

TRANSPORT FOR LONDON

AGENDA

BOARD MEETING

**TO BE HELD ON WEDNESDAY 28 MAY 2003
IN THE CHAMBER, CITY HALL, THE QUEEN'S WALK, LONDON SE1 2AA ,
COMMENCING AT 10.00 A.M.**

A meeting of the Board will be held to deal with the following business. The public are welcome to attend this meeting, which has disabled access.

1. Procedural business
 - 1.1 Apologies for absence
 - 1.2 Minutes of the previous meeting held on 20 March 2003
 - 1.3 Matters arising, not covered elsewhere
2. Commissioner's Report
3. Finance and Performance Report
4. Best Value Performance Plan
5. Borrowing Limits
6. Congestion Charging Update
7. Any Other Business

Date of next meeting: Tuesday 29th July 2003 at 10:30a.m.

Transport for London

Minutes of a meeting of the Board
held on Thursday 20 March 2003, commencing at 10.02 a.m.
in Committee Room 5, City Hall, the Queen's Walk, London

Present: Ken Livingstone (Chair)
Board Members: Bob Crow (items 11/03 to 19/03)
Stephen Glaister
Kirsten Hearn
Mike Hodgkinson (11/03 to 26/04 item1)
Oli Jackson (11/03 to 26/04 item 1)
Susan Kramer
Paul Moore (11/03 to 26/04 item 1)
Murziline Parchment
David Quarmby (11/03 to 26/04 item 1)
Tony West
Dave Wetzel (Vice Chair)

In attendance:
Special Advisors Bryan Heiser
Lynn Sloman

TfL Officers: Robert Kiley
Maggie Bellis
Barry Broe
Ian Brown
Stephen Critchley
Gareth Davies
Isabel Dedring
Mary Hardy
Peter Hendy
Pip Hesketh
Tim Jones
Betty Morgan
Tim O'Toole
Derek Turner
Jay Walder
Jeroen Weimar

Other Attendees: Nicky Gavron (Deputy Mayor)

Secretary: Alan Busson

11/03 APOLOGIES FOR ABSENCE

Apologies for absence had been received from David Begg and Noel Harwerth.

12/03 MINUTES OF PREVIOUS MEETING HELD ON 18 FEBRUARY 2003

The minutes of the meeting held on 18 February 2003 were **agreed** as a true record of the meeting and signed by the Chairman.

13/03 MATTERS ARISING

There were no matters arising.

14/03 DECLARATION OF INTERESTS

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

15/03 COMMISSIONER'S REPORT

Bob Kiley amplified the contents of the Commissioner's Report for the period since the 18 February 2003 Board meeting.

The main points arising from the Commissioner's Report were as follows:

Although a limited service had begun on the Central Line between Woodford and Bethnal Green, no date had yet been given by London Underground as to when the full service would be restored.

The Security Exercise planned for 23 March 2003 at Bank station had been cancelled.

There was no further progress to report regarding the transfer of LUL.

Tony West requested that a paper be submitted at the next Rail Transport Advisory Panel concerning the SRA's policy towards Rail Freight. David Quarmbly agreed to liaise with Ian Brown to prepare the paper.

Bob Crow asked whether the responsibility for engineering works throughout the London Underground network will be the responsibility of one Infracore. Bob Kiley agreed to look into this.

Kirsten Hearn asked what precautions will be put in place during the Iraq war in case of civil disobedience or attack. Ken Livingstone stated that the emergency services are putting in place a series of initiatives to cope with any attacks, adding that it is the responsibility of the Police to deal with civil disobedience. Peter Hendy stated that London Buses are advised by the Police and if necessary, the relevant bus service will be re-directed away from any demonstrations. It was noted that costs will increase as a result of increased supervision required by London Buses and that revenue could decrease as a result of demonstrations.

In response to several issues raised by Oli Jackson, Bob Kiley stated that the cost of the substitute bus service replacing the Central Line was being borne during the current financial year by London Underground, the concern being that this cost could be a liability to TfL during the next financial year (2003/04) if transfer of London Underground occurred during 2003/04. In addition no substantial engineering works have been carried out on the Central Line, although minor works have been progressed.

The Commissioner's Report was **noted**.

16/03 2003/04 BUDGET

Jay Walder gave a presentation in relation to the 2003/04 TfL Budget that highlighted the key issues detailed in the separate budget paper circulated to Board Members. The paper identified and explained the changes made to TfL's 2003/04 budget since the Board reviewed it on 19 November 2002. It also details the proposed adjustments following the confirmation by the GLA of the level of precept funding that has been made available to TfL for 2003/04. It was noted that the budget did not include London Underground, with the exception of TfL's own integration costs. The Total Revenue and capital expenditure for 2003/04 would be £2,295m (2002/03 £1,800m).

Several issues were discussed:

Kirstin Hearn requested that TfL raise the profile of certain social inclusion measures that could improve facilities on buses for visually impaired passengers, for example 'next stop' information. Peter Hendy acknowledged that this was an issue that needed to be addressed, adding that it all depended on the availability of the appropriate technology being accurate and consistent.

Concern was expressed regarding long term bus fare strategy. It was noted that London Buses would be preparing a paper dealing with this.

Lynn Sloman congratulated TfL on the 18% growth in bus patronage adding that it would be helpful to understand the main 'drivers' supporting this increased demand. Peter Hendy responded by stating that approximately 50% of passenger growth was due to the fares policy with the remaining growth being due to increased bus reliability and service. The outcome of further research into the 'drivers' of growth in bus usage would be contained in the Strategic Bus Review.

The Board:

1. Approved the proposed budget for 2003/04 at Business Unit and Activity Level.
2. Approved that the Managing Director, Finance and Planning be authorised to make any final amendments to the Business Plan resulting from the changes to the budget highlighted in the paper prior to its publication by 31 March 2003.

3. Approved the following borrowing limits for TfL, as a Local Authority, in 2003/04:

The Overall Borrowing Limit:	£20 million
The Short-Term Borrowing Limit:	£20 million
The Maximum Proportion of Interest at Variable Rates:	100%

17/03 BEST VALUE PERFORMANCE PLAN SUMMARY

The TfL Board:

1. Approved the Summary Best Value Performance Plan and agreed to delegate finalisation of the Plan to the Managing Director, Finance and Planning for publication on the TfL website by 31 March 2003.
2. Endorsed the proposed TfL contribution to the GLA Best Value Summary document to be published in the Mayor's June 2003 newsletter.

18/03 DLR CAPACITY ENHANCEMENT (BANK-LEWISHAM) –TRANSPORT AND WORKS ACT ORDER APPLICATION

Ian Brown amplified the content of a paper detailing the rationale to submit an application for powers under the Transport and Works Act to increase the capacity of the Bank-Lewisham line to allow the operation of 3 car trains. It was noted that it was likely that the projected growth in demand for the DLR network would outstrip DLR capacity from 2006 onwards. This would necessitate a number of physical works to a number of stations between Bank and Lewisham Stations and also the need to purchase new rail cars. It was anticipated that the Project would be completed early in 2007.

The Board approved the submission of an application under the Transport and Works Act for powers to increase the capacity of the DLR Bank-Lewisham route and noted the report including the provision that the written consent of the Mayor is required prior to submission

19/03 CONGESTION CHARGING

Derek Turner introduced a paper which provided the board members with an up-date regarding the Congestion Charging Scheme. There had been an 18% decrease in traffic levels within the Congestion Charging zone. It was reported that there had been a 10% increase in traffic on the Inner Ring Road, although traffic seemed to be flowing well, leading to faster journey times. It was noted that TfL had received no reports of social disruption in the Kennington area. It was stressed by Derek Turner that it was still too early to reach any firm conclusion regarding the effects of Congestion Charging. A report monitoring the effects of Congestion Charging will be prepared on a six monthly basis in April and September.

The Penalty Charge Notice payments system was settling down and it was reported that payments were increasing and that there was a marked decrease in representations being made.

The Board **noted** the report.

Bob Crow left the meeting at this point.

20/03 A406 BOUNDS GREEN

Derek Turner introduced a paper concerning the A406 at Bounds Green and reported on the proposals contained therein.

It was noted that the former Highways Agency (“HA”) scheme, consisting of a dual carriageway route with two or three lanes had been considered and abandoned in favour of smaller scale schemes which were more in keeping with the Mayor’s Transport Strategy. It was noted that the estimated cost of the HA scheme could be prohibitive and that funding was not available.

The Proposals contained in the paper (incorporating the drawings attached as Appendix E) included the provision of a minimum two lane carriageway between Bounds Green and Green Lanes at an estimated total cost of £20.2million. Other improvements include the upgrading of junctions and new facilities for pedestrians, cyclists and buses. In addition it was proposed that TfL would work in partnership with local councils to introduce a package of traffic management/calming measures to discourage ‘ratrunning’ in residential areas. It was noted that the proposed scheme was consulted on and the Consultation Report was considered by the Board.

Discussions centred on whether to consider an alternative scheme which would involve a two lane dual carriageway and an additional narrow bus lane, and in doing so, defer the current proposal. Board members were concerned regarding further delay if they were to defer the current proposal. They wanted the proposed scheme to be progressed in a manner which would not preclude the installation of a dedicated bus lane in each direction as discussed. It was noted that the consent of the Mayor was needed for property disposals.

Ken Livingstone proposed that the following points be endorsed by the TfL Board:

- a. that the Consultation Report (Appendices A,B and C attached to the Report), be approved for issue to local councils and other interested parties.
- b. That Appendix D from the confidential report on the Major Roads Schemes Review considered by the Street Management Board of 2 February 2001 should be made available to the affected Boroughs.
- c. That a dual 3-lane scheme not be progressed and that a dual 2-lane scheme be progressed. This will be largely in the form that was submitted for consultation and as shown on the drawings as Appendix

- E, with a property implication as set out in Option a, of the table in Para 4.2.e
- d. That a disposal of surplus property should be progressed in a manner which would not preclude the option to install a dedicated bus lane in each direction as discussed.
 - e. That details of the scheme to be implemented be finalised and published in spring 2003/04.
 - f. That these decisions are advised to local councils and residents groups.
 - g. That discussions commence with affected Councils regarding the development of a package of potential traffic calming measures in the surrounding area.
 - h. That Accommodation Works, including construction of new, set back, frontage walls and public utilities diversions, should commence.

The Board agreed the proposals.

Ken Livingstone agreed that he would meet with local MPs/Councillors and where appropriate Resident Associations. It was also agreed that TfL should meet with Nicky Gavron to discuss the issue.

21/03 PENALTY CHARGE NOTICE PROCESSING SERVICE

The Board noted the paper submitted to the meeting and agreed the following recommendations:

1. that the Joint Arrangement with the London Borough of Croydon for the operation of a Penalty Charge Notice processing and recovery system is extended to 31 March 2004.
2. That TfL tenders the processing service with a view to having an alternative contract in place which can continue this work from April 2004.

22/03 PRIVATE HIRE VEHICLE LICENSING

Peter Hendy introduced the paper to the board detailing the proposals for introducing private hire driving licensing in London from 1 April 2003 and to outline the proposals for managing the implementation of this new licensing regime. TfL are working closely with the Department for Transport in bringing into effect a number of statutory instruments relating to the regulation of Private Hire Vehicle licensing. TfL were responsible for bringing into effect the Private Hire Vehicles (London) Driver Licensing Regulations 2003 and the Private Hire Vehicles (Operator's Licences) (Amendment) Regulations 2003.

Two issues were raised by board members:

1. it was recognised that it was important that the cost of the licence should not be pitched so as to constitute an artificial barrier to entry for private hire vehicle drivers as it provided a vital means of employment; and

2. that TfL should try to encourage drivers to provide appropriate socially inclusive transport.

Peter Hendy said that the Public Carriage Office were obliged to charge the economic cost of the licence and ensure that Private Hire Vehicle drivers comply with the appropriate licensing standards and policies.

The Board noted:

1. the Chair's Action in approving the Private Hire Vehicles (London) Driver Licensing Regulations 2003 and the Private Hire Vehicles (Operator's Licences) (Amendment) Regulations 2003; and
2. that private hire driver licensing will start to be implemented with effect from 1 April 2003.

23/03 WEST LONDON TRAM PROJECT UPDATE

Barry Broe gave a presentation, which gave an update on progress with the West London Tram Project. The Board discussed issues relating to the route, traffic congestion, funding, urban regeneration, and the opportunity cost of the Project versus other alternative modes of transport. The results of an opinion poll covering 3 boroughs affected by the Project had been carried out in conjunction with the Mayor's office to obtain the views of the local residents. This survey showed 56% of respondents giving a considered view of being in favour of the Project.

Jay Walder invited board members to a site visit to the proposed West London Tram route.

Bob Kiley advised that Finance and Planning will produce an investment plan to consider all the current Projects that TfL have currently under consideration and that this plan would feed into the Transport Strategy.

The Board Noted the current status of the project and the work proposed for the next stage of the project. It was further noted that the next stage of the Project would be discussed at the October 2003 board meeting.

24/03 AUDIT ISSUES

The Board:

1. Approved the amendments to the Audit Committee's standing orders in the form tabled at the meeting; and
2. Approved the two policy documents relating to External Audit Services Policy and Risk Management Policy.

25/03 SAFETY, HEALTH AND ENVIRONMENT COMMITTEE REPORT

The Board noted the report of the Safety, Health and Environment Committee meeting that was held on 5 March 2003. David Quarmby stated that there

would in future discussions at the Committee meetings be greater debate on Environmental issues.

26/04 ANY OTHER BUSINESS

Company Secretary

Ken Livingstone explained that the appointment of Gareth Davies as General Counsel with effect from 16 September 2002 was noted at the board meeting held on 19 September 2002 and that additional reference in the minutes should have approved Gareth Davies's appointment as TfL Company Secretary. The Board agreed to ratify the appointment of Gareth Davies as Company Secretary of TfL with effect from 16 September 2002.

The meeting adjourned at 1.15 p.m.

.....Chairman

Transport for London

Minutes of a re-convened meeting of the Board
held on Thursday 20 March 2003, commencing at 2.25 p.m.
in the Mayor's Conference Room, 8th Floor, City Hall. The Queen's Walk, London

Present: Ken Livingstone (Chair)
Board Members: Kirsten Hearn
Susan Kramer
Murziline Parchment
Tony West
Dave Wetzel (Vice Chair)

In attendance:
Special Advisors Bryan Heiser

TfL Officers: Robert Kiley
Maggie Bellis
Ian Brown
Stephen Critchley
Mary Hardy
Peter Hendy
Betty Morgan
Tim O'Toole
Derek Turner
Jay Walder

Secretary: Alan Busson

Ken Livingstone re-convened the meeting

26/04 ANY OTHER BUSINESS (CONTINUED)

2. Underground Advisory Panel

It was agreed that the Underground Advisory Panel (UAP) would be discussed at the May Board Meeting and that HR/employment issues should be addressed in the UAP terms of reference.

There being no further business, the meeting closed at 2.30 p.m.

Chairman

COMMISSIONER'S REPORT FOR MAY 2003

1. PURPOSE

This is the Commissioner's written report for May 2003. This report provides an overview of major issues and developments since the last Board meeting and updates the Board on significant projects and initiatives.

2. INTRODUCTION

The 2003/4 Business Plan and budgets have been completed and published, and work has commenced on the 2004/5 planning round. TfL's business units are currently preparing their submissions, which will form the basis for the emerging 2004/5 plan. In particular, the businesses are being asked to justify any material changes from their previous plans. As discussed in the private briefing to the Board on May 9, the revised Mayor's Transport Strategy currently in development will inform the plan's priorities. The planning process will also cover London Underground.

The results of this process will be consolidated for review at a Chief Officer away day on 4 July, together with analysis of any options necessary to ensure that the plan meets stakeholders' expectations. The aim is to have a first draft 2004/5 Business Plan and high-level budget by the end of July. Key issues from the draft Plan will then be discussed with TfL Board members at an away day in September and the draft input to the GLA budget process will be cleared through the October Board cycle.

3. TfL OPERATIONS

There are some operational issues to draw to your attention.

3.1 *Bus Operations*

The year-end performance results for London Buses are now available. These show significant improvements in terms of service reliability and increases in passenger numbers over the previous year. Final numbers show passenger growth of 7.3% in 2002/03 (an extra 104 million passenger trips), with particularly strong growth in night bus passenger trips (16%) and Sunday trips (12%) over the same period. The result was that 2002/03 saw the highest passenger numbers since 1969 and the highest operated mileage since 1963.

Following the launch of congestion charging, bus patronage on routes entering the charging zone in the peak hour increased by some 14% compared to Autumn 2002. The increase in bus reliability that was noted with the start of congestion charging is being maintained. Further information on bus reliability and volumes since the introduction of

congestion charging on 17 February are recorded in the congestion charging paper later in the agenda.

Work on the London Buses Strategic Review is nearing completion and this is to be presented at a separate meeting of the Board in late June. The newly-constituted Surface Advisory Panel had an extensive briefing and discussion of the preliminary results of this work at its last meeting (May 7).

3.2 Congestion Charging

It is now just over 3 months since the launch of congestion charging. More reliable data is now emerging from the main programme of traffic counts. This indicates that the traffic reduction impact of the scheme continues to exceed TfL's pre-launch expectations, with a 20% decline in traffic entering the zone and a 16% reduction in traffic within the zone. Retail outlets continue to be the most popular form of payment method, with 37% of payments going through retail channels.

A separate paper has been submitted to this Board meeting which covers progress on congestion charging.

3.3 TOCU

During March 2003 the roll-out programme for the Transport Operational Command Unit (TOCU) was completed. The TOCU now provides policing and enforcement on 20 key bus corridors across the London bus network, with over 500 staff. The figures on TOCU activities to the end of March 2003 show that:

- 1789 arrests have been made for a variety of offences
- 45,520 tickets have been issued for vehicle parking violations
- 1,820 illegally parked vehicles have been removed from the TLRN
- The 72 taxi operations undertaken have resulted in 366 arrests.

A business case has been prepared for Phase 2 of the initiative and the required funding has been included in the Mayor's consultation budget for 2003/04. A paper providing an update on the current position, future plans and main issues, was recently prepared for the members of the Surface Transport Advisory Panel. The main areas of investment proposed in Phase 2 are:

- Enhancement of the existing Transport OCU operation on the key corridors to provide an increased presence;
- Development of an area based policing capability to address specific issues across the London bus network and a 24x7 capability
- Introducing a capability to support the needs of TfL to reduce priority traffic congestion
- Developing and implementing a more effective strategy for enforcement of the law relating to Taxis and Private Hire and to reduce taxi touting

Work has commenced on identifying the assessment framework for an independent review of the TOCU, which will be tendered and undertaken by leading experts over the next 18-24 months. In addition, a detailed review of the TOCU and its effectiveness is being undertaken by the MPS and will involve Her Majesty's Inspectorate of Constabulary

and the Audit Commission. This inspection may have some short-term implications for the Phase 2 programme and this is currently under review.

3.4 Public Carriage Office

The taxi fare revision in April simplified the fares structure and lowered fares between 2000 and 2200 hours.

With London's 2,200 private hire operators licensed, work has begun to license London's 40,000 private hire drivers over a three-year period. All registered existing drivers have been issued with temporary permits. The second and final private hire vehicle licensing public consultation document has been issued. The start-up of licensing is planned to begin in January in 2004 and be completed with 12 months.

3.5 London River Services

Milbank Millennium Pier is due to be officially opened by the Mayor on Thursday 22 May. He will at the same time launch the new "Tate to Tate" riverboat service. The pier has been built at a cost of £1.8m, of which £0.7m is third party funded.

4. MAJOR PROJECTS AND INITIATIVES

4.1 Crossrail

As you are aware, the interim business case was submitted to the Secretary of State on 28 February. TfL and Crossrail have continued to work on the final business case for submission in June; this will cover issues of project phasing, the wider benefits case, contract structure and financing.

The Secretary of State has not as yet made any pronouncements regarding preparation of the Hybrid Bill, which cannot now be deposited before April 2004.

4.2 East London Line

On 2 May 2003, the High Court ruled that the East London Line project had substantially complied with environmental impact documentation and could soon commence demolition of the non-listed viaduct in the Bishopsgate Goods Yard. The injunction was due to be lifted once the London Boroughs of Hackney and Tower Hamlets had reconvened to endorse conditions associated with the demolition. Unfortunately, the claimant who lost the judicial review decided to appeal against the decision on 9 May 2003 and a further hearing will probably need to take place in the next few weeks.

4.3 DLR

Work is underway on the construction of the DLR extension to London City Airport. The plant for pre-casting viaduct sections is being completed and possession has been taken of the redundant Drew School building which will shortly be demolished. The replacement school (funded by the LDA and DLR) is now open, providing an enhanced educational facility to complement the transport improvements in the Silvertown area.

BT continue to vociferously object to the further extension of the DLR to Woolwich. BT sought and have been granted a further adjournment to allow them to prepare, and indeed widen, their case. The Inquiry is not now scheduled to resume until 17th June. The Mayor has written to the Chairman of BT saying that BT's continued inability/refusal to conclude the technical discussions necessary to substantiate or refute their case is causing unacceptable and unnecessary delays. A verbal update will be provided to the Board, if relevant.

4.4 *West London Line*

The SRA have agreed to the opening of two new stations on the West London Line - at Shepherds Bush and Chelsea Harbour (Imperial Wharf), to be served in peak hours only by the present services between Clapham Junction and Willesden/Watford. To avoid overcrowding an additional peak service supported by TfL London Rail will run between Clapham Junction, Chelsea Harbour, West Brompton and Kensington Olympia providing an enhanced metro service of four trains per hour on the southern section of the line. The enhanced service may apply from December 2004 but will be in place before the stations are open. Firm completion dates have yet to be provided but the first station to be opened is likely to be Chelsea Harbour in 2005.

4.5 *Integration with LUL*

We have almost completed interviews for the second phase of appointments to the new senior corporate roles across TfL and LUL. From a total of 93 posts, 28 appointments have been made, with 13 of these now in post. We are finalising offers for a number of the remaining posts; 14 positions remain unfilled and will be advertised externally.

Of the 57 (24 TfL, 33 LUL) staff put "at risk" at the start of this process, 19 (7 TfL, 12 LUL) have been displaced so far; some of these chose not to take part in the appointments process. Those displaced will be offered voluntary severance, or may apply for alternate positions within TfL.

Detailed planning to transition the rest of the business to the new TfL structure is largely complete. Communication of this transition begins from mid-May with functional briefings taking place across the business, and letters being sent to the approx. 2300 staff in affected parts of the organisation. The majority of these (approx 75-80%) are largely unaffected by transition. The remainder will change reporting lines and some of these, whose roles are split in the new structure, will be required to express a preference as to where they will go in the new organisation. By 1 July, we are aiming to inform all affected staff where they will be in the new organisation, although all group moves may not have been completed by then.

Group moves to the new organisational structure will be taking place within TfL and LUL as soon as possible. Moves from LUL to TfL Group/Corporate will not take place until after legal transfer, although there may be some individual secondments between TfL and LUL where there are clear business benefits.

5. ORGANISATIONAL DEVELOPMENTS

Peter Hendy has developed a management structure for the new combined Surface organisation that combines the former Street Management and Surface Transport business units. The new structure was announced on May 20 and includes 8 Directors reporting to the MD. These are: Chief Operating Officer, Surface Public Transport (vacancy); Road Network Operations (vacancy); Traffic Management (see below); Congestion Charging (Malcolm Murray-Clark and Michele Dix); Transport Policing and Enforcement (see below); Strategy (Dick Halle, acting); Finance (Richard Webster); and Business Services (Valerie Todd).

New Directors have been put in place for two of the posts reporting to the MD of Surface. On May 12, Peter Brown was formally appointed as Director, Traffic Management (DTM). He has already developed a plan to "Get London moving," is building his team and has begun engaging with the boroughs/ALG on partnership issues and with the major utility companies on the management and coordination of their works. Jeroen Weimar also started on 12 May as the new Director of Transport Policing and Enforcement. His remit will be to manage enforcement activities within TfL, as well as the relationship with the Police, to deliver maximum benefit to the flow of buses and traffic in general, and to reduce crime and the fear of crime.

Three new directors have also been appointed within TfL Corporate Services. Hugh Hood has joined TfL from Barclays Bank to be Director of Group HR Services and will start on 20 May, John Horan from London Underground has been appointed as Director of Group Information Management, and Dr Barbara Young has joined TfL as Director of Group Property and Facilities.

Finally, Chris Townsend has been appointed as Director of Group Marketing reporting to MD, Finance and Planning. With this appointment, Group Marketing has been moved to become part of the Finance and Planning Directorate, one of the changes developed as part of the TfL/LUL integration process.

Robert R. Kiley
Commissioner for Transport
May 2003

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT : 4th QUARTER FINANCE REPORT

MEETING DATE : 28 May 2003

1. PURPOSE

- 1.1 To inform the TfL Board of progress on operational and financial performance against budget and target for the final quarter of 2002/03 and full year ended 31 March 2003.

2. KEY HIGHLIGHTS

- 2.1 The principal issues arising from the final quarter of 2002/03 are as follows :-

- Bus patronage continued to grow throughout the year and was 9% higher in the final quarter of 2002/03 than for the equivalent quarter in the previous year. Daily growth of over 10% was recorded in the weeks following the introduction of the Congestion Charging scheme (CCS), with significant improvements experienced in reliability in and around the congestion charging zone. The bus network subsidy in the final quarter was £8m higher than the 2002/03 budget, this included the additional services and mileage to support the CCS. For the year as a whole bus patronage recorded a year-on-year increase of 7%.
- The significant increase in passenger numbers on the Docklands Light Railway (DLR) following the occupation of the new Canary Wharf office developments, and the introduction of the new DLR timetable has continued. Passenger numbers in the final quarter of 2002/03 were up 14% on the same quarter last year and up 11% year-on-year.
- London Underground service performance indicators during the final quarter of 2002/03 were clearly affected by the complete closure of the Central Line on 25 January 2003, following the derailment at Chancery Lane.
- The number of major injuries and fatalities in the final quarter of 2002/03 on all London roads (including the TLRN and Borough Principal Roads) show a reduction of 8% on the equivalent quarter for 2001/02 resulting in a full year reduction of 5% compared with 2001/02.
- The Congestion Charging scheme commenced operations on 17 February 2003 and experience over the initial weeks of operation has been broadly positive. Very preliminary data indicates that compared to counts in the weeks prior to the start of charging, traffic flows into the charging area during the charging day are down by some 20%. The congestion index for the TLRN during the AM peak period was 83 in the final quarter compared with 92 in the equivalent quarter of

2001/02. This low level partially reflects the introduction of CCS although the index of congestion covers an area beyond the central zone and would have been helped by the completion of a number of major roadworks in the third quarter. A separate paper to the board details the CCS performance so far.

- There has been a significant increase in the level of TLRN maintenance in Street Management in the final quarter of 2002/03, which has resulted in a cumulative overspend against budget for 2002/03 of £51m with the final quarter contributing a £26m overspend. Considerable progress has been made in accelerating the recovery in the backlog of work required to bring the TLRN to a good state of repair.
- The first phase of the Transport Policing Initiative was concluded, with over 500 police officers and wardens deployed under a Special Services Agreement with the Metropolitan Police Service.

3. ECONOMIC BACKGROUND

3.1 The economic indicators for the final quarter of 2002/03 continue to suggest that the growth of the economy is slowing. The headline inflation rate increased from 2.9% in December 2002 to 3.1% in March 2003. Central London full time employment fell by 2.2% year on year in the three months to December 2002. This was offset by an increase in part-time employment of 4.5% over the same period.

3.2 The growth of the volume of retail sales slowed from 6.4% in December 2002 to 4.3% year on year in March 2003. Consumer confidence worsened as the expected moderation in house price growth has led to a reduction in the financing of consumer spending through the excess of property values above outstanding mortgage levels which has underpinned the growth in volume of retail sales in recent years.

	Headline Inflation <i>Monthly</i>	Retail Sales Volume <i>% Year on Year</i>	London Visitor Nights <i>% Year on Year ‡*</i>	Central London FT Employment <i>Quarterly*</i>
March	3.1	4.3	6.4	(2.2)
February	3.2	3.2	5.5	
January	2.9	4.2	4.4	
December	2.9	6.4	1.2	(3.5)

* month / quarter in arrears

‡ 12 month rolling average

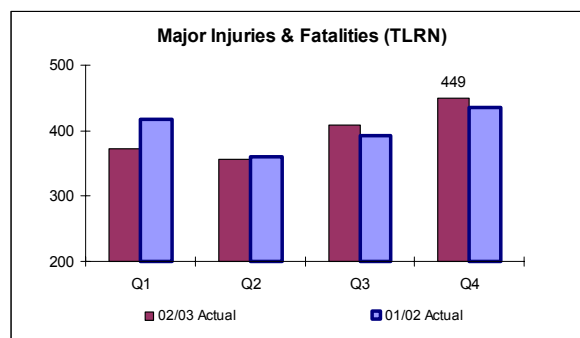
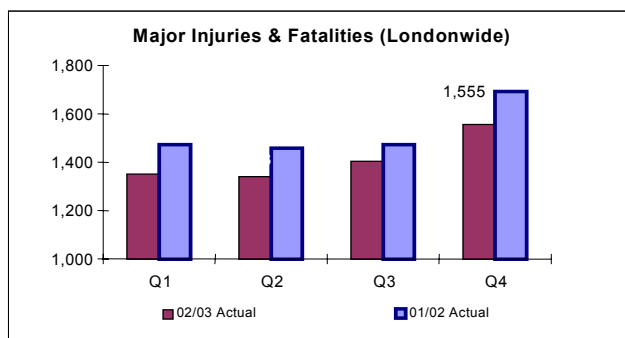
3.3 Finally, tourist visitor nights in London on a rolling average basis showed continuing increases compared to the previous year. This was mainly driven by the low level in visitors to London in early 2002, in the wake of September 11 terrorist incidents, Foot and Mouth and the global economic slowdown that began in 2001.

4. OPERATIONAL PERFORMANCE

4.1 A scorecard reporting the performance against target for the key indicators that were approved by the TfL Board on 19 March 2002 can be found attached to this report as **Annex 1**. The targets used for evaluating performance in this section are those approved by the TfL Board on 19 March 2002.

STREET MANAGEMENT

- 4.2 Progress was made during 2002/03 towards the meeting the long term major injuries and fatalities target adopted by TfL. This long term target consists of a 40% reduction by 2010 of the average number of casualties for the years 1994-98 of 6,684. The 2002/03 figure of 5,650 represents a 15% decrease compared with the average. The number of major injuries and fatalities on the TLRN for the final quarter of 2002 (reported as Q4 2002/03) was up 3% on the equivalent quarter for 2001/02 at 449. However, the Londonwide totals for the same period show a reduction of 8% on the equivalent quarter for 2001/02 at 1,555.

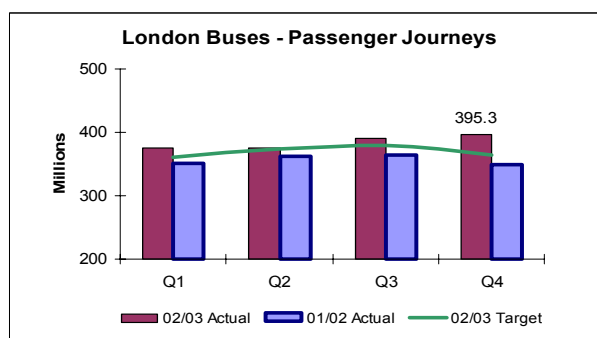
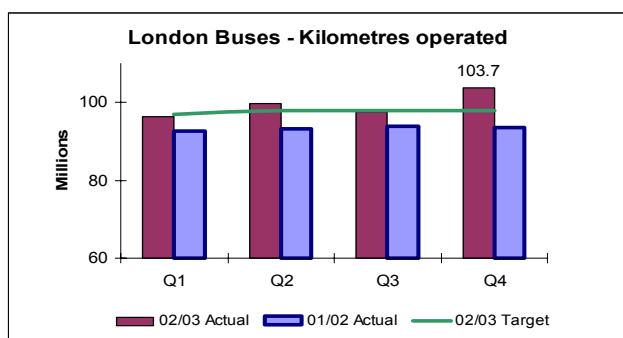


Casualties are reported in arrears, Quarter 4 comprises the months of October, November and December of each year

- 4.3 The congestion index for the TLRN during the AM peak period was 83 in the final quarter of 2002/03 and this represented a reduction from 92 in the equivalent quarter of 2001/02. This lower level partially reflects the introduction of congestion charging although the index of congestion covers an area beyond the current Congestion Charging zone. In addition the completion at the end of the third quarter of the major roadwork schemes at Shoreditch, Vauxhall Cross, as well as the re-opening of Blackheath Hill have also contributed to the reduction in the level of the index. The average index for the full year of 87 in 2002/03 showed a slight reduction from 88 in the previous year.
- 4.4 The index for cycling on the TRLN at 102.3 for the final quarter is 3.7 lower than the equivalent quarter last year. This has resulted in a full year index of 113.2 the same level as 2001/02 and short of the target of 120. The TfL target for cycling in London is in line with that set nationally by central Government, this target represents a trebling the 2000 cycling levels by 2010. The Government recognises the difficulty of achieving the target and predicts that nationally the increase in cycling from 2000 to 2010 is expected to be 30-37%. TfL remain optimistic and believe that growth levels of 80% in London over the 10 years can be achieved, similar to the highest growth elsewhere in Europe.
- 4.5 The percentage of streetlights working on the TLRN fell slightly from 96.8% in Quarter 3 to 96.5% in Quarter 4, below the target of 97.5%. New contractors and stewards were appointed in April 2002 and are working towards but have not yet achieved the target set. Traffic Signals operating effectively during 2002/03 were marginally below target at 96.7%.

LONDON BUSES

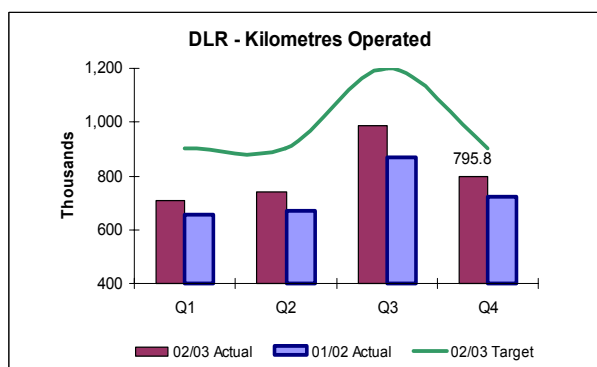
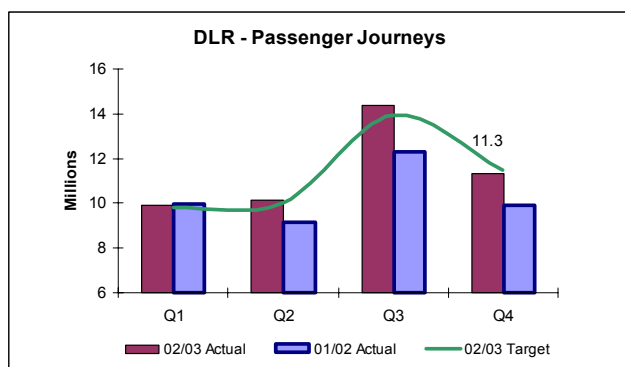
- 4.6 The introduction of Congestion Charging was complemented by the biggest single package of improvements to the capital's bus transport network for fifty years. This contributed to a 9% growth in bus passenger journeys in the final quarter of 2002/03, with 395.3m journeys compared with 364.2m for the same period in 2001/02. In total, bus passengers for the year were 4% above target and 7% up on 2001/02. The level of bus kilometres operated in the final quarter of the year was 11% higher than the same quarter in 2001/02. The full year level of bus kilometres operated of 397.4m was 2% higher than target and 6% higher than 2001/02.
- 4.7 Performance on reliability and service quality in the final quarter was broadly in line with target and was assisted by the completion of a number of major roadwork schemes and the introduction of congestion charging. However this was generally not sufficient to achieve the annual targets because of the large increase in opened mileage. The percentage of schedule operated after traffic lost for the full year of 96.1% was 0.8 percentage points below target. In addition, the percentage of night time buses departing on time during the final quarter at 78.3% represented an improvement of performance against target on the third quarter, but not sufficient to achieve the full year target.



- 4.8 The quarterly target for excess waiting time on high frequency routes (80% of the routes in London) in the final quarter of 2002/03 of 1.6 minutes and the full year target of 1.85 minutes were both achieved. The final quarter result was helped by the introduction of Congestion Charging the phasing in of Quality Incentive Contracts, improvements in the control of routes and robustness of schedules, and the completion at the end of the third quarter of the major roadwork schemes. However, delays continued to be experienced at the long-term roadworks at Kings Cross, New Cross and Barking as well as a result of the closure of the Central Line.
- 4.9 The number of low frequency routes departing on time was 70.8% in the final quarter, which is 4.2 percentage points below target, this contributed to a failure to meet the full year target of 72.3% by 1.5 percentage points. Of the customer satisfaction ratings only overall satisfaction of bus services achieved target. Ratings for reliability, information and Safety and Security, despite expenditure on Transport Policing and CCTV installation, all failed to reach target.

DOCKLANDS LIGHT RAILWAY (DLR)

- 4.10 The increase in both ridership and level of service operated on the DLR continued into the final three periods (5 January 2003 to 31 March 2003) following the introduction of the improved am peak service and maximum 10-minute off-peak frequency earlier in the year. DLR passenger journeys at 11.3m over the three periods were 14% greater than the equivalent periods in 2001/02. Given the increase in service levels occurred halfway through the year it is significant that full year passenger journeys at 45.7m, 11% greater than 2001/02 was also in line with target.
- 4.11 Train kilometres operated in the final three periods were 11% up on the equivalent periods last year at 796k. Train kilometres operated for the full year were 3,232k, up 11% on 2001/02. As can be seen from the graph below, the total kilometres operated throughout the year has been significantly below target, this partially resulted from a decision to delay the introduction of the improved service by 4 months due to the slower than expected occupation of the new Canary Wharf offices.
- 4.12 The number of injuries and fatalities on the DLR system decreased to 4 in the final three periods from a peak of 10 in Quarter 2 (and 8 in the four periods in Quarter 3). The total for the full year of 23 is nearly double the target for the year, however this includes a number of trivial incidents such as a lady who tripped over her shopping bag and several cases of drunks falling over.

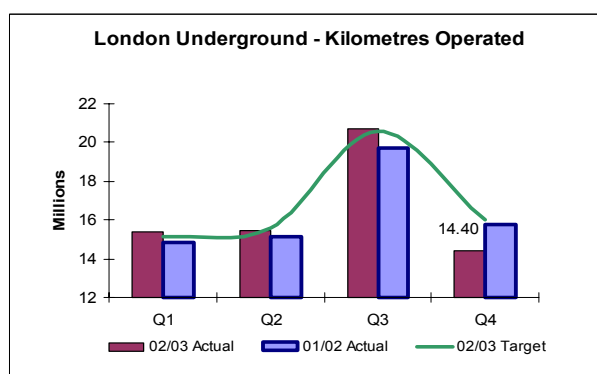
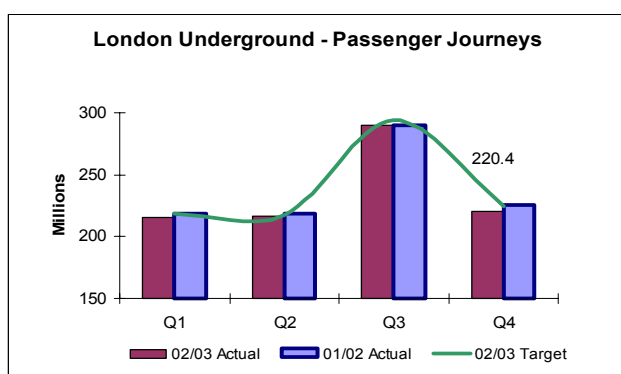


* The increase in Quarter 3 DLR figures is due to the third quarter containing four periods instead of the usual three.

LONDON UNDERGROUND

- 4.13 London Underground performance for the final three periods (5 January 2003 to 31 March 2003) was greatly affected by the closure of the Central Line following a derailment at Chancery Lane on 25 January 2003. Passenger journeys for the final three periods were 4.6m (2%) behind target at 220.4m. Passenger journeys for the full year were 11.8m below target at 942.2m. Adjusting the full year figures for the effect on passenger journeys of industrial action, estimated at 6m and the effect of the Central Line closure at 13m for 2002/03, would result in the achievement of the target.
- 4.14 On the Underground fatalities and major injuries for the full year 2002/03 totalled 108, 14% down on the previous year and 19% better than target. However there is some concern that the total for the final 3 periods of 2002/03 of 23 was 15% higher than the equivalent periods in the previous year. Train kilometres operated for the final 3 periods of 2002/03 were affected by the Central Line closure and as a result were 10%

below target at 14,400m. This contributed to a full year total which when adjusted for the industrial action in Q2 and Q3, was 2% below target at 66,217m.



* The increase in Quarter 3 LUL figures is due to the third quarter containing four periods instead of the usual three.

** Train kilometres operated has been adjusted for the effect of industrial action

4.15 The Central Line closure also impacted reliability with the percentage of peak hour trains cancelled in the final three periods increasing dramatically to 13.4% from 3.2% in the previous four periods. The percentage of schedule operated fell to 84.3% for the final three periods of 2002/03, 9.1 percentage points below target. Excess waiting time rose from 3.2 minutes to 6.9 minutes in the final three periods of this year compared with the previous four periods. The total for the year was 4.2 minutes, 24% worse than target.

4.16 Customer satisfaction rating for crowding was 71 for the final three periods, 2 points ahead of target. Overall satisfaction fell to 74 for the final three periods, one point below target and the equivalent periods in 2001/02.

OTHER BUSINESS UNITS

4.17 **Public Carriage Office** – The introduction of Private Hire driver licensing was rescheduled from September 2002 and began in April 2003. The delay has been caused by the Private Hire driver licensing regulations that have been subject to extensive consultation before implementation resulting in the delay.

4.18 **Croydon Tramlink** – Passenger journeys in the final quarter of 2002/03 increased by 2% from the final quarter of 2001/02. The total for the year of 18.6m also represents an increase of 2% on 2001/02. The percentage of schedule operated during the final quarter at 99% was 1 percentage point above the contractual target and the same period last year.

4.19 **London River Services** - Passenger journeys fell dramatically for the final quarter of 2002/03, to 50% of target and down 23% on the same period last year as a result of a revision of the winter timetable that reduced the number of trips, and the withdrawal of the budgeted 'hopper' service. However due to a good third quarter the full year total of 2m was only marginally below target. The percentage of schedule operated in the final quarter of 2002/03 increased by 1 percentage point to 98.1 from the equivalent quarter in the previous year but still failed to meet the full year target. Overall

satisfaction for the service in the final quarter was 89, a reduction of 1 point on the equivalent quarter in the previous year.

- 4.20 **Victoria Coach Station** – Overall performance of the Victoria Coach Station in the final quarter of 2002/03 was encouraging with the number of coach departures in the quarter totalling 45.1k, 7% above target and 3% up from the equivalent quarter in the previous year. This is consistent with increasing tourist visitor nights which showed increases over the same period. The total coach departures for the year of 189.1k was 2% above target. In addition overall customer satisfaction at 76 in the final quarter was 4 points above target.

5. PROJECT PERFORMANCE

- 5.1 This section summarises the monitoring of major projects spanning more than one year being progressed by TfL. At present there are approximately 50 project areas throughout the TfL Group being reported. These projects are being progressed against planned milestones or costs. The key TfL projects and any projects experiencing significant variances with planned milestones are highlighted below. A fuller description of the progress of projects where significant variations from plan exist can be found attached to this report as **Annex 2**.

STREET MANAGEMENT

- 5.2 The Congestion Charging scheme (CCS) successfully went live on time on 17 February 2003 after the completion of the signing, road marking, public information campaign, the opening of the London Traffic Control Centre and the necessary traffic management schemes. All telecommunications links for the enforcement and monitoring cameras were completed to programme.
- 5.3 Total TLRN maintenance spend for 2002/03 of £147m exceeded budget by 52%, and while this accelerated the recovery of the backlog of work on the TLRN the planned outputs for 2002/03 were generally not achieved.
- 5.4 Within the Bus Lane Enforcement project, slower recruitment of planned operational staff has led to a lower level of contravention monitoring. A total of 246,200 contraventions were identified by the end of the final quarter against a planned total of 412,000 (40% below target), although this was partly due to higher than expected levels of compliance. In addition to this, there has been a higher level of early payment of fines than anticipated. This resulted in a significant loss of anticipated PCN income during 2002/03 (reduced from a budget of £19m to £9m). This was offset by lower staff and operating costs of £9m. 1,032 bus mounted cameras have been installed to date (754 are operational). Of the 53 static cameras installed only 21 are currently enforcing with the remainder expected to be fully operational by March 2005.
- 5.5 Although there had been delays in gaining access to the site for the Trafalgar Square pedestrianisation, the project remains on schedule to be completed in May 2003. There were also delays in the Blackwell Tunnel Southbound refurbishment resulting from poor contractor performance. This matter has now been addressed and the contractor is performing as required. Expected completion is May 2004 instead of the original planned date of November 2003.

- 5.6 The Walking & Cycling Schemes experienced slippage due to delays in modelling, design and signal works, which has led to an under-spend of £8.7m in 2002/03. Delivery of the London Cycle Network+ and other cycling infrastructure schemes have been adversely affected because of a shortage of cycling expertise and project management resource available to contractors. Initial timetables were over-optimistic in view of the innovative nature of the cycling infrastructure proposals and competing demands within the business (including Congestion Charging).

DOCKLANDS LIGHT RAILWAY (DLR)

- 5.7 The concession agreement, for the London City airport extension, between DLR Ltd and CARE was signed on 25 February 2003. Land possession has taken place according to notified land schedule with no major problems. The variance from original plan in 2002/03 in the project has been caused by a delay in securing TWA powers from the Secretary of State, and delays in selecting the preferred bidder.
- 5.8 All the 24 new DLR rail cars have been delivered and are in service, this represents a 34% increase in the fleet size. The Joint Mobility Unit, the disability access consultancy, gave their recommendation of DDA compliance for the railcar refurbishment in March 2003. Alstom have declared an initial two week delay to the completion of the first vehicle, which will be subject to further delays as a result of the JMU visit. The first vehicle will now be delivered 3 months late to contract programme, but Alstom intend to accelerate the production process to recover the delay and maintain the contract end delivery dates of later vehicles.

LONDON BUSES

- 5.9 The number of bus priority schemes planned for 2002/03 was significantly reduced as a result of an exercise in the early stage of the year to refocus efforts to support Congestion Charging. However, a record number of schemes were implemented by the Boroughs and Street Management during 2002/03. Over 220 bus lanes were introduced (the previous yearly highpoint was 107 in 2000/01) and 89 signal junctions were equipped with Selective Vehicle Detection bus priority during the year. The LBI 1 programme was completed by March 2003 and delivered a total of 1,170 physical bus priority, traffic, accessibility and other schemes (including 234 bus lanes) in the three years. All key LBPN and LBI 2 bus priority schemes were implemented by February 2003 and proved extremely successful in enabling the London Traffic Control Centre to maximise Congestion Charging benefits for buses.
- 5.10 6,831 buses are now equipped and accepted as operational AVL buses. This is 86% of the revised target of 7,900 buses. This target has increased from the original 6,500. The installation of Marquis download beacons is advancing. Detailed management information is now available for 355 routes (59% of fleet) and 75 out of 77 garages have been equipped with the necessary download beacons. The use of new technology is being actively pursued in the consideration of the future of the Radio, AVL and Countdown System.
- 5.11 The date for completion of the extension of Hammersmith Bus Station has slipped by 10 months from the original plan to December 2004, because of further discussion

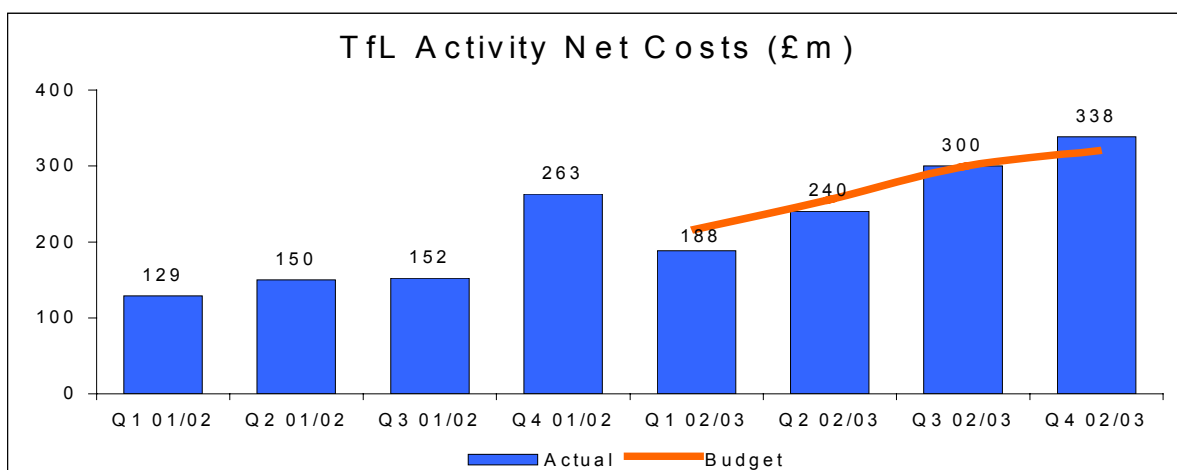
with the London Borough of Hammersmith and Fulham concerning the associated commercial development. The redevelopment of Hounslow Bus Station has slipped by nine months from the original planned date because of outstanding issues regarding the tenant of the public house that is part of the site. LT Property is currently taking action to resolve the issue.

CORPORATE DIRECTORATES

- 5.12 TfL Corporate and London's Transport Museum went live on SAP on 1 April 2003. All training of identified users is complete and support is underway. The SAP Management Centre is now up and running. There are still considerable project risks ahead, including aggressive timescales that contain little contingency and the draw on resources as a result of this initiative and the others being undertaken by TfL. Implementation is on target to deliver as planned, but there remains a risk of delay due to the current testing of payroll which is behind schedule.
- 5.13 On 11 February 2003, details of the Thames Gateway Bridge business case, powers requirements and funding for the project were presented to the Minister of State for Transport, John Spellar. The project team is working towards a period of public consultation in June 2003 and DfT lawyers have indicated that a Spring 2004 date would be realistic for submission of an application for powers using a Hybrid Bill. Engagement of financial advisors is currently being finalised with a proposal to use Deloitte & Touche, providing advice on both funding and the concessionaire tender process.

6. FINANCIAL PERFORMANCE

- 6.1 Fourth quarter spend on the Group's activities (excluding movements in reserves) totalled £338m, resulting in total 2002/03 spend of £1,090m and was just £13m higher than budget as shown in the chart below



FOURTH QUARTER PERFORMANCE COMPARED TO DECEMBER FORECAST

- 6.2 The fourth quarter spend on activities was £338m, compared with a December forecast of £345m. By Directorate, this underspend against forecast of £7m was caused by higher spend in Finance & Planning (£4m) and Street Management (£8m),

combined with lower spend in Surface Transport (£6m), London Rail (£4m), Corporate Directorates (£4m) and unused contingency (£5m).

- 6.3 The Finance & Planning overspend of £4m was mainly caused by higher costs of LUL integration and restructuring. In addition £4m of underspends in Corporate Services was due to lower BIP costs (£1m) and lower land acquisition payments (£3m).
- 6.4 Within Street Management, TLRN and Borough road maintenance spends were £29m higher than quarter 3's forecast as funds were diverted from other underspending projects including Trafalgar Square (£6m), Local schemes & Red Routes (£4m), Road Safety (£6m) and Major Route improvements (£6m). Management and Support functions outturned £4m higher than December forecast, of which £2m was for the write-off of obsolete stock. Offsetting this were compensating variances on Enforcement (£3m) due to lower Partnership and Bus Lane maintenance costs and on Traffic Control Systems modernisation following delays to the business case (£2m). Congestion Charging outturned broadly in line with December's expectation in total, although lower income (£3m) and higher set-up costs (£2m) were offset with lower operational spend (£5m).
- 6.5 Within Surface Transport Bus Priority was underspent by £5m compared to the December forecast, due to the re-focus of schemes undertaken during the year to support congestion charging, leading to delays in non-CCS essential initiatives. London Buses reported £1m below their quarter 3 forecast, again with a number of broadly offsetting variances, including a £4m provision for part 1 claims against Croydon Tramlink, combined with £4m lower net costs of the Network.
- 6.6 Both London Rail and Crossrail were £1m underspent compared to their forecast in quarter 3. London Rail had lower contributions to National Rail and Crossrail had lower study costs. DLR was £2m underspent with lower costs for the second tranche of rail cars and the refurbishment programme

FULL YEAR EXPENDITURE COMPARED TO BUDGET

- 6.7 The effect of the fourth quarter performance is to bring TfL's value of work completed for the full year to £1,090m. This is £13m greater than assumed in the budget agreed at the beginning of the year. The full year results can be seen in the table in **annex 3**. Removing the effect of overprogramming and changes in contingency from this leaves a favourable variance against 2002/03 activities of £25m consisting of :-
- items that have been carried forward into next year (£121m - see para 6.8 and 6.9);
 - items that were ceased or deferred during the year (£51m - see para 6.10), or were completed below budget, resulting in cost savings / efficiencies during 2002/03 (£12m - see para 6.11);
 - items that were overspent or increased in scope and cost beyond that assumed in the budget (£121m - see para 6.12 and 6.13);
 - items for which no budget was provided at the start of the year (£38m - see para 6.14).

- 6.8 The full year result includes a reduction from budget of some £121m for items that have been carried forward into 2003/04 or subsequent years. This includes the decision not to make milestone payments on the London City Airport extension contract (£26m), railcar refurbishment delays (£5m) and other infrastructure projects (£3m) within Docklands Light Railway. For Surface Transport, delays to station and garage purchase schemes and environmental projects such as fuel cell buses led to slippage into 2003/04 of £14m. Slower progress on interchange and intermediate mode projects, including Finsbury Park, Thames River Crossing and Victoria, totalling £15m and Land acquisitions and disposals combined with the BIP project led to £5m of slippage in Corporate Services.
- 6.9 Street Management has identified £51m of items to be carried forward across a number of programmes including: -
- £5m on traffic management schemes for Congestion Charging
 - £4m for work on Red Routes and Local Improvements
 - £10m for walking and cycling and DDA initiatives
 - £8m for the work at Trafalgar Square
 - £9m on the Blackwall Tunnel refurbishment and other Major Route improvements
 - £9m of road safety slippage
 - £5m slippage in signal replacement schemes and delays to other projects within Traffic Technology
- 6.10 The full year results for the Group were reduced by £51m as a result of projects whose scope was reduced or additional funding received during the year. This includes £11m in Street Management due to delays to the introduction of enforcement. London Rail projects were reduced by £5m as discussions continue on TfL's contribution to National Rail enhancements and delays in agreeing scope and priority of programmes has led to a £21m reduction in Bus Priority work. DLR has benefited from a £4m contribution to the costs of the City Airport extension. Within Finance and Planning, projects with reduced scope included £2m for Customer Information, and modal interchange projects along with the benefit of higher bank interest earnings of £4m. The cessation of the Routemaster re-engineering project led to a £2m reduction in London Buses.
- 6.11 The full year results also included savings and efficiencies of £12m. Material variances included £3m savings arising from the consolidation of property management and departmental reductions within Finance & Planning and Corporate Services, including reduced reliance on agency staff and rationalisation of accommodation. Other savings and efficiencies comprise £4m against Major Route Improvements, mainly for A13 DBFO payments, where improvement works have reduced usage, Trafalgar Square pedestrianisation of £1m and savings in Strategy & Support services of £4m, all within Street Management.
- 6.12 The total overspends and increases in scope in 2002/03 were £121m. £68m of this was within Street Management, including £38m of additional TLRN maintenance spend, £18m for higher Congestion Charging scheme set-up cost and income shortfalls and £12m within Traffic Enforcement again for income shortfalls and the costs of additional cameras. The full year Buses overspend totalled £37m, of which £22m was for the increased costs of running the network. Network expansion also led to higher costs for AVL and Countdown of £4m as more buses are being fitted with the

necessary equipment. Also included is a £3m overspend for additional bus shelters, additional on-bus CCTV of £2m, and £3m for additional administration costs. The overspend of £121m was some £31m above the forecast at December of which £27m was for additional TLRN maintenance.

- 6.13 The Finance and Planning year-end results included a £7m overspend for LUL integration work, including the PPP set-up and Corporate re-engineering. DLR have £2m arising from lower income on the Lewisham extension, and feasibility and design costs for 3-car upgrade and Woolwich Arsenal. Other overspends include £3m in Corporate Services for IT and accommodation spend and general overspends of £2m in Dial-A-Ride, £1m in East Thames Buses and £1m in PCO.
- 6.14 Finally, non-budgeted items that were progressed during the year totalled £38m. Within Buses, there was £14m of unbudgeted expenditure, including items such as the purchase of land for Hammersmith bus station and other infrastructure items as agreed at the start of the year and a further £4m for vehicle purchases on behalf of East Thames Buses. Street Management included £14m of TLRN maintenance also agreed at the start of the year. The full year result also includes £3m in Commissioner's Office for the legal costs of the PPP challenge, £2m in Customer Relations for new corporate identity and cross-modal advertising and PCO have £1m for the building works at Penton St.

STAFF NUMBERS

- 6.15 TfL staff numbers (defined as the full time equivalent number of permanent and temporary agency staff) increased by 263 in the final quarter. The main increases occurred in East Thames Buses (83) reflecting the unbudgeted operations of Routes 42, 53 and 185, in Street Management (40), Dial-A-Ride (34) reflecting the continuing expansion of the service, London Buses (27) and Finance & Planning (27) for the Thames River Crossings project.
- 6.16 As shown in the table in **annex 4** the total FTE for TfL staff numbers at the end of March 2003 were exactly 4,000. This total is 190 above budget including East Thames Buses (146), who took on extra routes during the year and Finance & Planning (58) mainly due to a scaling up of activity on Transport Planning projects especially the Thames River Crossings. London Buses were 39 higher than budget, and Street Management finished the year 50 below their budget due to difficulties in hiring technical staff for Congestion Charging operations, Enforcement and Traffic Control.

OPERATIONAL SCORECARD

Performance Indicators	STREET MANAGEMENT				LONDON BUSES				DOCKLANDS LIGHT RAILWAY				LONDON UNDERGROUND			
	Q4 Actual	Full Year Actual	Full Year Variance	Trend	Q4 Actual	Full Year Actual	Full Year Variance	Trend	Q4 Actual	Full Year Actual	Full Year Variance	Trend	Q4 Actual	Full Year Actual	Full Year Variance	Trend
SAFETY																
No. of Major Injuries / Fatalities on TfL services	#	449	1,586	7		244	1,170	n/a	⚙️					23	108	25
No. of Major Injuries / Fatalities (Londonwide)	#	1,555	5,650	279												
Staff and Passenger Injuries and Fatalities	#									4	23	(11)				
CSS : Safety and Security	Score					80	80	(1.0)		91	90	❖		78.0	79.0	0.0
SERVICE VOLUMES																
Passenger Journeys	m					395.3	1,536	58.0		11.3	45.7	0.5		220.4	942.2	(11.8)
Bus/Train Kilometres Operated	m					103.7	397.4	6.4		0.80	3.23	(0.67)		14.40	~66.22	(1.08)
CSS : Crowding	Score					77	77	0.0						71	71	2
Congestion Index TLRN	#	83.0	86.0	n/a												
Cycling on TLRN (index April 2000=100)	#	102.3	113.2	(6.8)												
RELIABILITY AND SERVICE QUALITY																
Journey Time Reliability TLRN	%	n/a	27.0	n/a												
On Time Performance – Adherence to schedule	%									96.1	96.2	0.2				
Schedule Operated/Valid Train Departure(DLR)	%					96.4	96.1	(0.8)		97.7	98.1	0.1		84.3	~92.2	(1.2)
Excess Waiting/Journey Time	mins					1.6	1.8	0.0						6.7	~4.0	(0.6)
Low Frequency Routes Departing on Time	%					70.8	70.5	(1.5)								
Night Buses Departing on Time	%					78.3	74.5	(0.5)								
Street Lights Working	%	96.5	96.5	(1.0)												
Traffic Signals Operating Effectively (Lon Wide)	%	96.5	96.7	(0.3)												
Traffic Signals with Pedestrian Phase	%	n/a	77.0	0.0												
Days of Controls/Closure on Sensitive Roads@	Days	0.0	6.0	54.0												
CSS : Overall Satisfaction	Score					76	76	0		93	92	❖		74	75	0.0
CSS : Reliability – Journey/Wait Time	Score					78	77	(1)						79	79	1
CSS : Information	Score					72	72	(1)		94	93	❖		76	76	0.0
% Vehicles under 10 years old	%					n/a	89	0								
Peak Hour trains Cancelled	%													13.4	~5.5	(1.6)
ACCESS																
Pedestrian Crossings for Disabled	%	n/a	62.0	0.0												
Bus Stops that are 'low floor'	%	n/a	12.9	6.9												
'Low Floor' Buses	%					79.0	79.0	2.0								
% of System Accessible	%									n/a	100	0				

OPERATIONAL SCORECARD

Performance Indicators	PUBLIC CARRIAGE OFFICE				CROYDON TRAMLINK				LONDON RIVER SERVICES				DIAL-A-RIDE				VICTORIA COACH STATION			
	Q4 Actual	Full Year Actual	Full Year Variance	Trend	Q4 Actual	Full Year Actual	Full Year Variance	Trend	Q4 Actual	Full Year Actual	Full Year Variance	Trend	Q4 Actual	Full Year Actual	Full Year Variance	Trend	Q4 Actual	Full Year Actual	Full Year Variance	Trend
SERVICE VOLUMES																				
Passenger Journeys	m				4.54	18.62	n/a		0.20	2.03	(0.03)									
Taxi Driver licences/Coach Departures	000	24.7	24.7	0.1													45.1	189.1	4.2	
Private Hire Driver Licences	000	0	0	(7.8)																
RELIABILITY AND SERVICE QUALITY																				
Schedule Operated	%				99.0	98.9	0.9		98.1	97.5	n/a									
CSS : Overall Satisfaction	Score				88.0	88.0	3.0		89.0	89.0	n/a		93.0	93.0	0.0		76.0	75.0	3.0	
FINANCIAL EFFICIENCY																				
Net Income Per Coach Departure	£																n/a	5.96	1.38	

Positive / improving trend or variance
 Neutral trend or variance
 Negative / worsening trend or variance

Notes/Key:

- Negative variances are adverse.
- The trend analysis is a comparison of Q4 2002/03 with performance indicators from Q4 2001/02 for quarterly indicators and year against year for annual indicators.
- The boxes in the variance column are shown as green, red or yellow depending on whether they are positive, adverse or neutral variances. The boxes in the trends column are shown as green, red or yellow depending on whether they are positive adverse or neutral.
- ❖ These measures were introduced during 2002/03 targets will be set from Q1 2003/04 onwards.
- ⊗ Year on year is not shown due to change in definition introduced this year.
- @ Excludes the closure of the A2 at Blackheath Hill.
- ~ These London Underground indicators have been adjusted for the effects of industrial action by RMT members and the FBU strikes in Q2 and Q3.

PROJECT PERFORMANCE

Project	Variance from Plan / Budget	Comment
STREET MANAGEMENT		
CCS Traffic Management	£4m Slippage from 2002/03 to 2003/04	Some borough schemes have slipped into the next financial year. The budget was re-profiled in May 2002 to ensure the appropriate delivery of schemes. The implementation of 80 Real time Traffic Management (RTTM) schemes were completed by 17 th February 2003, in time for the "go live" date.
CCS Procurement & Systems Set-Up	(£11m)	The main reason for the adverse variance is due to one off activities such as the costs of judicial review and associated legal work, increased consultancy costs arising from delayed staff appointments, resourcing during the proving period, public information campaign and increase in camera sites. Additional consultancy costs were incurred in the early days of the congestion charging scheme to deal with the increased capacity for handling PCN representations and rescheduling of traffic management schemes.
TLRN Maintenance	(£51m)	The overspend results from the bringing forward of planned maintenance schemes for 2003/04. This includes additional spending of £13.7m agreed by the Chief Officers Group in May 2002.
Traffic Enforcement	6-31 months (£2m)	Delays in the planned appointment of operational staff led to a lower level of contravention monitoring. Income from PCNs to date has also been lower than anticipated due to the lower level of contraventions than expected and a higher level of early payment. This has led to full year income of £9m compared to a budget of £19m. 1,032 bus mounted cameras have been installed to date (754 are operational). Of the 53 static cameras installed only 21 are enforcing the remainder are expected to be fully operational by March 2005. The milestone for laying a Bill to decriminalise certain traffic offences using cameras has now been put back to 30 June 2004. A total of 246,200 contraventions had been identified up to the year-end.
Major Route Improvements	6 months £7m	The completion date for refurbishing the Blackwall tunnel has slipped by 6 months from the original planned date of November 2003 to May 2004, due to delays to the inception of project work. Payments to the contractor are based on the completion of specific project milestones. The contractor has the discretion over the timing of completion of the milestones and a number of milestones due to be completed in 2002/03 have slipped into 2003/04.
Walking & Cycling	7 months £9m	The Walking & Cycling Schemes were underspent by £8.7m (48%) in 2002/03. Walking schemes experienced slippage due to delays in modelling, design and signal works. Delivery of LCN+ and other cycling infrastructure schemes have been adversely affected by insufficient cycling expertise and project management resource available to contractors. Initial timetables were over-optimistic in view of competing demands and the innovative nature of the cycling infrastructure proposals. All walking and cycling schemes that were planned in 2002/03 but not implemented will be carried out in 2003/04.
Traffic Control Systems Replacement	1-18 months	Slippage on this project has continued in the fourth quarter of the year due to the slow progress of the LED development work and delays in system software projects. It was not possible to carry out a competitive tender process to purchase LED signals in large numbers that were budgeted for 2002/03 because of the departure of key staff, which has accounted for a slippage of £1.2m into 2003/04. The complete installation of LED signals is now planned for June 2003.
Road Safety	1-19 months £9m	There were delays in commissioning non-borough road safety works as priority was given by contractors to progress Congestion Charging initiatives. Steps were however taken to execute projects that could be done by Traffic Technology Services and therefore minimise these delays. However, as a result of these delays and borough delays earlier in the year due to insufficient information from agencies, road safety schemes totalling £9.2m have been carried forward into the 2003/04 financial year

PROJECT PERFORMANCE

Project	Variance from Plan / Budget	Comment
LONDON RAIL		
London City Airport	12 months	The concession agreement between DLR Ltd and CARE was signed on 25 February 2003. Land possession has taken place according to notified land schedule with no major problems. There has been a slight delay on two plots due to tenants, but agreement with the Concessionaire was made as to new revised dates. The variance from original plan in 2002/03 in the project has been caused by a delay in securing TWA powers from the Secretary of State, and delays in selecting the preferred bidder
New Rail Cars	10 months	The last vehicle completed its commissioning test and entered passenger service in March 2003. Liquidated damages for late delivery of vehicles and additional storage charges totalling £240k were applied by DLR to Bombardier and were reflected in the accounts in January 2003.
Rail Car Refurbishment	7 months	Contracts were signed in September 2002 and the first vehicle delivered to the contractor, Alstom. The design package has now been accepted. The contractor has identified some issues that will result in the delay to the prototype vehicle delivery. These issues mainly relate to lead times for specialist parts but also include the Receivership of a sub-contractor. Alstom intend to accelerate the production process to recover the delay and maintain the contract end delivery dates of later vehicles.
SURFACE TRANSPORT		
Bus Priority	£22m	The number of schemes planned for 2002/03, and their associated cost, are now significantly less than that calculated from the Whole Route Implementation Plans earlier in 2002/03. All the LBI 2 schemes vital to Congestion Charging have been introduced. Of the remaining schemes, however, delays have been incurred in all activity areas. The baseline programme set in summer 2002 appears to have been overly optimistic for the first year of the three year LBI 2 programme with resources being concentrated on completing LBI 1 and securing the LBI 2 schemes supporting CC. This has resulted in the 2002/03 spend being reduced from the budget of £68.5m to £46.4m (including LBI 1)
Delivery of Fleetwide AVL	17-30 months	The ongoing growth in the size of the bus fleet (currently 7900) continues to impact delivery, which has now slipped from its original completion date of September 2001 to the end of March 2004. 6,831 buses are now equipped and accepted as operational AVL buses. Spend forecast for 2002/03 at £1.2m is some £900k over budget.
Bus Garages	2-12 months	Discussions with the LB of Hammersmith and Fulham about the interim expanded bus station at Hammersmith contributed to a 10 month delay. Some nine months delay has occurred to the purchase of the Hanworth Road Garage as a result of negotiations about the public house on the site. The new bus garages at North Acton and Walworth have slipped by 3 and 4 months respectively. The transfer of the Walworth garage from LUL has been delayed. The transfer from LUL will take place as part of the transfer of LUL to TfL. Brixton Hill is still awaiting the outcome of the planning application and a proposal for a garage site at Whetstone (Totteridge) has been suspended pending the outcome of a third party residential planning application

PROJECT PERFORMANCE

Project	Variance from Plan / Budget	Comment
CORPORATE DIRECTORATES		
New Thames River Crossings	3-4 months	On 11 February 2003, a meeting was held between TfL and the Minister of State for Transport, John Spellar to present him with details of the Thames Gateway Bridge business case, powers requirements and funding for the project. The project team have launched a period of public consultation and DfT lawyers have indicated that a Spring 2004 date would be realistic for submission of an application for powers using a Hybrid Bill.
Busway Schemes (Greenwich Waterfront and East London Transit)	12 months	Draft ELT phase 1 safeguarding drawings have been submitted to LB Redbridge and LB Barking & Dagenham. TfL have recently reviewed alignment issues in Woolwich Town Centre, and, subject to information promised by LDA, will make one alignment change. Greenwich Council have undertaken to safeguard the alignment through Supplementary Planning Guidance.
West London Tram Scheme	3 months	The Phase 2 Project definition design work and business case have now been completed. Revised property, capital operating and renewal costs were included in a re-draft of the business case. The summary of this work was presented to the TfL Board on 20 March 2003. Version 2 of the Business Case is currently being developed. The project remains on course to submit an application for powers in Winter 2003/04. If approval were given to submit an application, a Public Inquiry is likely to be held in Summer 2004
Cross River Tram	3-12 months	The project faces a potential risk from Camden's adamant refusal to secure a depot at King's Cross. Efforts are being made to secure an alternative depot site. A report on alternatives to King's Cross railway lands has been delivered and is being evaluated by TfL and relevant local authorities. The process of clarifying route alignments for safeguarding purposes is also continuing with the relevant local authorities.

NET EXPENDITURE SUMMARY

	Fourth Quarter		Full Year		
	Quarter to 31 March	Variance to Budget	12 Months to 31 March	Variance to Budget	Variance to Q3 Forecast
	£m	£m	£m	£m	£m
Surface Transport					
London Buses	115	(20)	381	(41)	1
Bus Priority	11	9	50	21	5
Dial-a-Ride	4		16	(1)	
East Thames Buses					
Victoria Coach Station		1	(1)		1
London River Services	1	(1)		1	
Public Carriage Office			4	(1)	(1)
	131	(11)	450	(21)	6
Street Management					
CCS & Enforcement	27	(22)	100	(14)	2
SM Services	72	(15)	213	(39)	(21)
Major Route Improvement	8	8	25	13	6
Traffic Technology	19	5	49	15	10
SM strategy & support	20	(6)	49	13	(5)
	146	(28)	436	(12)	(8)
London Rail					
Core	1		3	3	1
CrossRail	3		13	1	1
Docklands Light Railway	8	29	36	37	2
	12	29	52	41	4
Corporate Directorates					
Group Communications	2	(1)	4		
Museum	1		4		
Customer Relations	4	(2)	13	(3)	1
General Counsel	1		3		
Commissioner's Office	3		10	(2)	
Corporate Services	14	(3)	37	6	4
Finance & Planning	24	(1)	58	18	(4)
	49	(7)	129	19	1
LT Insurance (Guernsey)		(1)		(2)	(1)
Total TfL Activity Net Costs	338	(18)	1,067	25	2
Contingencies		15		15	5
Over-programming		(55)		(55)	
	338	(58)	1,067	(15)	7
Transferred to reserves	26	(1)	26	(1)	(1)
BSP work c/fwd from 01/02	3	(3)	6	(6)	(2)
Transferred from reserves	(6)	6	(9)	9	4
Total	361	(56)	1,090	(13)	8

HEADCOUNT SUMMARY

31 March 2002		31 March 2003		
		Actual	Variance to Budget	Variance to Q3 Forecast
	Surface Transport			
774	London Buses	873	(39)	(13)
237	East Thames Buses	385	(146)	(79)
5	Dial-a-Ride	583	(24)	(24)
126	Victoria Coach Station	121	3	3
18	London River Services	18		
152	Public Carriage Office	185	22	1
1,312		2,165	(184)	(112)
	Street Management			
35	Congestion Charging	77	29	23
95	Bus Priority & Enforcement	140	16	15
190	Street Management Services	219	(27)	(8)
222	Traffic Technology	214	33	62
252	SM Strategy & Support	248	(1)	22
794		898	50	114
	London Rail			
20	Core	19	5	(1)
31	Docklands Light Railway	30	2	2
51		49	7	1
	Corporate Directorates			
} 385	Customer Relations	301	9	22
	General Counsel	48	(12)	
	Corporate Services	119	4	(16)
	Commissioner's Office	22	(7)	
	Group Communications	48	(6)	(2)
	Museum	87	7	7
176	Finance & Planning	263	(58)	(5)
744		888	(63)	6
2,901	Total Staff Employed	4,000	(190)	9
2,444	Permanent	3,485	167	45
457	Agency / Consultancy	515	(357)	(36)
2,901		4,000	(190)	9

Transport *for* London

TfL BOARD

SUBJECT: BEST VALUE PERFORMANCE PLAN (BVPP)

MEETING DATE: 28 May 2003

1. INTRODUCTION

- 1.1 TfL is developing its third Best Value Performance Plan (BVPP) which it is required to publish by 30th June 2003. As last year, the BVPP has been produced and will be published as an integral part of TfL's six-year Business Plan. This accords with the Audit recommendations that the business planning process is used to embed best value throughout TfL.
- 1.2 The draft content of the BVPP was reported to the 11th March meeting of the Finance Committee, and it was agreed that an update would be presented to the Finance Committee, and the TfL Board, to endorse the BVPP content, prior to formal publication.

2. BEST VALUE PERFORMANCE PLAN (BVPP) UPDATE

- 2.1 It should be noted that the draft BVPP was included in the published TfL Business Plan 2003/04 - 2008/09. Board Members should read this update in conjunction with the TfL Business Plan, a copy of which was recently circulated to all Board Members.
- 2.2 The finalised BVPP will be produced as an update to the Business Plan and placed on the TfL web-site. A copy will be provided to our Auditors by 30th June 2003 in line with the latest Government guidelines.
- 2.3 The updates to the draft BVPP as published in the 2003/4 Business Plan are:
- Adding financial out-turn figures for 2001/02 and 2002/03 to Appendix A, and the addition of a high level commentary
 - Reporting out-turn figures for the 2002/03 transport related best value performance indicators and corporate health best value performance measures (Appendix B2, pages 54-57)
- 2.4 Updates and supporting commentary on performance for the Best Value Performance Indicators are complete with the following exceptions, which will be completed in time for the final publication of the BVPP (30th June):
- 2002/03 outturn figures for Transport BVPI's BV96 and BV165
 - Targets still to be set and outturn figures still to be collated for Transport BVPI BV187 (new indicator)

- TfL did not measure performance indicator BV 156 last year as processes to measure this indicator were not in place. TfL has made an undertaking to our auditors to produce outturn figures in the 2003 BVPP. Work to measure this indicator started later than planned, however a program is in place to deliver an outturn figure in time for final publication by June 30th 2003.

2.5 Sections of the 2003/4 Business Plan that have been updated are attached as the following annexes to this paper:

- **Annex 1;** Update to Appendix A (TfL Expenditure Plan summary, pages 40 & 41) to include 2001/02 and 2002/03 actual out-turn and commentary.
- **Annex 2;** Update to appendix B2 (Transport & Corporate Health BVPI's, pages 54-57) to include:
 - 2002/03 performance out-turn
 - Comparison with 2001/02 out-turn
 - Comparison 2001/02 out-turn with other authorities performance

2.6 For ease of reference, the areas subject to change have been cross-referenced to the relevant parts of the Business Plan.

3. RECOMMENDATIONS

3.1 The Board is asked to:

APPROVE the revisions of - TfL's Best Value Performance Plan, as attached, and DELEGATE to the Managing Director, Finance and Planning the authority to make the final changes to the BVPP prior to its publication on 30th June 2003.

Annex 1

TRANSPORT FOR LONDON BUSINESS PLAN SUMMARY

Activity	2001/02 Actual	2002/03 Actual	2003/04 Budget	2004/05	2005/06	2006/07	2007/08	2008/09
	£m	£m	£m	£m	£m	£m	£m	£m
Surface Transport								
London Buses (including Bus Priority and Transport Policing)	199.9	430.5	670.4	796.4	879.9	951.7	1019.5	1105.4
Public Carriage Office	3.2	4.5	3.2	1.0	0.6	(1.8)	(0.2)	(0.1)
London River Services	0.9	0.5	1.0	0.5	1.0	1.0	0.1	0.1
East Thames Buses	(0.5)	0.1	(1.0)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)
Victoria Coach Station	(1.2)	(1.0)	(0.8)	(0.6)	2.4	(0.6)	(0.6)	(0.5)
Dial-A-Ride	15.0	15.7	17.5	19.2	19.8	20.2	20.8	21.3
Croydon Tramlink	(1.2)							
	216.1	450.3	690.3	815.6	902.8	969.5	1,038.6	1,125.2
Street Management	274.8	440.2	425.7	443.3	463.7	454.5	438.3	414.9
Congestion Charging Operations		(4.2)	(121.1)	(126.0)	(127.4)	(126.2)	(125.6)	(125.0)
London Rail								
London Rail Core	1.0	3.1	16.6	31.3	15.9	15.9	10.9	10.9
Crossrail	3.0	12.9	17.0	42.0	93.0	22.5	0.0	0.0
Docklands Light Railway	42.7	36.1	56.8	57.7	98.4	108.8	73.2	38.8
	46.7	52.1	90.4	131.0	207.3	147.2	84.1	49.7
Corporate Directorates								
Group Communications (incl Museum)	6.9	8.2	9.3	9.0	14.4	8.9	8.7	8.9
Finance & Planning (incl. Transport Planning and Borough Partnerships)	114.1	67.2	97.0	106.8	176.7	138.7	130.1	149.2
Customer Relations	8.4	12.8	12.2	11.4	11.2	11.1	11.1	11.1
General Counsel	2.2	3.2	5.6	4.2	4.2	4.2	4.2	4.2
Commissioner's Office (incl. Equality and Inclusion Team)	4.1	9.6	11.4	8.2	8.2	8.2	8.2	8.2
Corporate Services	11.8	39.4	43.3	5.1	(0.8)	4.4	2.6	11.8
London Transport Insurance (Guernsey)	(1.4)	(0.4)	(1.5)	(1.8)	(1.9)	(1.9)	(2.0)	(2.1)
	146.1	140.0	177.3	142.9	212.0	173.6	162.9	191.3
Contingency			38.0	25.0	25.0	25.0	25.0	25.0
Overprogramming			(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
Efficiencies			(7.2)	(42.0)	(65.6)	(72.0)	(68.8)	(69.0)
TfL Net Expenditure	683.7	1078.4	1,243.4	1,339.8	1,567.8	1,521.6	1,504.5	1,562.1

Funded By								
Indicative Transport Grant	(717.1)	(1,024.3)	(1,338.3)	(1117.3)	(946.9)	(1,022.6)	(1,019.6)	(985.2)
GLA Precept	(10.6)	(35.8)	(57.8)	(56.5)	(55.3)	(54.2)	(53.2)	(52.1)
City Airport Set-Aside			92.0	(92.0)				
Grant Reversal	3.0							
Reserves	10.4	24.8	62.5					
Working Capital	30.6	(43.1)	(1.8)					
Total Funding	(683.7)	(1,078.4)	(1,243.4)	(1265.8)	(1002.2)	(1076.8)	(1072.8)	(1037.3)
Funding Shortfall	0.0	0.0	0.0	74.0	565.6	444.8	431.7	524.8

TfL net expenditure has increased from £684m in 2001/02 to an approved budget of £1,262m in 2003/04. This increase of £578m (85%) has been primarily driven by the expansion in the Bus network, the increase in the number of Street Management schemes and the associated set-up and operational costs of the Congestion Charging scheme. These increases are all driven by the Mayor's Transport Strategy.

The Bus Network subsidy has increased from £117m in 2001/02 to a budget of £435m in 2003/04, an increase of £318m. This increase has been due to the combined effect of a fares freeze, an ongoing network expansion and improvements in service quality through the introduction of quality incentive contracts with the bus operators.

In 2002/03, the largest programme of service increases since World War II was introduced, with 300 new buses and enhanced services to support Congestion Charging. As a result of these improvements, passenger numbers have risen to their highest level since 1975 and operated mileage is at its highest since 1965. These service increases and improvements are projected to continue throughout 2003/04.

The remainder of the increase to the Surface Transport budget since 2001/02 of £156m has been for ongoing improvements to the bus service such as Transport Policing, bus lane enforcement and bus priority schemes.

Street Management has also significantly increased their output since 2001/02. Street Management net expenditure increased by £165m in 2002/03, but this includes £67m of Borough programmes, which were previously included in Finance & Planning. This Borough expenditure includes some new initiatives since 2001/02 such as Road Safety and Walking & Cycling. The main areas of increased spend in the remainder of Street Management have been in recovering the backlog of TLRN road maintenance, major route improvements, and one-off initiatives such as World Squares.

The introduction and continuing operation of the Congestion Charging scheme has had a major impact on TfL's net expenditure since 2001/02. The set-up costs and associated Traffic Management schemes increased from £39m in 2001/02 to £98m in 2002/03. However, Congestion Charging operations are expected to provide net income of £121m in 2003/04, which represents a reduction in net expenditure of £117m compared to 2002/03.

The Corporate Directorates have also increased by £96m from 2001/02 to the 2003/04 budget, excluding the change of responsibility of Borough expenditure as described above. The main increases have been in Transport Planning, for the development of light transit schemes and Thames river crossings, integration costs with London Underground and the implementation of a Business Improvement Programme (BIP), which will replace legacy financial, procurement and HR information systems with an enterprise resource planning system.

Annex 2

BEST VALUE PERFORMANCE INDICATORS

This appendix sets out the Best Value Performance Indicators (BVPI's) that have been prescribed by ODPM for TfL in 2002/03. Also included are the performance out-turn figures for 2001/02 (where applicable), the target figures for 2002/03 and the outturn figures.

Corporate Health Best Value Performance Indicators		2001/02 actual	2002/03		2003/04 target
			target	outturn	
BV2	The level (if any) of the Commission for Racial Equality's standard to which the authority conforms	Level 2	Level 3	Level 3	Level 4
<p>Comment on performance 2001/02 performance TfL reached Level 2 out of a possible 5 Levels, which is above the average of 1.03 for all other authorities. To reach this level TfL has undertaken an impact and needs assessment, a consultation process and an equality action planning process for employment and service delivery. To drive forward future improvement TfL's Equality and Inclusion Team has developed a Race & Equalities Scheme (RES) Action Plan this plan formally outlines the actions necessary to achieve a higher level, such actions include providing training programmes, establishing a steering group, and promoting Racial Equality best practices. It is TfL's aim to achieve the highest level (Level 5) by 2004/05.</p>					
BV5	The number of complaints to an Ombudsman classified as 'maladministration'	<i>TfL was not required to measure during 2001/02, and the indicator has been deleted by DTLR for 2002/03</i>			
BV8	The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority	79%	85% ¹	84%	87%
<p>Comment on performance 2001/02 performance was below the average of 86% across all other authorities. TfL's payment performance has been affected by it being a new organisation with many temporary/ new staff using its legacy accounting systems. Permanent staff are being recruited and are having to learn new processes. For the future the separate businesses are progressively installing an integrated accounting platform (SAP) and introducing new business processes. Efforts are being made to improve payment performance but inevitably the circumstances outlined will continue to disrupt the separate businesses until new systems are fully integrated. These should eventually result in an improved payment performance.</p>					
BV11	The percentage of senior management posts filled by women	16.86%	<i>Amended for 2002/03- see 11a</i>		
<p>Comment on performance 2001/02 performance was below the average of 24% for all other authorities. This indicator has been amended for 2002/03 and is now represented by BV11a.</p>					

Corporate Health Best Value Performance Indicators		2001/02 actual	2002/03		2003/04 target
			target	outturn	
BV11a	The percentage of top 5% of earners that are women	<i>New indicator for 2002/03</i>		20.80%	22.91%
<p>Comment on performance TfL is relatively new organisation that inherited staff from the preceding transport bodies as such TfL's staffing composition is reflective of these organisations. Within these organisations females had been under represented in higher management positions. TfL has put in place a variety of initiatives to address these inequalities. Initiatives include widely advertising positions, instructing TfL's recruitment consultants to present diverse shortlists where possible, diversifying interview panels and building a diverse workforce at lower levels within the organisation with the intention that these people will be able to move into senior roles in the future.</p>					

BV11b	The percentage of top 5% earners from black and minority ethnic communities.	<i>New indicator for 2002/03</i>		8.33%	9.72%
<p>Comment on performance TfL is relatively new organisation that inherited staff from the preceding transport bodies as such TfL's staffing composition is reflective of these organisations. Within these organisations black and minority ethnic groups had been under represented in higher management positions. To correct this inequality TfL has in place a variety of initiatives including widely advertising positions, instructing TfL's recruitment consultants to present diverse shortlists where possible, diversifying interview panels and building a diverse workforce at lower levels within the organisation with the intention that these people will be able to move into senior roles in the future.</p>					

BV12	The number of working days / shifts lost due to sickness absence per full time employee All Staff	10.12	8.97 ²	11.28	8.66
BV 12	The number of working days / shifts lost due to sickness absence per full time employee Operational Staff	13.20	N/A ³	13.09	12.50
BV 12	The number of working days / shifts lost due to sickness absence per full time employee Non-Operational Staff	8.64	N/A ³	10.32	9.50
<p>Comment on performance Sickness rates are higher among TfL operational staff then office staff. Measures are being taken to reduce working days lost to sickness.</p>					

BV13	Voluntary leavers as a percentage of staff in post	12.52%	<i>Deleted for 2002/03</i>		
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Corporate Health Best Value Performance Indicators		2001/02 actual	2002/03		2003/04 Target
			Target	Outturn	
BV14	The percentage of employees retiring early (excluding ill-health retirements) as a percentage of the total workforce	0.32%	0.45% ⁴	0.32%	0.43%
Comment on performance 2001/02 performance for early retirements is below the average of 0.65% for all other best value authorities and the level is not seen as an issue for TfL.					
BV15	The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce	0.65%	0.35% ⁵	0.36%	0.35%
BV15	The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce Operational Staff	1.09%	N/A ³	0.42%	0.50%
BV15	The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce Non-Operational Staff	0.40%	N/A ³	0.33%	0.30%
Comment on performance 2001/02 performance for ill-health retirements are above the average of 0.54% for all other best value authorities. This can be attributed to TfL having some roles that have critical health requirements for safety reasons.					
BV16	The percentage of employees declaring they meet the Disability Discrimination Act 1995 disability definition compared with the percentage of economically active disabled in the authority area	2.67%	3.42%	2.35%	3.89%
Comment on performance 2001/02 performance was above the average of 2.30% for all other best value authorities. TfL's aim is to have its workforce composition that reflects the demographics of London, with 6% disabled. To achieve this aim TfL has specific initiatives in place to promote equality within TfL, such as providing equality training for existing staff, advertising available positions in a wide range of publications including publications directed at under represented groups, development of support groups and promoting TfL as an equal opportunity employer to attract a diverse range of applicants.					

Corporate Health Best Value Performance Indicators		2001/02 actual	2002/03		2003/04 Target
			Target	Outturn	
BV17	The percentage of employees from minority ethnic communities compared with the percentage of economically active minority ethnic community population in the authority area	20.56%	23.00%	22.36%	23.74%
<p>Comment on performance 2001/02 performance was well above the average of 3.69% for all other best value authorities. TfL's aim is to have its workforce composition that reflects the demographics of London, with 29% ethnic minorities. To achieve this aim TfL has specific initiatives in place to promote equality within TfL such as: providing equality training for existing staff, advertising available positions in a wide range of publications including publications directed at under represented groups, development of support groups within TfL, diversity on interview panels and promoting TfL as an equal opportunity employer to attract a diverse range of applicants.</p>					

BV156	The percentage of authority buildings open to the public in which all areas are suitable for and accessible to disabled people	<i>Not measured for 2001/02</i>	TBA	TBA	TBA
<p>Comment on performance TfL Head of Equalities and Inclusion considers BV 156, in its current form, to be an ineffectual indicator and has developed a more comprehensive methodology for measuring building accessibility. TfL has been working with ODPM as part of the Best Value consultation process to gain acceptance to using an alternative measurement consistent with the spirit of BV156, and hopes that this indicator will be amended for future years. TfL is still required to report outturn figures and set targets against the existing guidelines for 2002/03 and 2003/04, processes are underway to complete this task and figures should be available in time for final publication of the BVPP (30th June).</p>					

BV157	The percentage of interactions with the public, by type which are capable of electronic service delivery and which are being delivered using internet protocols or other paperless methods	38%	43%	43%	75%
<p>Comment on performance 2001/02 performance was above the average of 32% for all other authorities. An e-government strategy resulting from the GLA-wide best value review (see appendix C) has been developed which alongside significant planned initiatives such as the implementation of a unified finance and procurement system (SAP) across TfL and the development of an information strategy will further enhance TfL's e-delivery capabilities. This is reflected in the target for 2003/4.</p>					

Transport Best Value Performance Indicators		2001/02 actual	2002/03		2003/04 target
			target	outturn	
BV93	Cost of highway maintenance per 100km travelled by a vehicle on principal roads	£0.91	<i>Deleted for 2002/03</i>		
BV94	Cost per passenger journey of subsidised bus services	£0.12	<i>Deleted for 2002/03</i>		

Transport Best Value Performance Indicators		2001/02 actual	2002/03		2003/04 target
			target	outturn	
BV95	Average cost of working streetlight	£92.56	<i>Deleted for 2002/03</i>		
BV96	Condition of principal roads (% in need of repair)	11.4%	11.1%	9.0% (target – outturn TBC)	8.2%
	Comment on performance 2001/02 performance was below the average across all authorities. This reflects a backlog of maintenance inherited from Local Highway Authorities. The improved performance reflects significant additional spending on highway maintenance and the development of a prioritisation system to target maintenance where most effective.				
BV99	Road Safety – number of road accident casualties	<i>See separate table below</i>			
BV100	Number of days of temporary traffic controls or road closure on traffic sensitive roads caused by local authority road works per km of traffic sensitive roads	0.11	0.10	0.04	0.035
	Comment on performance 2001/02 performance was in the 25 th (top) percentile of authority performance. This good performance has further improved in 2002/3, reflecting the importance that TfL places on avoidance of road closures on the TLRN				
BV102	Local bus services – passenger journeys per year (millions)	1354	1478	1528	1601
	Comment on performance This significant rise reflects TfL policy to encourage bus usage across London, and is a significant early success of London's integrated transport policy.				
BV105	Damage to roads and pavements	N/A	<i>Deleted for 2002/03</i>		
BV165	The percentage of pedestrian crossings with facilities for disabled people	56.7%	62.0%	62.0% (target – outturn TBC)	68.0%
	Comment on Performance TfL rigorously applied the definition for this indicator whilst assessing the quality and quantity of facilities it inherited at its inception. The result and targets for subsequent years are therefore indicative of the quality of facilities TfL expects to provide on the TLRN				

Transport Best Value Performance Indicators		2001/02 actual	2002/03		2003/04 target
			target	outturn	
BV186	Roads not needing major repair (% of 1 km of road network in a state of good repair per £1 spent)	<i>New indicator for 2002/03</i>		0.0014%km/£	0.0014%km/£
Comment on performance This is a new indicator for this year. This performance is more easily interpreted (multiplied by 1 million) as 14% of the road network in a state of good repair per £1m spent. TfL would expect this to rise in the future due to more efficient maintenance plan delivered by a new asset management system developed in 02/03.					

BV187	Condition of footways	<i>New indicator for 2002/03</i>	TBC ⁶	TBC ⁶
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Notes

- (1) BV 8 target set by DTLR for 2002/03 is 100%
- (2) BV 12 top quartile target set by DTLR for 2002/03 is 10.9
- (3) Targets not available
- (4) BV 14 top quartile target set by DTLR for 2002/03 is 0.45%
- (5) BV 15 top quartile target set by DTLR for 2002/03 is 0.35%
- (6) New indicator for 2002/03 and are therefore in development

BV99 Road Safety – number of road accident casualties on Transport for London Network (TLRN)						
Year	2001/02		2002/03		2003/04	
Date of Report	March 2001		March 2002		March 2003	
Period of Report (calendar year ending 15 months prior to report date)	January – December 1999		January – December 2000		January – December 2001	
Road User Type	Killed & Seriously Injured (KSI)	Slightly Injured	Killed & Seriously Injured (KSI)	Slightly Injured	Killed & Seriously Injured (KSI)	Slightly Injured
Pedestrian	401	1381	426	1384	384	1215
Pedal Cyclist	125	913	115	760	126	730
Powered two wheeler rider or passenger	357	2075	374	2109	400	2129
Car driver or passenger	569	5289	620	5687	564	5299
Other vehicle driver or passenger	116	1097	110	1149	127	1011
Total	1568	10755	1645	11089	1601	10384

Comment on performance

TfL is only required to report absolute numbers of (KSI) casualties rather than casualties per 100,000 population and as such this do not allow for a comparison with other authorities. With regards to slight injuries, further guidance on the appropriate means of reporting comparative statistics, to be based on vehicle-kms, is still being expected.

Overall casualty levels (KSI and Slight Injuries) in 2001, TfL's first full year of operation, showed a reduction in comparison with 2000 levels. Pedestrian casualties were reduced but there were increases in pedal cyclist and powered two wheeler (P2W) casualties, mainly due to increased ownership and usage. TfL's Road Safety Plan, published in November 2001, sets out the strategy for achieving sustained reductions in casualties, across all user categories, in London and on the TLRN.

**TRANSPORT for LONDON
(‘TfL’)**

TfL Board

SUBJECT: Short Term Borrowing Limit

MEETING DATE: 28 May 2003

1. PURPOSE

This paper proposes an amended Short Term Borrowing Limit as permitted by Section 45 (3) of the Local Government and Housing Act 1989.

2. BACKGROUND

On 2 April 2003 written resolutions were circulated to Board members and were subsequently approved by them. Resolutions 3 and 4 stated:

‘That a review be conducted of the adequacy of the Short Term Borrowing Limit’ with any recommendations for change to be considered and, if thought fit, approved at the next meeting of the Board’.

‘That an Internal Audit review be conducted of the procedures ... with any recommendations for changes being considered and, if thought fit, approved at the next meeting of the Board’.

Since that date the Chief Finance Officer and The Head of Group Treasury have reviewed the adequacy of the Short Term Borrowing Limit and the Director of Internal Audit has completed her review of procedures.

3. RESULTS OF REVIEWS

Following the Director of Internal Audit's review of procedures, her recommendations have either been implemented or are in the process of implementation at the earliest opportunity. The Director of Internal Audit has also reported the results of her work to both the Finance and Audit Committees who have accepted her recommendations.

The Short Term Borrowing Limit approved by the Board on 20 March 2003 is £20 million. TfL has borrowing facilities of £30 million (£20 million at HSBC and £10 million at Alliance and Leicester). The Chief Finance Officer and Head of Group Treasury consider it would be advisable to increase the Short Term Borrowing Limit to £40 million. This will provide further operational headroom to accommodate uncertainties in cash flows which have increased with the rising spend of the business and our commitments to pay promptly, especially to the Boroughs. In order to provide appropriate senior management approval for short term borrowing in excess of the existing limit, it is proposed that the authorisation of the Managing Director, Finance and Planning (or in his absence, the Chief Finance Officer) be required for borrowing in excess of £20 million and the Commissioner's (or in his absence, the Managing Director, Finance and Planning's) authorisation be required for borrowing in excess of £30 million.

4. RECOMMENDATIONS

The TfL Board is asked:

- To APPROVE the increase in The Short Term Borrowing Limit from its present level of £20 million to £40 million.
- To APPROVE that the Managing Director, Finance and Planning (or in his absence, the Chief Finance Officer) must approve short term borrowing in excess of £20 million.
- To APPROVE that the Commissioner (or in his absence, the Managing Director, Finance and Planning) must approve short term borrowing in excess of £30 million.

TRANSPORT *for* LONDON

TfL Board

SUBJECT: CONGESTION CHARGING UPDATE

MEETING DATE: 28 May 2003

1. PURPOSE

1.1 This paper updates the Board on the first twelve weeks of Congestion Charging, which commenced on 17 February 2003.

1.2 This paper covers the following areas:

- Traffic Monitoring
- Public transport
- Traffic Management
- Operations and systems
- Public information

2. UPDATES

2.1 Traffic Monitoring

2.1.1 Data is beginning to emerge from the main programme of traffic surveys. This allows more reliable assessments of the traffic impacts than were possible in the very early weeks.

2.1.2 Total traffic entering the charging zone across the charging day has declined by 20%. This confirms the data gathered from the early days of the scheme.

2.1.3 Traffic circulating inside the zone (excluding two-wheelers) was projected by TfL to reduce by 10-15%. The latest data indicates a 16% reduction of circulating traffic inside the zone.

2.1.4 The reduction inside the zone is lower than the reduction at the boundary. The main reasons for this are that some pre-charging traffic would only have been making slight 'incursions' into the zone, vehicles in the zone are making more trips and that wholly internal traffic is less likely to be affected by charging.

- 2.1.5 Traffic on the Inner Ring Road has remained at pre-charging levels; it had been expected to increase by up to 10%. There is no evidence at this stage of displaced traffic finding its way to other orbital routes around the charging zone.
- 2.1.6 Indicative analysis of sample speeds indicates that there has been an increase in traffic speeds in the charging zone since charging began. There has also been a decrease in journey times of some 14% of longer distance trips from London into the charging zone. On the Inner Ring Road speeds have remained largely unchanged. Some further data will be available in June 2003, although it will not be until the autumn that more comprehensive traffic and transport data will be available. The first “after” annual report covering due to be published in Spring 2004.

2.2 Public transport

- 2.2.1 In the first twelve weeks of congestion charging operation, the bus, tube and rail network has been working well with no major problems being reported.
- 2.2.2 Following the start of congestion charging, bus patronage to the charging zone in the peak hour increased by some 6000 passengers (14%) compared to the Autumn 2002, while the number of buses to the zone increased by 19%. This includes the effect of underlying patronage increases. Across the network as a whole ridership is currently rising by approximately 12% year on year.
- 2.2.3 Comparing the first ten weeks of charging (to 25 April) with the same period in 2002, the level of bus kilometers not operated due to traffic congestion fell by a half for routes into the charging zone and by about 45% for routes running up to or along the Inner Ring Road. This is a reversal of the trend being experienced in the weeks leading up to the introduction of charging, when kilometers lost to congestion had been above those of a year ago. Bus speeds remain above those of 2002 for both the charging zone and the Inner Ring Road.
- 2.2.4 Over the same period, excess waiting time- the additional wait forced on passengers through service irregularity – fell by one third for routes into the charging zone and by a similar amount for routes up to/along the Inner Ring Road. Combined with enhancements to the scheduled service, these reliability gains meant that the average passenger waiting time for buses on routes into the charging zone fell to 5.0 minutes in 2003 from 6.0 minutes in the same weeks of 2002.
- 2.2.5 There has been an increase of 17,000 passengers per day on the whole LUL network, an increase of 0.6%, which is line with TfL predictions.
- 2.2.6 National Rail station counts are currently under way.

2.3 Traffic Management

- 2.3.1 All road signs and markings are in place except for a number of lay-by locations near the M25. A programme of regular sign inspections has commenced.
- 2.3.2 The programme of complementary traffic management measures to mitigate against any local adverse traffic impacts is continuing in partnership with the London Boroughs.
- 2.3.3 TfL, in partnership with the Metropolitan Police, are continuing to manage traffic conditions through the London Traffic Control Centre (LTCC). The LTCC continues to monitor traffic and to instigate effective traffic signal plans to ensure that the road network operates efficiently particularly on the Inner Ring Road. The objective of maintaining or improving on previous levels of service on the Inner Ring Road is being achieved.

2.4 Operations and systems

Infrastructure

- 2.4.1 The cameras, communications and number plate reading systems (NRS) have all been working effectively, in line with TfL testing and pre-scheme analysis.
- 2.4.2 The use of an additional Call Centre in Glasgow to supplement the main centre in Coventry during the early weeks of the scheme ended on 21 March 2003. Customer handling at the Call Centre is being performed satisfactorily with 53,000 calls received in the week ending 11 May 2003.

Payments and payment channels

- 2.4.3 The payments made each day, excluding fleet accounts, has remained relatively constant since week 2 of the scheme at an average of 98,000 payments per day. Some 12,000 vehicles a day are charged through the fleet schemes.
- 2.4.4 All payment channels (text messaging, retail, web and Call Centre) are working satisfactorily.
- 2.4.5 Current split of payment method is as follows:
- 25% paying through the internet
 - 20% call centre – of which 6% are using IVR
 - 37% via retail outlets

- 18% SMS Mobile phone text messaging.

SMS text messaging has proved to be an increasingly popular payment method, with payment share increasing from 12% to 18% with a similar reduction in the use of the Call Centre (from 25% to 20%).

Discounts and registrations

2.4.6 New registrations for discounts have substantially reduced. Totals to 11 May are as follows:

Blue Badge	107,637
Resident	24,694
Fleets	1,665
SMS	140,602
Fast Track	415,396

Enforcement

2.4.7 The enforcement process is still not yet fully complete even for some of those Penalty Charge Notices (PCNs) issued in the first few weeks. Those receiving PCNs have four weeks in which to make representations, which then have to be considered by TfL. Vehicle keepers of those representations that are not accepted can then make an appeal to the independent adjudicators.

2.4.8 Since the start of charging, and up to mid May 2003, a total of 244,170 PCNs have been issued. Of these, some 92,369 payments have been made and some 59,183 representations have been received. Currently, approximately 66% of representations are being accepted.

2.4.9 It became clear in the early weeks of the scheme that a number of people were incorrectly sent a PCN due to customers providing or the contractor mis-entering number plate details or the day of travel into the system. Regular drivers are now more used to how the system operates and a range of improved quality control measures were introduced to tackle this problem and chargepayers are now prompted to ensure their details are correctly recorded.

2.4.10 Public information advertisements were recently aired on radio to remind people to ensure that the VRM and date of travel provided at the time of payment are correct otherwise they risk receiving a PCN. In other advertisements drivers were reminded that if a PCN is received, it should be paid within 14 days (at £40) rather than allowing the cost to rise to £120.

- 2.4.11 In recent weeks the proportion of PCNs paid has significantly increased and representations decreased compared with the early weeks.
- 2.4.12 TfL is now more confident that the great majority of images captured by the enforcement cameras for which no payment, discount registration or exemption is on the system are those who have deliberately not paid the charge.
- 2.4.13 Up to 2 May 2003, over 5,000 appeals have so far been registered by the Parking and Traffic Appeals Service (PATAS). The first hearings by the independent adjudicators appointed by the Lord Chancellor were held in the week beginning Monday 14 April 2003.
- 2.4.14 Of the appeals received by PATAS by 2 May 2003, a total of 4,601 have been passed to TfL. This represents 2% of all PCNs issued. TfL has processed a total of 2,602 appeals of those received from PATAS and as a result, 193 appeals have been heard by the adjudicators, of which 43% were found in favour of TfL. In the light of the lessons learnt from the first batch of appeals a further set of improvements have been made to the representations and appeals processes carried out by Capita. These are expected to reduce both the proportion of PCNs contesting appeals and number of uncontested appeals.

2.5 Public Information

- 2.5.1 The intensive post Christmas public information campaign focused on the enforcement of the scheme and the various payment mechanisms in place. This resulted in a high awareness and understanding amongst those who drive into central London.
- 2.5.2 TfL have run radio advertisements encouraging drivers who have received a PCN to take action promptly and to ensure that the date of travel and the number plate details provided at the time of payment are correct. Further enforcement public information activity is at the planning stage. It is also planned to target infrequent drivers and overseas visitors with key scheme details in the Summer.

3 RECOMMENDATION

- 3.1 The TfL Board is recommended to note the content of this report.