Authority for Financial Years 2019/20 and 2020/21;
 - (g) Surface Technology Programme 2019/20 and 2020/21;
 - (h) Air Quality Management;
 - (i) Crossrail 2;
 - (j) London Underground Major Stations Programme;

- (k) London Underground Renewals and Enhancements Signalling and Control:
- (I) London Underground Renewals and Enhancements Fleet; and
- (m) Northern Line Extension Deed of Variation.
- 3.3 A summary of the items discussed and decisions taken at the meeting is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 15 May 2019.

4 Issues Discussed

Crossrail Update

- 4.1 The Committee noted the paper. Mark Wild, Chief Executive Officer, Crossrail Limited (CRL), updated the Committee on the Crossrail project. Safety was the key area of focus and management followed a "nobody gets hurt" ethos.
- 4.2 As part of the effort to control capital costs by increasing productivity, stand up meetings had increased in frequency from monthly and quarterly to daily and weekly. Dynamic testing was underway, with one train running in each tunnel. The trains ran at full speed, with good stopping accuracy. Software updates would allow multi-train tests to be carried out and allow engineers to find bugs that could potentially impact reliability.
- 4.3 The logical sequence had been completed and, once approved at CRL Board, it would be presented to Sponsors and the production rate would be validated with suppliers to form an opening date range.
- 4.4 An update on the Crossrail project is provided as a separate item on the agenda for this meeting.

Investment Programme Report – Quarter 3 2018/19

- 4.5 The Committee noted the report and progress made against the Investment Programme in Quarter 3 2018/19, with updates from Surface Transport, London Underground and Major Projects. The Committee was told that it was a challenging environment for the Business Plan, particularly owing to the cost and loss of revenue from the delay to the opening of Crossrail. It primarily focussed on major projects, works on the Old Street roundabout, the Ultra Low Emission Zone (ULEZ) and safety.
- 4.6 Members were encouraged that safety was a key area of focus across TfL; Major Projects Directorate had released an "I am safe for" initiative, where staff were encouraged to share why they would be taking safety seriously; and the Surface Transport directorate had carried out further work with suppliers in relation to buried services in the road network.
- 4.7 Members commended the work that had gone into providing step-free access at more stations across the network.

Independent Investment Programme Advisory Group – Quarterly Report

- 4.8 The Committee noted the paper, which set out the Independent Investment Programme Advisory Group's (IIPAG) report and TfL management's response.
- 4.9 The IIPAG Chair, Alison Munro, told Members that since the last meeting of the Committee, 16 reviews had been undertaken. IIPAG was developing its work programme for the coming year so that it added the most value.
- 4.10 Members were told that Engineering leadership was working on a recovery plan for the resource; an independent review on the transformation of resource would be undertaken and the culture of sharing resource across TfL, rather than directorates owning resource was being embedded.

Use of Delegated Authority

- 4.11 The Committee noted the paper, which set out the use of delegated authority since the previous meeting.
- 4.12 There had been three uses of Chair's Action relating to: the Barking Riverside Extension project; contractual arrangements with Bombardier Transportation UK Limited; and the Track Delivery Partner Contract.

Emergency Services Network and Telecommunications Commercialisation Projects

- 4.13 The Committee noted the paper and approved Financial Authority and Programme and Project Authority for a further extension of the Emergency Service Network (ESN) Phase 1 infrastructure installation works, a public pilot of Public Cellular Network (PCN) services and the enabling works of additional cabling infrastructure required for PCN.
- 4.14 The paper focussed on updates to: the progress of the Home Office funded ESN project; the Telecommunications Commercialisation Project (TCP); and the plans for the public pilot of the PCN.
- 4.15 With regard to ESN, TfL had agreed with the Home Office that further enabling installation work was required to be brought forward into the Phase 1 scope. This would ensure that all cabling infrastructure in TfL's tunnels and a further 10 per cent of total stations cabling works could be completed. The Home Office had agreed and committed funding in principle.
- 4.16 Initial bid submissions for the TCP were expected in summer 2019, following an Invitation to Participate in Dialogue being released in May 2019.
- 4.17 It was proposed that TfL commence a pilot of the PCN on the Waterloo & City line and Jubilee line extension, which would make available 4G services from multiple Mobile Network Operators.

Technology and Date Programme and Project Authority for Financial Years 2019/20 and 2020/21

- 4.18 The Committee noted the strategic case for the Technology and Data Programme and approved the Programme and Project Authority request for the Financial Years 2019/20 and 2020/21.
- 4.19 The Authority requested would broadly be spent either on renewals, which is the refresh of assets and infrastructure, or enhancements, through innovation and transformation. Members noted that 68 per cent of the expenditure was planned for renewal of assets and that much of the enhancement expenditure was as a result of assets needing to be renewed.
- 4.20 Members welcomed the idea of the Digital Pocket Map app.

Surface Technology Programme 2019/20 and 2020/21

- 4.21 The Committee noted the paper and approved Programme and Project Authority. The paper focussed on the strategic case for the creation of the new Surface Technology Programme (STP).
- 4.22 The STP would be responsible for overseeing the governance of the strategically important technology projects that were being delivered for Surface Transport within the five year TfL Business Plan and, from April 2019, would provide the governance structure for all future technology projects being delivered by Surface Transport.
- 4.23 The Committee noted that there were four key investment projects or subprogrammes planned for 2019/20:
 - (a) Direct Vision Standard this project would support the Mayor's Transport Strategy by helping reduce the danger posed by heavy goods vehicles;
 - (b) Cycle Hire Payment Systems this project would seek to keep up the momentum of record cycle hire figures by making the software more user friendly;
 - (c) Emirates Air Line the first phase of this project would deliver an enhanced safety critical passenger communication system; and
 - (d) Surface Intelligent Transport Systems this sub-programme would deliver the renewal and upgrade of TfL's traffic management systems. This would unlock additional capacity on the network by reducing journey times and delays.
- 4.24 The governance structure was intended to ensure that decisions were made at the most appropriate level and the IIPAG considered that the STP would help ensure quality of sponsorship for the projects.

Air Quality Management

- 4.25 The Committee noted the paper and approved additional Programme and Project Authority, and Procurement Authority to progress to concept design. The Committee approved the transfer of the Programme and Project Authority of ULEZ expansion into the new Air Quality Management (AQM) Programme.
- 4.26 The Authority request would allow the AQM Programme to progress to concept designs for Business Operations Services and Enforcements Operations Services, through to December 2019.

Crossrail 2

4.27 The Committee noted the paper and the Crossrail 2 Business Plan for 2019/20. It approved a revised Programme and Procurement Authority of £117.27m for the Crossrail 2 Programme, to support the work until the Spending Review outcome was available.

London Underground Major Stations Programme

- 4.28 The Committee noted the paper on the London Underground Major Stations Programme and an addendum seeking additional Procurement Authority for the Bond Street station element of the Programme. The Committee approved the additional Procurement Authority for the Programme, as amended.
- 4.29 Members noted that the new dedicated entrance to the Waterloo & City line at Bank Bloomberg Place had increased capacity at Bank station and reduced rush hour overcrowding. A number of risks had materialised on the Bank Station Capacity Upgrade project, including commercial contract risks, commitments with building owners and prolongation events. This resulted in the estimated final cost increasing from £607m to £655.7m but this had been accommodated within the existing Programme and Project Authority. An increase in Procurement Authority was requested in order to manage TfL's obligation under the delivery contract.

London Underground Renewals and Enhancements Signalling and Control

- 4.30 The Committee noted the paper and approved additional Programme and Project Authority of £2.3m for the London Underground Renewals and Enhancements Signalling and Control Programme in order to further improve safety and reliability.
- 4.31 The Authority would enable commissioning of the Piccadilly Line Interim Control System Upgrade on the remaining sections of the line, planned to be commissioned in July and September 2019, and allow for customer facing assets to be brought back into use.

London Underground Renewals and Enhancements Fleet

- 4.32 The Committee noted the paper and approved additional Programme and Project Authority of £118.5m for the London Underground Renewals and Enhancement Fleet Programme in order to further improve safety, reliability and accessibility.
- 4.33 The Authority would allow TfL to maintain the performance of the fleet on the Bakerloo, Central and Waterloo & City lines; fund the Train Modification Unit workshop; and to develop early stage propositions for engineering vehicles.

London Underground Northern Line Extension Update

- 4.34 The Committee noted the paper and approved entry into the Deed of Variation to the Common Terms Agreement and Land and Works Agreement with the developer of Battersea Power Station (BPS).
- 4.35 TfL had entered into a suite of agreements with BPS and its associated companies in April 2014. Since then, the designs for the BPS over-site developments scheme and the Tube station beneath it had evolved. A rework of the designs tendered by TfL's contractor was required. Discussions between TfL and BPS were ongoing.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Programmes and Investment Committee on 6 March 2019.

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Board





Item: Report of the Meeting of the Finance Committee held on

11 March 2019

This paper will be considered in public

1 Summary

1.1 To report to the Board on the meeting of the Finance Committee held on 11 March 2019.

2 Recommendation

2.1 The Board is asked to note the report.

3 Committee Agenda and Summary.

- 3.1 The papers for the meeting of the Committee held on 11 March 2019 were published on 1 March 2019 and are available on the TfL website: https://tfl.gov.uk/corporate/publications-and-reports/finance-committee
- 3.2 The main matters considered by the Committee were:
 - (a) Use of Delegated Authority;
 - (b) Finance Report Period 11 2018/19;
 - (c) Treasury Management Strategy 2019/20;
 - (d) Treasury Management and Derivative Investments Policies;
 - (e) Treasury Activities;
 - (f) Strategic Risk 9: Ability to Meet Changing Demand;
 - (g) TfL Subsidiaries Rationalisation;
 - (h) Strategy for the Broadway Complex; and
 - (i) Transformation Programme Update.
- 3.3 A summary of the items discussed and decisions taken at the meeting is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 1 July 2019.

4 Issues Discussed

Use of Delegated Authority

- 4.1 The Committee noted the paper, which set out the use of delegated authority since the previous meeting.
- 4.2 There had been two uses of Chair's Action since the last meeting of the Committee, relating to Finchley Central and High Barnet Property Development and on the Actuarial Valuation of the TfL Pension Fund.

Finance Report - Period 11 2018/19

- 4.3 The Committee noted the report, which set out TfL's financial results for Period 11 2018/19 the year-to-date period ending 2 February 2019.
- 4.4 Members noted that there was a strong year-to-date performance, despite a subdued economy and Elizabeth line delays. Passenger income was one per cent ahead of budget and two per cent better than last year. Operating costs were lower than Budget, which was driven by management of costs and timing differences. The full year net operating surplus was expected to be over £300m better than budget.

Treasury Management Strategy 2019/20

- 4.5 The Committee noted the paper and recommended that the Board approve the Treasury Management Strategy (TMS) for 2019/20. The proposed TMS was broadly in line with the TMS 2018/19.
- 4.6 It was not clear which of the risks posed by Brexit would materialise. Brexit may have a negative effect on TfL's credit rating, by virtue of it being linked to the Sovereign Credit Rating. TfL could also be impacted by changes to foreign exchange rates and interest rates. Work was ongoing to mitigate exposure to foreign exchange rate changes and to protect procurement authorities.
- 4.7 A paper on Treasury Management Strategy 2019/20 is provided as a separate item on the agenda for this meeting.

Treasury Management and Derivative Investments Policies

- 4.8 The Committee noted the paper and recommended that the Board approved the proposed Treasury Management Policies and the proposed Use of Derivative Investments.
- 4.9 The Committee noted that the Policies were largely the same as the Policies for 2018/19. To ensure staff had up to date training, TfL engaged significantly with institutions, legal experts and banks.
- 4.10 A paper on Treasury Management and Derivative Investments Policies is provided as a separate item on the agenda for this meeting.

Treasury Activities

- 4.11 The Committee noted the paper, which provided an update on Treasury activities.
- 4.12 As at 21 February 2019, TfL had completed borrowing for the Financial Year. In December 2018, following the agreement of a long-term financing arrangement between the government, TfL and the GLA, Standard & Poor affirmed TfL's credit rating as AA- with a negative outlook. In February 2019, Fitch placed the UK government on Rating Watch Negative, owing to uncertainty around Brexit and the impact on the economy and on 25 February 2019, Fitch placed TfL on Rating Watch Negative, as a result of TfL's link to the UK government.

Strategic Risk 9: Ability to Meet Changing Demand

- 4.13 The Committee noted the paper.
- 4.14 The change in demand over recent years was largely thought to be as a result of economic factors and lifestyle changes. Analysis pointed to the fact that entrants to the job market since 2008 generally had lower starting wages, slower wage progression and lower rates of home ownership. It was noted that each year this group becomes a larger proportion of TfL's customer base.
- 4.15 New technologies and a shift to walking or cycling only accounted for around 20 per cent of change in demand.

TfL Subsidiaries Rationalisation

- 4.16 The Committee noted the paper and recommended that the Board approve the making of the Transport for London (London Underground Legal Entity Rationalisation) Transfer Schemes 2019 and recommended that the Board approve the submission of the transfer schemes to the Mayor for his approval.
- 4.17 A paper on TfL Subsidiaries Rationalisation is provided as a separate item on the agenda for this meeting.

Strategy for the Broadway Complex

- 4.18 The Committee noted the paper and granted Land Authority for the sale of a long leasehold interest in the Broadway Complex and the option to take a short-term leaseback of the Broadway Complex by TfL.
- 4.19 Occupation of the Broadway Complex no longer fitted into TfL's future accommodation strategy. It was felt that moving to large, modern and fit for purpose accommodation hubs in periphery locations would deliver cost and spatial efficiencies, whilst supporting cultural change.

Transformation Programme Update

- 4.20 The Committee noted the update on the Transformation Programme. An update had been provided to the Safety, Sustainability and Human Resources Panel on 27 February 2019.
- 4.21 Smart Working pilots had been carried out in City Planning, Surface Projects and Programmes, and Commercial Development, which had delivered a reduction in desk space by 30 per cent. Open plan accommodation encouraged the efficient use of space and people were actively encouraged to work from home or dial in to meetings from other locations.
- 4.22 TfL had made a public commitment not to outsource business function operations but would continue to keep an open mind. It would seek to leverage technology and bring as much of the business services into one place as possible.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Finance Committee on 11 March 2019.

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Board

Date: 27 March 2019



Item: Report of the Meeting of the Audit and Assurance

Committee held on 14 March 2019

This paper will be considered in public

1 Summary

1.1 To report to the Board on the meeting of the Audit and Assurance Committee held on 14 March 2019.

2 Recommendation

2.1 The Board is asked to note the report.

3 Committee Agenda and Summary

- 3.1 The papers for the meeting of the Committee held on 14 March 2019 were published on 6 March 2019 and are available on the TfL website:

 https://tfl.gov.uk/corporate/publications-and-reports/audit-and-assurance-committee
- 3.2 The main matters considered by the Committee were:
 - (a) Independent Investment Programme Advisory Group Quarterly Update;
 - (b) Risk and Assurance Quarter 3 Report 2018/19;
 - (c) Integrated Assurance Plan 2019/20;
 - (d) Crossrail KPMG Review Update;
 - (e) Crossrail Transition Update;
 - (f) Register of Gifts and Hospitality for Members and Senior Staff;
 - (g) Transformation Update;
 - (h) Personal Data Disclosure to the Police and Other Agencies; and
 - (i) TfL Protective Security Update.
- 3.3 A summary of the items discussed and decisions taken at the meeting is provided below. The more detailed minutes of the meeting will be published ahead of the meeting of the Committee on 10 June 2019.

4 Issues Discussed

Independent Investment Programme Advisory Group Quarterly Update

- 4.1 The Committee noted the Independent Investment Programme Advisory Group (IIPAG) Quarterly Report and the Management Response, which was also considered by the Programmes and Investment Committee on 6 March 2019. The Chair of IIPAG, Alison Munro, presented the report.
- 4.2 The Committee welcomed the integrated, risk based approach being taken by IIPAG, and progress in closing out all previous recommendations. Future IIPAG reports would include a focus on improved baseline data and resourcing for projects. IIPAG was using external expertise for IT specialist reviews.

Risk and Assurance Quarter 3 Report 2018/19

- 4.3 The Committee noted the Quarter 3 report informing Members of work completed by the Risk and Assurance Directorate, work in progress and planned to start and other activities.
- 4.4 A number of minor amendments were suggested to the Enterprise Risk Management Procedure. It was also agreed that the quarterly risk report should include dates at which each strategic risk had been reviewed by the appropriate Panel or Committee.
- 4.5 The Chair reported that she had been appointed as Chair of the Crossrail Audit and Assurance Committee and that all future Crossrail Audit and Assurance Committee reports would also be submitted to the TfL Audit and Assurance Committee, for information.
- 4.6 Guidance was being developed by the Head of Enterprise Risk for staff leading on strategic risk deep dive discussions with Members.
- 4.7 The Committee was updated on an ongoing fraud case, which included a review of the controls environment.
- 4.8 Officers were also reviewing the data reported as part of the control environment trend indicators.

Integrated Assurance Plan 2019/20

4.9 The Committee approved the 2019/20 Integrated Assurance Plan, subject to an update being reported to the next meeting on IIPAG's work plan, and the Internal Audit plan for Crossrail.

Crossrail KPMG Review Update

4.10 The Committee noted the update on the overview of the KPMG governance and commercial/cost reviews into Crossrail, which were also discussed at the meeting of the Board on 30 January 2019.

4.11 The Close Out report would be considered at the next Board meeting, and also submitted to the Committee. Proposals on the role of Crossrail and TfL's Remuneration Committee would also be considered at the Board.

Crossrail Transition Update

- 4.12 The Committee noted the standing item on Crossrail transition arrangements.
- 4.14 Members requested a future report on governance and operations, to provide assurance that the Elizabeth line would be ready to become fully part of TfL's operational business and to enable a timely discussion on the transition of governance arrangements.

Register of Gifts and Hospitality

4.15 The Committee noted the standing item on the gifts and hospitality declared by the Board and senior staff.

Transformation Programme Update

- 4.16 The Committee considered the standing item on the Transformation programme. This paper was also considered by Safety, Sustainability and Human Resources Panel at its meeting on 27 February 2019 and the Finance Committee at its meeting on 11 March 2019.
- 4.17 Members highlighted the importance of retaining talent for the future.

Personal Data Disclosure to Police and other Statutory Law Enforcement Agencies (2018)

- 4.18 The Committee received the annual update on the operation of TfL's policy on the disclosure of personal data to the police and other Statutory Law Enforcement Agencies.
- 4.19 TfL was reviewing guidance on information displayed in taxi and private hire vehicles for customers, informing them of whom they could contact if they had any concerns or complaints and an update would be circulated to the Committee.

TfL Protective Security Update

- 4.20 The Committee considered the paper updating on TfL's protective security programme and the development of a new strategic risk.
- 4.21 Staff were aiming to develop a stronger security culture across the organisation, and the Committee would receive regular progress reports. Security features were also being included as part of street design as well as numerous desk top exercises.
- 4.22 A briefing would be arranged for all Board Members on security and safety and how Board Members could contribute.

List of appendices to this report:

None

List of Background Papers:

Papers submitted to the Audit and Assurance Committee on 14 March 2019.

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