

Board

**Transport
for London**



Date: 6 February 2013

Item 13: Congestion Charging and Traffic Enforcement Contract Re-let Project

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to brief the Board on the Congestion Charging (CC) and Traffic Enforcement (TE) Contract Re-let Project (CCECP).
- 1.2 The Board is asked to note this paper and to approve the Project Authorities being sought.
- 1.3 At its meeting on 8 January 2013, the Projects and Planning Panel considered a paper on this project and supported the recommendations. On 23 January 2013, members of the Finance and Policy Committee also considered the proposals and supported the recommendations.
- 1.4 A paper is included on Part 2 of the agenda, which contains exempt supplemental information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from any public meeting.

2 Recommendations

2.1 The Board is asked to:

- (a) **note the paper and the proposed arrangements for the Congestion Charging and Traffic Enforcement Contract Re-let Project, included the recommended Option, as set out in the paper on Part 2 of the agenda;**
- (b) **note the Project has the Financial Authority amount to 2021/22 currently set aside in the TfL Business Plan;**
- (c) **grant Project Authority to the value as set out in the paper on Part 2 of the agenda and procurement authority as described in the paper on Part 2 of the agenda; and**
- (d) **note the project will return to the Finance and Policy Committee in early 2014 with an update on progress and any additional authority that may be required.**

3 Background

- 3.1 The upcoming expiry of both the CC and TE contracts provides TfL with an opportunity to review its sourcing strategy to maximise the efficiency and synergies that may be gained by grouping common activities together whilst reducing cost and maintaining or enhancing customer satisfaction. This also provides an opportunity for TfL to align the service with the emerging TfL customer proposition strategy, if considered appropriate.
- 3.2 The CC contract was awarded to IBM in December 2007. It includes the operation of the CC and Low Emission Zone (LEZ) schemes, both of which are an integral part of the Mayor's Transport and Air Quality Strategies, and provide substantial income streams for reinvestment in transport. The CC scheme is designed to reduce traffic congestion in Central London and has an important role in reducing Carbon Dioxide (CO₂) and harmful local air pollutants, specifically Particulate Matter (PM₁₀) and Nitrous Oxides (NO_x), from vehicular traffic in central London.
- 3.3 The LEZ is designed to reduce PM₁₀ and NO_x emissions from buses, coaches, lorries, vans and minibuses, and thus plays a key role in moving London closer to attainment of the EU limit values for these two pollutants. The LEZ also has important secondary benefits in terms of the reduced emissions contributing to health benefits inside and outside London.
- 3.4 The contract with IBM expires on 31 October 2014. There is an option within the contract for an extension of up to a further five years. If the contract were to be extended, this would include suitable break clauses activated at TfL's discretion.
- 3.5 The TE contract was awarded to NSL in November 2007. It provides the notice processing services for decriminalised traffic offences on the Transport for London Road Network (TLRN), including contraventions of Yellow Box Junctions, Banned Turns, Bus Lanes, Parking and Loading. The contract ensures TfL plays its role in smoothing traffic flows and improving public transport (bus) journey time reliability on the TLRN. The TE contract also provides an important income stream for reinvestment in transport in London. The contract expires on 21 June 2015 and cannot be extended beyond this date.
- 3.6 The CC and LEZ schemes are an integral part of the Mayor's Transport and Air Quality Strategies, contributing to a number of Mayoral Goals, Challenges and Outcomes, particularly around smoothing traffic flow, reducing air pollutant emissions and reducing CO₂ emissions. Similarly, the enforcement of decriminalised traffic offences on the TLRN contributes to the Goals, Challenges and Outcomes in the Mayor's Transport Strategy, notably those around smoothing traffic flow and improving public transport (bus) reliability. The schemes also provide a substantial income stream for reinvestment in transport measures in line with the Mayor's Transport Strategy.

- 3.7 Due to the long lead times involved in major procurement exercises, work on the CC and TE project commenced in April 2012 and has involved extensive discussions with IBM and NSL in order to develop an attractive business case. The CC Agreement allows for the incorporation of additional services, such as TE, and potentially important future savings have been identified through negotiations with IBM and NSL and the synergies of combining such services.
- 3.8 A number of options have been considered and three key options have been modelled in the Business Case. These are outlined in the paper on Part 2 of the agenda.

4 Benefits

- 4.1 Benefits have been identified and documented in the Business Case.

5 Views of the Projects and Planning Panel

- 5.1 The project was considered by the Projects and Planning Panel on 8 January 2013. The Panel has recommended additional commentary be included, which was incorporated in the paper submitted to the meeting of the Finance and Policy Committee and this paper.

6 Views of the Finance and Policy Committee

- 6.1 The members of the Finance and Policy Committee present on 23 January 2013 considered the paper. They were given assurance that the different options had been fully assessed and that the project team was committed to delivering the project at or below budget and the implementation costs would be monitored closely.
- 6.2 The outturn costs would be clearer once the procurement process was complete and would be included in the paper to be submitted to the Finance and Policy Committee seeking authority to award the contracts.

List of appendices to this report:

None

List of Background Papers:

None

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