

Transport for London

Minutes of a meeting of the Board
held on Wednesday 29 October 2003, commencing at 10.30 a.m.
in the Chamber, City Hall, the Queen's Walk, London, SE1 2AA

Present:

Board Members: Dave Wetzel (in the Chair)
David Begg
Stephen Glaister
Kirsten Hearn
Sir Mike Hodgkinson
Oli Jackson
Susan Kramer
Paul Moore
Murziline Parchment
David Quarmby
Tony West

In attendance:

Special Advisors: Bryan Heiser
Lynn Sloman

TfL Officers: Maggie Bellis
Ian Brown
Stephen Critchley
Isabel Dedring
Peter Hendy
Pip Hesketh
Betty Morgan
Locksley Ryan
Fiona Smith
Tim O'Toole
Jay Walder

Secretary: Jacqui Gregory

51/10/03 APOLOGIES FOR ABSENCE

Apologies for absence were received from Ken Livingstone, Bob Crow and Robert Kiley.

Emma Sawyer

The Chair **noted** that Emma Sawyer would be commencing maternity leave the following day (30 October 2003). Board Members thanked Emma for the support she had given to them and the TfL Board over the past three years and conveyed their best wishes to her in the future.

Charter from Users of London Dial-a-Ride

Tony West presented the Chair with a charter from DaRT representing users of London Dial-a-Ride, which set out ten major user requirements up to the year 2008. The Chair accepted the charter and undertook to pass this on to the Mayor.

52/10/03 MINUTES OF THE PREVIOUS MEETING HELD ON 29 JULY 2003

The minutes of the meeting held on 29 July 2003 were **agreed** and signed as a true record.

53/10/03 MATTERS ARISING

Declaration of Interests

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

Matters Arising

Noted that with the exception of the item on PPP Performance, all actions agreed at the last meeting had been completed; the Chair advised that TfL was not yet in a position to provide a written report on PPP Performance, but that Tim O'Toole would give an oral presentation on this at the meeting and update the Board on the recent rail incidents.

PPP Performance

Tim O'Toole gave a presentation on financial performance and measures used to assess performance of the PPP contracts and highlighted the following in particular: -

- PPP Infrastructure Service Charge as at period 6 (ending 13 September 2003) indicated a favourable total budget variance for the year of £66 million when compared with forecast; Tim O'Toole explained that the budget had assumed higher penalties against LUL for engineering hours, although it was acknowledged that LUL had implemented a disciplined process for access during engineering hours and therefore claims by the infrastructure companies were lower than anticipated;
- PPP Performance as at period 6 indicated the following: -
 - availability – BCV were below benchmark performance, which was attributable to the Circle line being taken out of service. JNP and

- SSL were above benchmark performance;
- capability – all three infrastructure companies were at or above benchmark performance;
 - service points – faults – all three infrastructure companies were on target, although there was a downward trend in performance for BCV;
 - service points – facilities – JNP was at benchmark performance and BCV and SSL were below benchmark performance, which was mainly attributable to the condition of staff toilets;
 - ambience – BCV was above benchmark performance, mainly due to the Central line trains having been cleaned during the closure of the Central line, JNP was a fraction below benchmark performance and SSL was achieving benchmark performance;
 - minor works – BCV and JNP were delivering by the agreed target dates and SSL was below benchmark performance;
 - access – all three infrastructure companies were below benchmark, mainly as a result of unnecessary booking of track time. Tim O’Toole advised that discussions were taking place with the infrastructure companies to resolve this matter;
 - maintenance – a series of monthly meetings were being held with the infrastructure companies, according to asset class, to establish maintenance programmes and quantify appropriate performance measures; and
 - projects – the PPP programme assurances for the capital works programme were still being progressed with the infrastructure companies.

In response to a question raised, Tim O’Toole advised that the infrastructure companies were assessed on service points for a specific asset and therefore they were unlikely to be heavily penalised for a lift being out of service; Tim O’Toole assured Board Members that currently, lift availability was better than it had been for some time.

The Board **noted** Tim O’Toole’s oral report on PPP performance.

Rail Incidents

Tim O’Toole updated the Board on the recent rail derailments and highlighted the following, in particular: -

- the derailment on the Piccadilly line at Hammersmith station on Friday 17 October 2003, was caused by a broken rail. The line was repaired overnight and services restored by the following morning. A visual inspection had taken place on the evening of the derailment, although the position of the crack would have meant it was not visible. The earlier scheduled ultrasound test would not have picked up the crack since it had started at the bottom of the rail. The track maintenance regime for this section of track had not changed since the infrastructure companies had taken over maintenance, with the people undertaking this work being virtually the same people previously employed by LUL. LUL was currently looking into the

need to increase the frequency of ultrasonic detection or use a more comprehensive detection system;

- initial investigations into the derailment on the Northern line at Camden Town on Sunday 19 October 2003 had found no single immediately obvious feature causing the derailment. Inspection of the points at the derailment site had found no obvious defects with replacement parts or the way that they had been fitted. Elaborate modelling was being undertaken to represent the dynamic interaction between the train and track to try to establish causation. Service on the Northern line between Edgware and Charing Cross stations had been restored that morning and it was hoped that services would be restored on the High Barnet branch shortly. It was proposed that services would run initially from High Barnet via Charing Cross and Edgware via Bank; and
- a train had broken down on the Victoria line during peak hours on the morning of Wednesday 22 October 2003, which was attributed to a mainline burst of the air line that powers the brakes. Some 2,000 passengers were evacuated from trains following the incident.

Tim O'Toole advised that formal reports would be published on the outcome of the investigations into the above-mentioned incidents, although it was expected that the report on the Northern line derailment would not be available until the end of November 2003.

In response to questions raised by Board Members, Tim O'Toole advised the Board of the following: -

- a constructive meeting had been held on 28 October 2003 with the trades unions, when trades union leaders' views had been sought on their specific concerns; the majority had indicated communication as being a particular concern. Tim O'Toole advised that he would be working with the trades unions to create more transparency in communications; and
- during closure of parts of the Northern line, Tube Lines had undertaken some maintenance works, although it was acknowledged that for some major works a longer lead-in period was required to schedule the works.

The Board **noted** Tim O'Toole's oral report on the recent rail incidents.

54/10/03 COMMISSIONER'S REPORT

In response to questions raised by Board Members on the Commissioner's report the following matters were noted: -

- Crossrail – Ian Brown advised that the consultation process on Crossrail had only commenced that week (week commencing 27 October 2003). As part of the consultation process, he would give consideration to the following: -
 - a detailed survey being carried out of where users in Richmond and Kingston were travelling from and to and of the potential impact of the proposed reduction in trains at Turnham Green;

- an analysis being carried out on the impact of the proposed reduction in trains on the District line, to include customers who interchanged on the District line, as opposed to just those for whom the District line was their final destination;
- a comparison being carried out between the proposed fare charges for Crossrail and the fares currently being paid by customers using the Piccadilly line;
- an analysis being undertaken of the anticipated growth in the community and customers for the next ten years, with a view to capacity being maximised to meet expected demand;
- bus services fare collection – Peter Hendy advised that less than 20% of total bus passengers now paid cash. In the ‘pay before you board’ area in the West End, drivers were still inspecting passes on boarding in the normal way and public and media perceptions had been positive. There were some issues with deliberate interference with pavement ticket machines, and these were being addressed by a combination of machine modification at the contractor’s expense and police action. There were four articulated bus routes with open boarding and fraud levels were being monitored. Peter Hendy undertook to report to a future meeting of the Surface Advisory Panel on the rates and levels of fare evasion on the bus network.

The Commissioner’s report was **noted** by the Board.

55/10/03 FINANCE AND PERFORMANCE REPORT

Jay Walder reported on operating, project and financial performance for the second quarter of 2003/04 and highlighted the following in particular:-

- Key Achievements
 - there had been increased patronage, service quality and kilometres operated on London buses;
 - the congestion charge scheme continued to be a success;
 - implementation of the Business Improvement Programme was on schedule; the first three stages of the Business Improvement Programme had now been completed, resulting in common procurement software being operated across the TfL Group. Jay Walder undertook to report to the Finance Committee on the benefits arising from implementation of the Business Improvement Programme;
 - safety on roads continued to improve;
- Key Concerns
 - LU derailments at Camden Town and Hammersmith stations;
 - reduction in passenger numbers on LUL;
 - delays on overall projects;
 - delay on DLR rail car refurbishment;
 - uncertainty over Crossrail;
- Group Financial Performance
 - income in the TfL Group (excluding LUL) was up slightly from forecast, with expenditure a little below forecast. For LUL, income was lower than expected, mainly as a result of patronage falling by

- 2% compared with the equivalent period in 2002/03;
- TfL's net expenditure for the first six periods (1 April to 13 September 2003), including LUL, totalled £1008 million which was some £116 million (10%) below budget. This was expected to be partially recovered by the year end with a forecast for total net expenditure of £2,349 million, which was £50 million below budget;
- Income and Receipts
 - following integration of LUL into TfL in July 2003, a greater percentage of TfL's income emanated from fares, there was increased volatility in this area than had previously been the case for TfL without LUL;
- Passenger Income
 - income for London buses was slightly above budget for the first six periods of 2003/04, whereas for LUL, income was lower than budget, mainly attributable to service disruption, an exceptionally hot summer and improved bus performance, which had resulted in customers switching modes. Jay Walder advised that he intended to submit a comprehensive report on passenger income to a future Finance Committee meeting;
- Operational Performance
 - the bus network was achieving record levels of service quality;
 - reliability improvements were assisted by the introduction of congestion charging;
 - there had been a slight improvement of LUL's service reliability compared with the same period in 2002/03;
- LUL Deliverables
 - all decommissioning work at Lots Road had been completed;
 - demolition on the East London Line Extension had commenced on 14 July 2003, following the appeal court judgement;
 - Elephant & Castle underground station works had been completed;
 - there had been delays to the Train Identification and Management Information System (TIMIS). Jay Walder indicated that this matter would be the subject of a future discussion with Board Members;
- Surface Transport Deliverables
 - "Pay-before-you-Board" had been introduced in the west end of London;
 - Trafalgar Square pedestrianisation had been completed;
 - the Hammersmith flyover (A4) had been re-opened early;
 - Moorbank Pier had opened;
 - there had been delays on bus station projects.

In response to a question raised by a Board Member, Tim O'Toole advised that the full cost of the recent rail derailments was not yet known, and that a number of factors needed to be taken into account, such as lost revenue, the cost of repairs, performance abatements and the cost of replacement bus services. Tim O'Toole undertook to report to Board Members on the cost of the derailments once these were known.

In response to requests made by Board Members, Jay Walder undertook to give consideration to the following: -

- to include in future reports, measures on safety; and
- preparing for discussion at a Board Members meeting an item to discuss the figures on the modal split (to include walking and cycling), how this compared with figures when the Mayor first came into office, the forecast modal split for the next 10 years and the pricing strategy and target income.

Peter Hendy undertook to report to a future meeting of the Surface Advisory Panel on the feasibility of TfL working more closely with the Boroughs on cycling schemes.

The Board: -

- (1) **noted** the second quarter 2003/04 Financial and Performance Report, covering the period from 22 June 2003 to 13 September 2003; and
- (2) **agreed** that Board Members would contact Jay Walder in the event of their being able to offer any assistance in progressing the Greenwich Waterfront Transit project.

56/10/03 TfL BUSINESS PLAN

Jay Walder reported that the Business Plan had been updated to take account of issues raised and comments made by Board Members at the TfL Board Away Day event on 12 September 2003, and at the private Board Members' briefing on 20 October 2003. In addition to the Business Plan, Operating and Capital Plans had been produced in support of the Business Plan. Board Members noted that Table 1 entitled "*TfL Summary of the Business Plan*", which summarised the overall financial position, had been amended to reflect the impact of income at each stage of the build up to TfL's programmes.

Jay Walder advised that TfL's Business Plan provided a step-by-step picture of how TfL could meet London's transport needs, starting from the current funding position. He advised, however, that working within existing funding levels would not allow TfL to meet the needs of London's growth. Board Members noted that it had been acknowledged at the meeting between representatives of Government, the Secretary of State and the Mayor in February 2003, that the funding settlement for London Underground was unlikely to be adequate to meet the needs of London Underground, due to revenue issues, complex PPP and PFI arrangements and a deficit in the Pension Fund.

Jay Walder reported that the TfL Business Plan would form the basis of the budget submission to the Mayor and GLA on 10 November 2003. The budget would become part of the Mayor's consolidated budget, which would be the subject of consultation and then be considered by the GLA Assembly, with the final budget being approved in February 2004. TfL's proposals would then be updated to reflect the GLA budget decisions and be presented to the March 2004 Board cycle for approval

of the final 2004/05 budget.

The Board noted that the Business Plan would form part of the Spending Review 2004 submission to the Department for Transport; it was expected that the Treasury would report on the outcome of the spending review by early summer 2004. Jay Walder undertook to keep Board Members informed as to progress on the spending review 2004 through the Panels and Finance Committee and other means, including circular letters.

In response to comments made by Board Members, Jay Walder undertook: -

- to report back to Board Members on planned expenditure on the Greenwich Waterfront Transit project and, in particular, the timing of this;
- to clarify in the Business Plan that baseline expenditure assumed current levels of activity would be maintained on such matters as walking and cycling; and
- to consider including in the Business Plan documentation, a formal assessment of the value created by increased Government grant on an incremental basis and expanding paragraph 8.2 entitled “Revenues” to present in more detail the case for the Mayor’s fares policy.

The Board: -

- (1) **approved** the TfL Business Plan 2004/05 – 2009/10 and delegated its finalisation to the Managing Director, Finance and Planning, for submission to the GLA; and
- (2) **noted** that the final 2004/05 budget would be presented for approval by the TfL Board in March 2004, following the outcome of the GLA budget process.

57/10/03 TfL FARE PROPOSALS

Jay Walder reported that since the launch of the Oyster card, over 2,000 customers had now purchased Oyster cards. The Board: -

- (1) **noted** the final proposals for fare changes in January 2004, as set out in the written report;
- (2) **noted** that the Mayor’s final decision and direction would be notified to the Board in due course;
- (3) **noted** the proposed changes to TfL penalty fares;
- (4) **noted** that following completion of the final legal review, the Secretary of State for Transport would be consulted by the Mayor in November 2003; the views of the London Transport Users’ Committee and other key stakeholders would also be sought on the proposals and these views would be reviewed and submitted to the Mayor prior to his making any orders or directions to implement the proposals; and

- (5) **noted** that the Mayor's decisions and the views of stakeholders would be reported to a future meeting of the Board.

58/10/03 A406 NORTH CIRCULAR ROAD IMPROVEMENT SCHEMES

Peter Hendy introduced the paper and referred to letters received querying the conclusions reached in the Faber Maunsell report and requesting that TfL work with the Boroughs in respect of anti-rat running measures.

Some Board Members raised concerns as to the conclusions of the Faber Maunsell report. One Board Member stated that a full appraisal had previously been done, but would need to be carried out again. A Board Member also believed that the total project capital cost of £600 million was too low. Peter Hendy agreed that an up to date business case, reflecting current costs was necessary and that this was in hand. Concerns were raised by some Board Members regarding rat-running issues. Peter Hendy stated that the recommendation set out in paragraph 7.1(i) of this written report would enable rat-running and environmental issues to be addressed.

Peter Hendy stressed that any decision of the Board on the improvement schemes must comply with the criteria in the Transport Strategy, and that the assessment carried out by Faber Maunsell was compatible with the criteria. Peter Hendy stated that a further report would be made to the Board once a decision had been made by the Government on funding.

The Board **endorsed** the following: -

- 1) applying to Government for additional funding on the inherited schemes and to commence work on (i) appropriate environmental measures and (ii) other worthwhile short term work in Bounds Green, Regents Park Road and Golders Green Road, which could be progressed irrespective of which improvement scheme was ultimately implemented, or which would offer value for money if superseded by any other option. Useful progress could then be made in the area on appropriate traffic management, safety and environmental measures at minimal abortive cost.
- 2) taking steps to retain the necessary safeguarding lines for the construction of the inherited schemes.
- 3) the disposal of only such properties that would not be required for any of the improvement schemes, subject to the Mayor's approval (pursuant to paragraph 12(1) of Schedule 11 of the GLA Act 1999).
- 4) receiving a further report in due course on the results of the bid to Government.
- 5) making any necessary amendments to the Business Plan (min No 56/10/03 of these minutes refer) to ensure consistency with the option endorsed by the Board.

59/10/03 VARIATION OF THE ALG TEC AGREEMENT

The Board: -

- (1) **approved** the variation to the ALG TEC Agreement, as set out in the written report, and authorised the Managing Director, Surface Transport, to sign the variation; and
- (2) **agreed** that the Managing Director, Surface Transport, be authorised to approve and sign future changes to the Agreement, provided that changes which would fundamentally alter the nature of the ALG TEC continued to be reserved to the Board.

60/10/03 FUTURE OF THE SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

The Board: -

- (1) **noted** the steps taken to improve the functioning of health, safety and environment assurance processes and the principle items considered at the first Safety, Health and Environment Committee Meeting held in its revised form on 6 October 2003;
- (2) **agreed** that the Board's thanks be conveyed to David Quarmby and TfL Officers for their work on the review of the Safety, Health and Environment Committee and for the positive way in which they had approached improving the functioning of health, safety and environment assurance processes; and
- (3) **agreed** that David Quarmby would discuss with relevant Board Members, outside of the meeting, the membership of the Safety, Health and Environment Committee.

61/10/03 PROPOSED REVISIONS TO TfL STANDING ORDERS

The Board **approved** the revised TfL Standing Orders as set out in Appendix 2 of the written report.

62/10/03 SCHEME OF DELEGATION FOR THE LONDON TRANSPORT STAFF WELFARE FUND

The Board **approved** the delegation of payment-making powers (under clauses 3(a) and (b) of the amended London Transport Staff Welfare Fund Principle Deed) to the following individuals: -

- Dr Olivia Carlton, Head of Occupational Health, London Underground Limited
- Liz Barrett, Group HR Director, TfL
- Louella Johnson, HR Director, London Underground Limited

63/10/03 TfL COMPANY SECRETARY

The Board **approved** Fiona Smith's appointment as Company Secretary

of TfL.

64/10/03 DOCUMENTS SEALED ON BEHALF OF TfL

The Board: -

- (1) **noted** the documents sealed on behalf of TfL between 15 July 2003 and 13 October 2003; and
- (2) **noted** that General Counsel would be reviewing the level of detail to be included in future reports submitted to the Board on documents sealed on behalf of TfL.

65/10/03 ANY OTHER BUSINESS

Board, Panel and Committee Meetings for 2004

The Board: -

- (1) **noted** that the 2004 Year Planner containing future dates of Board, Panel and Committee meetings would be circulated to Board Members at the end of that week, following confirmation of final Board dates from the Mayor's office; and
- (2) **agreed** that Board Members would notify Jacqui Gregory of any difficulties with the dates of meetings scheduled for 2004.

There being no further business, the meeting closed at 13.15 hours.

Chair