

# TRANSPORT FOR LONDON

## AGENDA

### SPECIAL BOARD MEETING

**TO BE HELD IN ROOM AG16  
ROMNEY HOUSE, MARSHAM STREET, LONDON SW1P 3PY  
ON TUESDAY 19<sup>th</sup> MARCH 2002, COMMENCING AT 1 P.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. Please note that members of the press should use the Tufton Street Entrance.

1. Overview on: 2002/03 Budget; Performance Framework; and Best Value Performance Plan
  
2. 2002/03 Budget
  
3. T/L Performance Indicator Framework and Targets
  
4. Best Value Performance Plan

**AGENDA ITEM: 1**

**TRANSPORT FOR LONDON**

**TfL BOARD**

**SUBJECT: OVERVIEW PAPER ON:  
2002/03 BUDGET  
PERFORMANCE FRAMEWORK AND TARGETS  
BEST VALUE PERFORMANCE PLAN**

**MEETING DATE: 19 MARCH 2002**

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**1. BACKGROUND**

1.1 At its meeting on 24 October 2001, the TfL Board considered and approved TfL's Business Plan for the years 2002/03 to 2007/08 and also agreed that this should be submitted to the GLA as the basis of TfL's budget bid for the coming year.

1.2 Since that meeting, the GLA have managed the process to incorporate TfL's budget proposals within the Mayor's overall budget for the GLA and all the functional bodies, and to ensure that this has been formally consulted upon and put to the Assembly. The Mayor's revised budget proposals were approved by the Assembly at its meeting on 13 February.

1.3 Also since the 24 October board meeting, detailed budget proposals for the upcoming fiscal year have been developed within TfL with all the Business Units to reflect the Business Plan as agreed by the Board, the consequences of savings and slippage during 2001/02, and the Budget agreed by the GLA Assembly. This work is ensuring that there are clear deliverables and milestones against each of the expenditure items. In addition:

- a revised performance management framework has been developed to fully reflect the Business Plan; proposed targets have been discussed and agreed with the Business Units.
- TfL has prepared and will continue to develop a fully integrated Business Plan and Best Value Performance Plan that meets the requirements of the latest Best Value legislation.

**2. ITEMS FOR CONSIDERATION AT THE 19 MARCH BOARD MEETING**

For the special Board meeting on 19 March, there are three related submissions for consideration, as follows:

- 2.1 A report on the 2002/03 budget to seek the Board's approval to the revised budget proposals at Business Unit and activity level that reflect the consequences of the savings and slippage in 2001/02, and the overall budget precept agreed by the Assembly on 13 February. This report explains the changes that have taken place since the Business Plan was agreed last October. (**Agenda Item: 2**).
- 2.2 A report on the proposed performance management framework to define and monitor deliverables from the Budget and Business Plan, and to set targets for both the Budget year and the Plan period (**Agenda Item: 3**).
- 2.3 A report on the incorporation of Best Value requirements within TfL's Business Plan, including the proposed content of the summary document to be issued for the GLA Family as a whole at the end of March, and the specific Best Value content in TfL's detailed Business Plan. This report will also be discussed at the 19 March Finance and Audit Committee. An update on the TfL Best Value Performance Plan will be presented to the Finance and Audit Committee and TfL Board in their next meeting cycle, prior to formally publishing by 30 June to meet the new requirements of the Best Value legislation (**Agenda Item: 4**).

### **3. ITEMS FOR CONSIDERATION AT THE BOARD MEETING ON 9 APRIL**

- 3.1 In addition to the 2002/03 Budget information being presented to the 19 March meeting, detailed information on deliverables and milestones for all projects and programmes within the Budget is being prepared and will be finalised consistent with decisions reached at this meeting. The detailed information will be put to the 9 April meeting of the TfL Board.
- 3.2 Along with the Performance Targets, this will provide the basis for monitoring progress on all Budget deliverables throughout the year. This will be particularly important bearing in mind the major expansion in TfL's programmes that the 2002/03 Budget represents.

### **4. RECOMMENDATIONS**

Recommendations in relation to each of the three separate submissions are contained within those documents. In summary, however, the Board is being asked to:

#### **4.1 2002/03 Budget**

- APPROVE the 2002/03 Budget at Business Unit and activity level.
- ENDORSE the proposed level of external borrowing of £55m by Transport Trading Ltd
- APPROVE the proposed short term borrowing arrangements for TfL, as a Local Authority

#### **4.2 Performance Framework and Targets**

- NOTE the proposed performance indicator framework to monitor the TfL Business Plan
- APPROVE the targets proposed for 2002/03.

#### **4.3 Best Value Performance Plan**

- NOTE the latest requirements of the Best Value legislation.
- ENDORSE the proposed TfL contribution to the GLA Best Value Summary document to be made public at the end of March.
- NOTE the current position in developing TfL's Business Plan/Best Value Performance Plan and that an update will be presented in the next Board meeting cycle.

**TRANSPORT FOR LONDON**

**TfL BOARD**

**SUBJECT:           2002/03 BUDGET**

**MEETING DATE: 19 MARCH 2002**

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**1.    PURPOSE**

- 1.1 This paper identifies and explains the changes made to TfL's 2002/03 budget since the TfL Board reviewed it on 24 October 2001. The paper also seeks approval of the Board to the proposed adjustments following confirmation by the GLA of the level of precept funding that has been made available to TfL for 2002/03.
- 1.2 London Underground is not currently part of TfL. As such, the proposed budget for 2002/03 does not include provision for the London Underground, with the exception of TfL's own costs relating to LUL integration and consultation on the PPP. It is anticipated that LUL will become part of TfL during 2002/03, and the Board will be asked to address the implications of the merger at a later date.

**2.    BACKGROUND: THE BUSINESS PLAN**

- 2.1 On the 24 October 2001, the TfL Board approved a proposed Budget and Business Plan commencing in April 2002, representing TfL's six-year programme to implement the Mayor's Transport Strategy. In addition, the Budget and Plan formed the basis of consideration of 2002/03 Council Tax precept by the GLA and the longer-term grant funding in the Government's SR2002 spending review.
- 2.2 The Budget and Business Plan proposals were developed in response to six Operational Strategies which represent the objectives that TfL is seeking to achieve in implementing the Mayor's Transport Strategy. These include:
  - OS1 Improve system safety and customer security
  - OS2 Improve financial efficiency
  - OS3 Reduce traffic congestion, increase public transport usage and network capacity
  - OS4 Improve network reliability and service delivery quality
  - OS5 Improve network integration and support of local authority initiatives
  - OS6 Improve access to the transport system.

- 2.3 For the 2002/03 budget year, the resulting Business Plan proposed net expenditure totalling £1,110m as shown in Table 2.3 below:

**Table 2.3: Proposed 2002/03 Net Expenditure and Funding Required as of October 2001**

| <b>Proposed 2002/03 Budget</b>    | <b>£m</b>           |
|-----------------------------------|---------------------|
| TfL base expenditure              | 735                 |
| Strategic Initiatives             | 375                 |
| <b>Total proposed expenditure</b> | <b><u>1,110</u></b> |
| <br>Funded by:                    |                     |
| Indicative Transport Grant        | 1,013               |
| Assumed Precept                   | 10                  |
| Repayment of 2001/02 borrowing    | (83)                |
| 2002/03 inter-year borrowing      | 55                  |
|                                   | <b><u>995</u></b>   |
| <br>Additional Funding Required   | <br>115             |

- 2.4 In July 2000 the Government’s grant settlement for TfL resulting from the SR2000 spending review provided indicative grant funding of £1,013m for 2002/03 (excluding ring-fenced funding for Crossrail). In addition, it was assumed that external borrowing would be carried out by TfL when there is a requirement to smooth expenditure and working capital balances between years, but not to increase the level of finance available to the Group over the long-term. For 2002/03 it was assumed that £83m of external borrowing and GLA grants from 2001/02 would be repaid, and that £55m would be borrowed to fund expenditure in 2002/03 and be repaid in 2003/04.
- 2.5 The Business Plan also included the continuation of £10m per annum of funding from the GLA Council Tax precept, and as a result the Business Plan assumed £995m of available funding for 2002/03. Consequently, the proposed programme required additional finance of £115m if it was to be implemented in full. The 24 October 2001 Board paper also included a list of projects and programmes, totalling £90m, that would have to be reduced, deferred, or not progressed during 2002/03 if additional funding were not forthcoming. These were:

**Table 2.5 Projects and Programmes to be Reduced or Deferred  
(from 24 October 2001 Board Paper)**

|   | £m        |
|---|-----------|
| • Conductors on doored buses  | 17        |
| • Deferral of some bus priority schemes not related to congestion charging, including sub-regional partnerships, LBPN and LBI | 14        |
| • Delay by one year and reduced funding for flagship walking, cycling, town centre and area-based schemes                     | 20        |
| • Delay development work for Thames river Crossings   | 5         |
| • Enhanced Door-to-Door services  | 5         |
| • Local interchanges, bus stations and bus shelters   | 3         |
| • Multi-stop River Service  | 1         |
| • Reduction in bus services targeted to improve social inclusion  | 5         |
| • Reduced maintenance on TLRN and Borough principal roads   | 10        |
| • Reduced road safety expenditure, resulting in delay in achieving Government targets   | 10        |
| <b>TOTAL</b>  | <b>90</b> |

### **3. CHANGES TO THE BUDGET SINCE 24 OCTOBER 2001**

3.1 Since the draft Budget and Business Plan was approved by the Board in October 2001, changes and amendments have occurred to the 2002/03 Budget in three main areas:

- (1) Savings and slippage in the delivery of the 2001/02 programme which impact on the Budget for 2002/03
- (2) Decisions taken by Government and GLA on the level of grant and precept funding available to TfL in the Budget year
- (3) Items added/amended since the Business Plan was last considered by the Board

#### **Impact of 2001/02 progress**

3.2 The Board has received regular reports on financial progress during 2001/02. These have indicated that TfL's forecast net expenditure for 2001/02 will be significantly less than had been included in the budget, as a result of:

- actions taken in the early part of the year to limit expenditure due to the uncertainty of TfL's ability to raise external finance;
- efficiency savings, particularly in central Directorate staff and consultancy costs;
- other savings, including those due to slower than planned progress on implementation of budgeted initiatives; and

- programme slippage which will result in carry-over of work and expenditure that had been planned for 2001/02 into the 2002/03 budget
- 3.3 The latest forecast (January 2002) indicates that the total underspend as a result of the above will total £101m out of the budget spend of £831m approved at the beginning of the year.
- 3.4 As a result of this forecast underspend, TfL will not be required to borrow externally to fund the 2001/02 budget and therefore will not be required to repay £83m in 2002/03. However, programme slippage of some £50m from 2001/02 will be added to the previously proposed expenditure programme for 2002/03, in addition to the Plan already agreed for that year. This slippage of £50m comprises:
- Street and bus lane improvements, and camera / signal installations within the London Bus Initiative (£13m)
  - Traffic management works within Congestion Charging scheme (£8m), due to decision to extend consultation from December 2001 to February 2002
  - DLR's City Airport extension (£25m)
  - Purchase of new DLR rail cars (£3m)
- 3.5 These estimates of 2001/02 out-turn are based on forecasts prepared in light of progress through January 2002. It is possible that there may be additional slippage and savings in the remaining two months of the financial year, particularly in the work carried out by Boroughs on behalf of TfL.

#### **Changes in Funding Available**

- 3.6 Since the October 2001 Board meeting, TfL now has greater clarity regarding the level of resources available from external sources, including Government Transport Grant and GLA pre-cept, and from other funding mechanisms such as working capital movements and external borrowing. These are discussed below.
- 3.7 *Government Transport Grant.* The Government has confirmed Transport Grant totalling £1,012m will be available to TfL in 2002/03, and this represents a reduction of roundly £1m compared to the amount included in the Business Plan. In addition, TfL will receive £11m in grant funding for development of the Crossrail scheme (as part of TfL's allocation of the £154m ring-fenced grant) in 2002/03. This £11m represents the balance of funding required for TfL's share of Crossrail development in 2002/03, after carrying forward £3m of grant from 2001/02, which will not be transferred to CLRL during the current year.
- 3.8 *GLA Pre-cept.* Immediately following the October 2001 Board meeting, TfL submitted a budget proposal to the GLA reflecting the additional funding that was required. At their 13 February 2002 meeting, the Assembly voted a precept level of £35.8m for TfL. This is £25.7m more than the precept TfL is receiving in 2001/02 and therefore represents a substantial increase in funding from local sources. Nevertheless, it is less than the Mayor had been seeking to fund TfL's full bid.



- 3.9 In his February 2002 report to the GLA Assembly, the Mayor identified a list of potential reductions to TfL's budget that would achieve a balanced budget within this lower funding level. This report specifically identified that the Multi-Stop River Service (£1m) would be deferred, revenue risks for London Buses would be reduced by £5m, and that additional proposed funding for communications and customer information would be reduced by £5m. Further reductions to meet the funding gap were described in broad terms, but left largely to the discretion of Transport *for* London to propose a revised budget within available resources.
- 3.10 Finally, higher levels of working capital balances are expected to be held by TfL Business units at March 2003 vs March 2002. This represents a normal part of trading when expenditure is rising at a significant rate as it has in TfL over the last few years. For 2002/03, this will result in cash payments being £18m less than the level of accrued spending.
- 3.11 As a result, the total funding available for 2002/03 now totals £1,077m, and together with the external borrowing of £55m proposed in the Business Plan, can support expenditure of £1,132m in 2002/03 (as discussed in **Section 4.1**).
- 3.12 *Borrowing, Contingency and Reserves.* The October 2001 Board paper included proposed inter-year borrowing of £55m from 2003/04 to fund 2002/03 expenditure. It also proposed funding a general contingency of £25m and the transfer of £25m to build up cash reserves in 2002/03. During the discussion with the Assembly, TfL's Managing Director Finance & Planning and the GLA's Executive Director of Finance and Performance confirmed that the proposed levels of borrowing, contingency, and transfer to reserves were prudent and consistent with external auditor guidance to local authorities.

#### **Proposed Amendments to the Budget**

- 3.13 Within this total funding level of £1,132m, TfL's 2002/03 Budget has also been amended to include a number of additional items of expenditure not considered at the October 2001 Board meeting and more refined estimates for existing work programmes. Following a detailed review of the Budget programmes in the light of the availability both of funding and of implementation resources, Chief Officers have also proposed the removal of a number of Budget items. The combined impact of these changes is summarised in the table below, and descriptions of each of the material changes are listed in **Annex 1**.

**Table 3.13 Summary of Proposed Amendments to the Budget since October 2001**

|  |             |
|--|-------------|
|  | £m          |
| Proposed New Expenditure                           | 24          |
| Proposed Reductions to Budget Items                | (55)        |
| Other Amendments to Previously Agreed Budget Items | (12)        |
| <b>TOTAL PROPOSED AMENDMENTS</b>                   | <b>(43)</b> |

#### 4. REVISED 2002/03 BUDGET

- 4.1 The results of all the changes noted above are reflected in the table below. This shows that the proposed Budget includes net expenditure of £1,132m, an increase of £22m on the Plan reviewed by Board members in October 2001. Additional detail regarding the proposed budget is included in **Annexes 2, 3, and 4**. This is fully supported by confirmed grant and precept funding of £1,059m, working capital movements of £18m, along with a prudent level of £55m in external borrowing.

**Table 4.1 Summary of Changes to Net Expenditure  
2002/03 Proposed Budget vs. October 2001 Business Plan**

|                                    | October<br>2001 Plan<br>£m | Changes<br>£m | Proposed<br>Budget<br>£m |
|------------------------------------|----------------------------|---------------|--------------------------|
| Plan net expenditure               | 1,110                      |               | 1,110                    |
| Additions / amendments / deletions |                            | (43)          | (43)                     |
| TfL share of CLRL expenditure      |                            | 15            | 15                       |
| Carry forward from 2001/02         |                            | 50            | 50                       |
| Total proposed net expenditure     | <u>1,110</u>               | <u>22</u>     | <u>1,132</u>             |
| Funded by:-                        |                            |               |                          |
| Working capital movements          |                            | 18            | 18                       |
| Transport Grant                    | 1,013                      | (1)           | 1,012                    |
| CLRL grant                         |                            | 11            | 11                       |
| Precept funding                    | 10                         | 26            | 36                       |
| Repayment of 2001/02 borrowing     | (83)                       | 83            |                          |
| 2002/03 inter-year borrowing       | 55                         |               | 55                       |
| Total Funding Available            | <u>995</u>                 | <u>137</u>    | <u>1,132</u>             |
| Additional Funding Required        | 115                        | (115)         | -                        |

- 4.2 The proposed net expenditure in the budget is comprised of gross revenue and capital expenditure of £1,827m, offset by total revenue income and capital receipts of £695m. A summary table indicating total proposed income and gross expenditure by business unit is included in **Annex 2**.
- 4.3 The level of net expenditure (£1,132m) in the 2002/03 Budget represents a large increase in the rate of net spending compared with the first two years of TfL's operation. On a comparable basis the current 2001/02 forecast (£696m) represents a 41% increase on 2000/01 (£492m), and the proposed 2002/03 Budget would be a further increase of 63%. A summary table indicating changes in net accrued expenditure between 2001/02 forecast and the 2002/03 budget by business unit is included in **Annex 3**.
- 4.4 TfL's Chief Officers recognise that the proposed Budget is ambitious and have developed plans to increase our ability to deliver in 2002/03. In addition, during the

GLA budget debate, GLA members commented that TfL has not committed all the resources available to it in 2001/02. The GLA passed a motion to draw the attention of the TfL Board to sections of a GLA Budget Committee report, which questioned whether TfL would be able to deliver a significantly greater programme in 2002/03 (see **Annex 5**). A response to the Budget Committee will be prepared in the light of the TfL Board's discussion on this topic.

- 4.5 To assist in this process, clear and detailed plans and milestones have been or will be developed for each deliverable in the Budget before the start of the financial year. **Annex 4** of this paper sets out for each business unit the activities included in the Budget. Following approval of the budget, a compilation of the detailed plans covering each activity will be made available at the Board meeting to be held on 9 April 2002. In addition plans for further expenditure (i.e. by accelerating 2002/03 work or bringing forward additional items from 2003/04) will be prepared with Chief Officers over the coming months to mitigate the impact if work included in the Budget is delayed.
- 4.6 Efficiencies. TfL will undertake a major effort to identify efficiency savings and improve business processes in 2002/03. The consulting firm of McKinsey & Co. has been retained to facilitate LUL integration, and is developing a scope of work that will include a TfL-wide review of efficiencies and business improvement reviews. This effort will require up-front costs in 2002/03 which have been provided in the budget, but is expected to result in significant savings in the medium to longer term.

## **5. BORROWING LIMITS IN 2002/03**

- 5.1 To allow an overall spending level of £1,132m in 2002/03, the proposed Budget anticipates inter-year borrowing from 2003/04 into 2002/03 of £55m by the subsidiaries of TfL, in Transport Trading Limited. The Board is asked to endorse this level of external borrowing to be carried out by Transport Trading Limited companies.
- 5.2 In addition, the Board is required under the terms of the Local Government and Housing Act 1989, to specify the limits of borrowing undertaken by the TfL Corporation (separate from the borrowing in Transport Trading Limited) to manage its cash flow **within the year**. The proposed limits set out overleaf will continue the present arrangements.

**Proposed Limit**

‘The overall borrowing limit’ defined as the maximum amount which an authority may have outstanding by way of borrowing. £20m

‘The short-term borrowing limit’ defined as part of the overall borrowing limit which is the maximum amount which an authority may have outstanding by way of short-term borrowing. £20m

The maximum proportion of the total interest payable that is at variable interest rates determined by lenders and /or external factors. 100%

**6. RECOMMENDATIONS**

The TfL Board is asked:

- 6.1 To APPROVE the proposed budget for 2002/03 at Business Unit and activity level.
  
- 6.2 To ENDORSE the proposed level of external borrowing of £55m by Transport Trading Limited.
  
- 6.3 To APPROVE the following borrowing limits for Transport for London, as a Local Authority, in 2002/03:
  - The Overall Borrowing Limit: £20 million
  - The Short-term Borrowing Limit: £20 million
  - The Maximum Proportion of Interest at Variable Rates: 100%

**Proposed Amendments to the 2002/03 Budget since October 2001**

| <b>Proposed Additions to the 2002/03 Budget</b>  | <b>£m</b> |
|--|-----------|
| <p><b>(1) Business Improvement Programme</b><br/> <i>The requirement to upgrade finance and procurement systems across the TfL / LUL businesses and the HR system in LUL was identified in November 2001, and this programme has been established to implement integrated business systems and common business processes during 2002/03. The Budget includes £10m for this item but is offset by the allocation of the proposed Innovation budget of £5m to this work.</i></p>   | 5         |
| <p><b>(2) LUL Integration work</b><br/> <i>As part of the preparations for the transfer of LUL to TfL, the consulting firm of McKinsey &amp; Co has been hired to design and facilitate the necessary changes to the existing TfL organisation, to ensure that the integration identifies and achieves cost efficiencies, and to assist in the discussions with Government on the funding settlement for LUL.</i></p>  | 7         |
| <p><b>(3) On-bus CCTV retrofit</b><br/> <i>London Buses believe there is a strong case to be made for this project, particularly in conjunction with the Transport Policing Initiative as the CCTV output will be acted upon. The project involves the installation of CCTV via retrofitting of existing vehicles or fitting to new vehicles in build for any contracted service. The funding covers 1000 vehicles for 2002/2003 and contributes towards the policy of ensuring that all buses have CCTV by 2005, and would involve further investment of £3m in both 2003/04 and 2004/05. A detailed business case is in process of being prepared, and financial commitment on this project is subject to approval of that case.</i></p> | 3         |
| <p><b>(4) Vehicle purchase for East Thames Buses</b><br/> <i>The existing leases on vehicles for use on routes 128, 129 and 130 are expected to expire by July 2002. This project provides for the purchase of 31 new vehicles by London Buses to be off-charged to East Thames Buses. The decision to purchase these Buses rather than leasing remains subject to the approval of the business case.</i></p>  | 5         |
| <p><b>(5) National Rail studies and consultancy</b><br/> <i>Rail Services' budget proposal included in the October Board paper was developed immediately following the creation of this new directorate, and as such did not take account of the full scope of work for this evolving role. Additional consultancy is required to explore the development of a commuter rail authority for London and for the set up of the London programme office.</i></p>   | 2         |
| <p><b>(6) DLR City Airport Extension land purchases</b><br/> <i>It is now proposed that TfL procure non-airport related land required for the Extension rather than forming part of the construction contract, so as to ensure that the land can be purchased in the most efficient and cost effective way.</i></p>  | 2         |
| <b>TOTAL – ADDITIONS TO BUDGET</b>   | <b>24</b> |

| <b>Proposed Reductions from the 2002/03 Budget</b>   | <b>£m</b>   |
|--|-------------|
| <p><b>(7) Re-introduction of conductors on doored buses (Pending experience with the Transport Policing Initiative)</b></p> <p><i>The case for re-introduction of conductors on doored buses has yet to be completed and as such a programme for this budget has not been developed. In his remarks to the Greater London Assembly in January, the Mayor indicated that he was willing to defer further introduction of conductors until after the first year of the Transport Policing Initiative, in the light of experience with that project.</i></p>  | (17)        |
| <p><b>(8) Additional expenditure on bus priority</b></p> <p><i>The Business Plan proposed a substantial increase in Bus Priority and Enforcement funding vs. 2001/02. As a result of the proposed carry-over of works from Phase 1 of the London Bus Initiative, it is unlikely that the full programme of bus priority that had been identified in October can now be delivered in 2002/03. It is therefore proposed to reduce the bus priority budget by £14m. The remaining budget for bus priority totals more than £65m in 2002/03, and includes completion of LBI Stage 1 and the implementation of key bus priority schemes necessary to support Congestion Charging. Planning and design works for the additional schemes will be progressed using resources provided in the Budget.</i></p> | (14)        |
| <p><b>(9) Additional expenditure on walking &amp; cycling</b></p> <p><i>Based on the work carried out by the Walking &amp; Cycling task force, some £31m of high priority, deliverable schemes to promote walking and cycling will be implemented in 2002/03. No further schemes will be released at this stage.</i></p>   | (8)         |
| <p><b>(10) Additional Door-to-Door programme</b></p> <p><i>Pending the conclusion of the fundamental management changes being made within Dial-a-Ride, expenditure should remain at current levels.</i></p>  | (5)         |
| <p><b>(11) Customer Information review (budget included £7m)</b></p> <p><i>£7m was included in the Plan to implement the results of the current study into TfL's presentation of customer information. However, based on the preliminary results from the review of the bus vehicle location system (AVL), the priority for 2002/03 will be to ensure the system operates effectively. In the light of this, £5m from this budget that had been planned for further Countdown installations is proposed to be deferred, leaving £2m for spending on this initiative in 2002/03.</i></p>  | (5)         |
| <p><b>(12) Additional insurance cover</b></p> <p><i>TfL's budget already includes provision for additional insurance costs for 2002/03, taking into account the events of September 11<sup>th</sup>. A requirement to cover costs of further premium increases now seems unlikely.</i></p>   | (5)         |
| <p><b>(13) Multi-stop River service</b></p> <p><i>This service would require a high subsidy per passenger and this budget reduction was proposed in the Mayor's final budget report to the Assembly.</i></p>   | (1)         |
| <b>TOTAL – PROPOSED REDUCTIONS</b>   | <b>(55)</b> |

| <b>Other Budget Amendments Since October 2001</b>  | <b>£m</b>   |
|--|-------------|
| <p><b>(14) Increased staffing to resource increased programme</b><br/> <i>It was noted in the 24 October 2001 paper on the Business Plan (paragraph 5.14) that the Plan assumed that staff numbers across TfL would be held to September 2001 levels, with necessary increases in resources being met by reallocations of existing headcount, as an interim step before the introduction of formal efficiency / business improvement reviews.</i></p> <p><i>In addition, Chief Officers have now undertaken internal reviews of their headcount but have included in the 2002/03 Budget the net increases in headcount necessary to carry-out the significantly larger programme of work on strategic initiatives included in the Budget year. Further work in achieving efficiencies and improving business processes has been incorporated into the LUL integration effort being led by the consulting firm McKinsey &amp; Co.</i></p> | 11          |
| <p><b>(15) Reduced advertising income from shelter partnership</b><br/> <i>The downturn in income achieved through advertising during 2001/02 has resulted in a re-assessment of the budget proposed in October 2001 from £10.3m to £8.5m.</i></p>   | 2           |
| <p><b>(16) Reduced property disposal income from Street Management</b><br/> <i>Slower progress on overcoming the legal and process difficulties in the sale of surplus properties has required re-assessment of what can realistically be achieved during 2002/03. It should be noted that the budget represents a significant increase in sale proceeds from £3.5m in the current year to £13.7m, and that action is taking place to strengthen the management of the Lands team within Street Management.</i></p>  | 9           |
| <p><b>(17) Increased income from bus lane enforcement</b><br/> <i>The level of enforcement during the current year has exceeded expectations and the number of on-bus cameras and bus lane CCTV operating during 2002/03 will be much higher, increasing the level of income from £11m assumed in October to £19m.</i></p>   | (8)         |
| <p><b>(18) Impact of lower bus contract costs from 2001/02 tender programme</b><br/> <i>Updating the detailed budget in November for the results of tenders awarded during 2001/02 has reduced contract costs in the budget year.</i></p>  | (8)         |
| <p><b>(19) Deferred implementation of bus fares reduction and simplification from September 2002 to February 2003</b><br/> <i>The proposals put to the GLA Assembly implied a delay in introducing the bus fares reduction from September 2002 to February 2003.</i></p>   | (8)         |
| <p><b>(20) Lower operational and set-up costs in Congestion Charging</b><br/> <i>The completion of negotiations on operating contracts for the scheme has provided more certainty over costs in 2002/03 and allowed a review of the project's contingencies.</i></p>   | (8)         |
| <p><b>(21) Increased accommodation and other Street Management costs</b></p>   | 4           |
| <p><b>(22) Savings/efficiencies in London Bus costs</b></p>  | (6)         |
| <p><b>TOTAL – OTHER PROPOSED AMENDMENTS</b></p>  | <b>(12)</b> |

**Total Proposed Income & Expenditure by Business Unit  
Transport for London 2002/03 Budget**

| Income & Expenditure By Business Unit   | Revenue<br>Expenditure | Income         | Capital<br>Expenditure | Capital<br>Receipts | Total          |
|---|------------------------|----------------|------------------------|---------------------|----------------|
|   | £m                     | £m             | £m                     | £m                  | £m             |
| <b>Surface Transport</b>                |                        |                |                        |                     |                |
| London Bus Services                     | 899.9                  | (566.7)        | 77.7                   | (1.3)               | 409.6          |
| East Thames Buses                       | 10.7                   | (11.3)         | 0.1                    |                     | (0.5)          |
| Victoria Coach Station                  | 5.7                    | (6.7)          | 0.1                    |                     | (0.9)          |
| Dial-a-Ride                             | 13.3                   |                | 1.7                    |                     | 15.0           |
| Public Carriage Office                  | 8.4                    | (6.6)          | 0.9                    |                     | 2.7            |
| London River Services                   | 1.5                    | (1.5)          | 2.1                    | (0.5)               | 1.6            |
| <b>Rail Services</b>                    |                        |                |                        |                     |                |
| Docklands Light Rail                    | 37.5                   | (11.6)         | 46.9                   | (0.2)               | 72.6           |
| Rail Services                           | 8.9                    | (2.8)          |                        |                     | 6.1            |
| Cross London Rail Links                 | 14.5                   |                |                        |                     | 14.5           |
| <b>Street Management</b>                | 298.0                  | (58.2)         | 207.0                  | (16.8)              | 429.9          |
| <b>Corporate</b>                        |                        |                |                        |                     |                |
| Corporate Services                      | 28.5                   | (3.6)          | 15.8                   |                     | 40.8           |
| Finance and Planning                    | 81.9                   | (2.2)          |                        |                     | 79.7           |
| Communications and Public Affairs       | 8.7                    |                |                        |                     | 8.7            |
| London's Transport Museum               | 6.1                    | (2.9)          | 0.9                    |                     | 4.1            |
| <b>General Contingency and Reserves</b> | 50.0                   |                |                        |                     | 50.0           |
| <b>LT Insurance (Guernsey)</b>          |                        | (1.6)          |                        |                     | (1.6)          |
| <b>Total Net Expenditure</b>            | <b>1,473.7</b>         | <b>(675.6)</b> | <b>353.1</b>           | <b>(18.9)</b>       | <b>1,132.3</b> |



**Total Proposed Income & Expenditure by Business Unit  
Transport for London 2002/03 Budget**

| Changes in Net Accrued Expenditure<br>2001/02 Forecast vs 2002/03 Budget | 2001/02<br>December<br>Forecast | 2002/03<br>Budget | Budget v Forecast<br>Comparison |           |
|--|---------------------------------|-------------------|---------------------------------|-----------|
|  | £m                              | £m                | £m                              | %         |
| <b>Surface Transport</b>   |                                 |                   |                                 |           |
| London Bus Services  | 211.4                           | 409.6             | 198.2                           | 94        |
| East Thames Buses  | (0.5)                           | (0.5)             | 0.0                             |           |
| Victoria Coach Station   | (1.2)                           | (0.9)             | 0.3                             | 25        |
| Dial-a-Ride  | 14.6                            | 15.0              | 0.4                             | 3         |
| Public Carriage Office   | 2.9                             | 2.7               | (0.2)                           | (7)       |
| London River Services  | 0.6                             | 1.6               | 1.0                             | N/A       |
| Croydon Tramlink   | (0.7)                           |                   | 0.7                             | 100       |
| <b>Rail Services</b>   |                                 |                   |                                 |           |
| Docklands Light Rail   | 47.0                            | 72.6              | 25.6                            | 54        |
| Rail Services  | 1.0                             | 6.1               | 5.1                             | N/A       |
| Cross London Rail Links  | 3.1                             | 14.5              | 11.4                            | N/A       |
| <b>Street Management</b>   | 358.5                           | 429.9             | 71.4                            | 20        |
| <b>Corporate</b>   |                                 |                   |                                 |           |
| Corporate Services   | 20.4                            | 40.8              | 20.4                            | 100       |
| Finance and Planning   | 39.2                            | 79.7              | 40.5                            | 103       |
| Communications and Public Affairs  | 5.8                             | 8.7               | 2.9                             | 51        |
| London's Transport Museum  | 3.7                             | 4.1               | 0.4                             | 11        |
| <b>General Contingency and Reserves</b>                                  | 18.3                            | 50.0              | 31.7                            | N/A       |
| <b>LT Insurance (Guernsey)</b>   | (1.6)                           | (1.6)             |                                 |           |
| <b>Total Net Expenditure</b>   | <b>722.6</b>                    | <b>1,132.3</b>    | <b>409.7</b>                    | <b>57</b> |

## ANNEX 4

### 2002/03 Budget Detailed Activities by Business Unit

|                           | Page    |
|---------------------------|---------|
| London Bus Services       | 1 - 2   |
| East Thames Buses         | 3       |
| Victoria Coach Station    | 4       |
| Dial-a-Ride               | 5       |
| Public Carriage Office    | 6       |
| London River Services     | 7       |
| Docklands Light Railway   | 8       |
| Street Management         | 9 - 10  |
| TfL Centre                | 11 - 12 |
| Group Transport Services  | 13      |
| London's Transport Museum | 14      |

London Buses

| NET EXPENDITURE BY ACTIVITY             | 2002/03<br>Budget |
|---|-------------------|
|   | £000              |
| <b>BUS NETWORK</b>                      |                   |
| (1) Bus Network                         |                   |
| On Bus Income                           | (196,876)         |
| Travelcards                             | (105,394)         |
| Bus Passes                              | (146,603)         |
| Scholars & Concessionary                | (94,703)          |
| Base cost & Tendering programme         | 713,414           |
| Inflation                               | 7,054             |
| Penalties                               | (11,508)          |
| Service Enhancements                    | 17,752            |
| Commission on Ticket Sales              | 19,676            |
| TfL Bonus Payment                       | 19,500            |
| LUL Rail Replacement services           | (300)             |
| Sponsorship & Out County services       | (4,281)           |
|   | 217,731           |
| <b>OPERATIONAL</b>                      |                   |
| (2) London Buses / Adshel Partnership   |                   |
| Partnership Revenues                    | (8,500)           |
| Partnership Cost                        | 5,928             |
|   | (2,572)           |
| (3) Technical Services                  |                   |
| AVL & Countdown                         | 2,355             |
| Bus radios & comms systems              | 3,674             |
| Radio equipment purchases               | 1,600             |
|   | 7,629             |
| (4) Ticket technology & Prestige        | 20,223            |
| (5) Bus Infrastructure                  |                   |
| Stops & shelters                        | 5,857             |
| Garage rental income                    | (1,536)           |
| Garage management & maintenance         | 5,453             |
|   | 9,774             |
| (6) Walthamstow Central Bus Station     | 1,500             |
| (7) Hanworth Road Garage                | 3,000             |
| (8) Garage Purchase                     | 4,000             |
| (9) Hounslow Bus Station                | 2,500             |
| (10) Bus purchase for East Thames Buses | 4,300             |
| (11) Routemaster re-engineering         | 1,750             |
| (12) Environmental - Fuel cells         | 570               |
| (13) Environmental - Other              | 1,330             |
| (13) Operations & Group Safety          |                   |
| Revenue Protection                      | 7,228             |
| Area Operations                         | 6,177             |
| Communications Centre                   | 930               |
| Safety Initiatives                      | 914               |
|   | 15,249            |
| (14) On-bus CCTV                        | 3,000             |
| (15) Transport Policing                 |                   |
| MPS staff costs                         | 15,000            |
| Accommodation                           | 1,000             |
| Control room                            | 400               |
| Intelligence unit                       | 400               |
| Vehicles                                | 1,300             |
| Equipment & radios                      | 1,000             |
| Training                                | 1,100             |
| IT and other start-up costs             | 6,000             |
| TfL staffing                            | 800               |
| Service already provided by MPS         | (2,000)           |
|   | 25,000            |

London Buses

| NET EXPENDITURE BY ACTIVITY                                 | 2002/03<br>Budget |
|---|-------------------|
|   | £000              |
| (16) Bus Priority   |                   |
| Streets Management  |                   |
| LBI 1 Street Improvements (Capital)                         | 23,200            |
| LBI 1 Signal/Camera installations (Capital)                 | 1,000             |
| LBI 1 Scheme Management/Monitoring Implementation (Capital) | 500               |
| LBI 1 Route 43 (Capital)                                    | 300               |
| LBI 2   | 13,100            |
| CCS Contribution to LBI 2                                   | 4,800             |
| SVD at traffic lights                                       | 4,300             |
| Highway bus stop accessibility                              | 1,000             |
| Additional on-bus Cameras                                   | 1,600             |
| Signal priority work  | 2,500             |
| Design, admin and other costs                               | 2,250             |
| Borough Transport Plans                                     |                   |
| LBPN input to LBI 1   | 4,000             |
| LBPN supporting LBI 2                                       | 6,950             |
| LBPN Complete committed bus priority schemes                | 1,300             |
| LBPN Design, admin and other costs                          | 3,000             |
|   | 69,800            |
| <b>ADMINISTRATION</b>                                       |                   |
| (17) Management & Support Services                          |                   |
| MD & Finance  | 2,111             |
| Information Technology                                      | 2,249             |
| Human Resources   | 1,745             |
| Business Planning & Best Value                              | 435               |
| Lost Property   | 325               |
|   | 6,865             |
| (18) Marketing and Research                                 |                   |
| Market Research   | 2,642             |
| Marketing   | 8,070             |
|   | 10,712            |
| (19) Communication & Consultation                           | 1,416             |
| (20) Performance  |                   |
| Network development   | 2,816             |
| Contracts Management  | 1,097             |
| Performance Monitoring                                      | 3,670             |
|   | 7,583             |
| (21) Croydon Tramlink Support Costs                         | 4,212             |
| (22) Targeted Cost Savings                                  | (6,000)           |
| Total Net Expenditure                                       | 409,572           |
| Revenues and Income   | (566,700)         |
| Revenue Expenditure   | 899,900           |
| Capital Expenditure   | 77,700            |
| Capital Receipts  | (1,328)           |
| Total   | 409,572           |

East Thames Buses

| NET EXPENDITURE BY ACTIVITY             | 2002/03<br>Budget |
|---|-------------------|
|   | £'000             |
| (1) Operations                          |                   |
| Traffic Revenue                         | (11,329)          |
| Penalties                               | 113               |
| Advertising Income                      | (56)              |
| Other income                            | (21)              |
| Staff Costs - Drivers                   | 5,352             |
| - Service Controllers                   | 453               |
| - Engineers                             | 578               |
| - Cleaners                              | 173               |
| Vehicle - Running costs                 | 999               |
| - Maintenance & Repairs                 | 743               |
| - Leasing                               | 1,179             |
| Capital Expenditure                     | 100               |
| Other Operational Costs                 | 368               |
|   | (1,348)           |
| (2) Administration                      |                   |
| Staff Costs - Management/Administration | 406               |
| Rent and Rates                          | 277               |
| Office expenses                         | 122               |
| Professional costs                      | 61                |
| Other Administration Expenses           | 64                |
| Net Internal Expenses/(Income)          | (104)             |
|   | 826               |
| Total Net Expenditure                   | (522)             |
|   |                   |
| Revenues and Income                     | (11,293)          |
| Revenue Expenditure                     | 10,671            |
| Capital Expenditure                     | 100               |
| Capital Receipts                        |                   |
| Total                                   | (522)             |

Victoria Coach Station

| NET EXPENDITURE BY ACTIVITY       |                   | 2002/03<br>Budget |
|-----------------------------------|-------------------|-------------------|
|                                   |                   | £'000             |
| (1) Operations                    |                   |                   |
| Station Charges                   | - Departure fees  | (2,616)           |
|                                   | - Parking Charges | (429)             |
| Ticket Commissions                |                   | (1,964)           |
| Trading Income                    |                   | (1,585)           |
| Station Staff Costs               |                   | 855               |
| Commercial Staff Costs            |                   | 1,460             |
| Administration Staff Costs        |                   | 810               |
| Rent & Rates                      |                   | 1,198             |
| Building Expenses                 |                   | 312               |
| Cleaning & Toilets                |                   | 611               |
| CCTV Replacement                  |                   | 15                |
| Passenger Information Systems     |                   | 43                |
| Air conditioning & other projects |                   | 22                |
| Communications                    |                   | 112               |
| Other Operational Costs           |                   | 303               |
| Total Net Expenditure             |                   | <b>(853)</b>      |
| Revenues and Income               |                   | (6,673)           |
| Revenue Expenditure               |                   | 5,740             |
| Capital Expenditure               |                   | 80                |
| Capital Receipts                  |                   |                   |
| Total                             |                   | <b>(853)</b>      |

Dial-a-Ride

| NET EXPENDITURE BY ACTIVITY      | 2002/03<br>Budget |
|----------------------------------|-------------------|
|                                  | £'000             |
| (1) Operations                   |                   |
| Payments to operators            | 12,300            |
| Vehicle purchase                 | 1,475             |
| Booking system and IT            | 140               |
| Replacement phone system         | 20                |
| Furniture                        | 20                |
| Computer Hardware                |                   |
| Other operational costs          | 855               |
|                                  | 14,810            |
| (2) Administration               |                   |
| Wages and salaries Incl overtime | 124               |
| Other employee expenses          | 4                 |
| Administration expenses          | 19                |
| Receipts from the sale of assets | (42)              |
| Net internal expenses/(Income)   | 84                |
|                                  | 189               |
| Total Net Expenditure            | <b>14,999</b>     |

  

|                     |               |
|---------------------|---------------|
| Revenues and Income |               |
| Revenue Expenditure | 13,386        |
| Capital Expenditure | 1,655         |
| Capital Receipts    | (42)          |
| Total               | <b>14,999</b> |

Public Carriage Office

| NET EXPENDITURE BY ACTIVITY         |  | 2002/03<br>Budget |
|-------------------------------------|--|-------------------|
|                                     |  | £'000             |
| (1) Taxi Vehicle Licensing          |  |                   |
| Income                              |  | (2,258)           |
| Staff Costs                         |  | 1,940             |
| Non Staff Revenue Expenditure       |  | 447               |
| Capital Expenditure                 |  | 147               |
|                                     |  | <u>276</u>        |
| (2) Taxi Driver Licensing           |  |                   |
| Income                              |  | (1,364)           |
| Staff Costs                         |  | 1,052             |
| Non Staff Revenue Expenditure       |  | 226               |
| Capital Expenditure                 |  | 279               |
|                                     |  | <u>193</u>        |
| (3) Private Hire Operator Licensing |  |                   |
| Income                              |  | (327)             |
| Staff Costs                         |  | 413               |
| Non Staff Revenue Expenditure       |  | 122               |
| Capital Expenditure                 |  | 54                |
|                                     |  | <u>262</u>        |
| (4) Private Hire Driver Licensing   |  |                   |
| Income                              |  | (1,260)           |
| Staff Costs                         |  | 993               |
| Non Staff Revenue Expenditure       |  | 377               |
| Capital Expenditure                 |  | 309               |
|                                     |  | <u>419</u>        |
| (5) Private Hire Vehicle Licensing  |  |                   |
| Income                              |  | (1,413)           |
| Staff Costs                         |  | 483               |
| Non Staff Revenue Expenditure       |  | 1,127             |
| Capital Expenditure                 |  | 109               |
|                                     |  | <u>306</u>        |
| (6) Business Services               |  |                   |
| Staff Costs                         |  | 933               |
| Non Staff Revenue Expenditure       |  | 158               |
| Capital Expenditure                 |  | 30                |
|                                     |  | <u>1,121</u>      |
| (7) Lost Property Office            |  |                   |
| Activity Expenditure                |  | 155               |
| Total Net Expenditure               |  | <u>2,732</u>      |

|                     |              |
|---------------------|--------------|
| Revenues and Income | (6,622)      |
| Revenue Expenditure | 8,426        |
| Capital Expenditure | 928          |
| Capital Receipts    |              |
| Total               | <u>2,732</u> |



London River Services

| NET EXPENDITURE BY ACTIVITY      |  | 2002/03<br>Budget |
|----------------------------------|--|-------------------|
|                                  |  | £'000             |
| (1) Operations                   |  |                   |
| Traffic Revenue                  |  | (1,105)           |
| Other Income                     |  | (345)             |
| Wages and Salaries incl Overtime |  | 501               |
| Other employee Expenses          |  | 37                |
| Fuel and Power                   |  | 39                |
| Business Rates                   |  | 428               |
| Maintenance                      |  | 98                |
| Other Operational Costs          |  | 37                |
| Consultant's Fees                |  | 122               |
| Other Administration Expenses    |  | 136               |
| Net Internal Expenses/(Income)   |  | 122               |
|                                  |  | 70                |
| (2) Infrastructure               |  |                   |
| Millbank                         |  | 1,000             |
| Greenwich dry-docking            |  | 1,000             |
| Other Passenger Facilities       |  | 50                |
| Other Capital Projects           |  |                   |
| Contributions                    |  | (500)             |
|                                  |  | 1,550             |
| Total Net Expenditure            |  | <b>1,620</b>      |
|                                  |  |                   |
| Revenues and Income              |  | (1,450)           |
| Revenue Expenditure              |  | 1,520             |
| Capital Expenditure              |  | 2,050             |
| Capital Receipts                 |  | (500)             |
| Total                            |  | <b>1,620</b>      |

Docklands Light Railway

| NET EXPENDITURE BT ACTIVITY            |                                      | 2002/03<br>Budget |
|--|--------------------------------------|-------------------|
|  |                                      | £'000             |
| (1) Franchise                          |                                      |                   |
|  | Ticket sales                         | (5,892)           |
|  | Travelcards                          | (14,318)          |
|  | Through ticketing                    | (1,999)           |
|  | Scholars & concessionary travel      | (447)             |
|  | Property & advertising income        | (1,574)           |
|  | Fixed fees                           | 3,953             |
|  | Variable fees                        | 24,230            |
|  | Performance adjustments              | (238)             |
|  | Margin on Franchise                  | 3,715             |
| (2) Lewisham Extension                 |                                      |                   |
|  | Ticket sales                         | (2,660)           |
|  | Travelcards                          | (8,520)           |
|  | Through ticketing                    | (226)             |
|  | Scholars & concessionary travel      | (179)             |
|  | Finance charge                       | 22,440            |
|  | Maintenance charge                   | 3,720             |
|  | Margin on Lewisham Extension         | 14,575            |
| (3) Infrastructure                     |                                      |                   |
|  | General maintenance                  | 1,667             |
|  | Radio & communications upgrade       | 732               |
|  | DLR noise policy                     | 733               |
|  | Tactical enhancements                | 612               |
|  | Land purchases                       | 456               |
|  | IT                                   | 86                |
|  | DAISY installations                  | 30                |
|  | Station signage                      | 96                |
|  | Minor Franchise related enhancements | 200               |
|  | Cost of Infrastructure               | 4,612             |
| (4) Rerailing on west route            |                                      | 1,046             |
| (5) Capacity enhancements              |                                      | 600               |
| (6) First tranche of new railcars      |                                      | 843               |
| (7) Second tranche of new railcars     |                                      | 5,703             |
| (8) Railcar refurbishment              |                                      | 9,991             |
| (9) London City Airport                |                                      |                   |
|  | Fees / studies                       | 719               |
|  | Progress payments                    | 24,460            |
|  | s106 contribution                    | (225)             |
|  | Land                                 | 2,057             |
| (10) Woolwich / Arsenal fees & studies |                                      | 1,048             |
| (11) Administration                    |                                      |                   |
|  | Company Secretary                    | 1,311             |
|  | Engineering                          | 60                |
|  | Finance & performance                | 185               |
|  | Human resources                      | 1,462             |
|  | Planning, development & marketing    | 235               |
|  | Public relations                     | 219               |
|  | Administration cost                  | 3,472             |
|  | Total Net Expenditure                | <b>72,616</b>     |
|  |                                      |                   |
|  | Revenues and Income                  | (11,585)          |
|  | Revenue Expenditure                  | 37,481            |
|  | Capital Expenditure                  | 46,945            |
|  | Capital Receipts                     | (225)             |
|  | Total                                | <b>72,616</b>     |

Street Management

| NET ACTIVITY BY EXPENDITURE                           | 2002/03<br>Budget |
|---|-------------------|
|   | E000              |
| <b>CONGESTION CHARGING SCHEME</b>                     |                   |
| (1) Procurement & Systems Set-up & Implementation     |                   |
| Operations & Systems set up                           | 25,412            |
| Scheme & Systems Integration                          | 4,970             |
| Enforcement Infrastructure                            | 1,413             |
| Project Mangement & Support Services                  | 4,316             |
| Communications & Public Information                   | 13,091            |
| Licence Sales   | (27,500)          |
|   | 21,702            |
| (2) Traffic Management                                | 50,166            |
| (3) Enforcement                                       |                   |
| Enforcement Task Force                                | 2,460             |
| Bus Lane Enforcement Maintenance                      | 8,230             |
| BLEC Bus Lane Enforcement                             | 5,243             |
| BLEC Bus Lane Enforcement (Cap)                       | 1,835             |
| Enforcement Income                                    | (19,000)          |
|   | (1,232)           |
| <b>INFRASTRUCTURE PROJECTS</b>                        |                   |
| (4) Land Acquisitions & Part 1 Claims                 |                   |
| Land Acquisitions (Capital)                           | 20,050            |
| Part 1 Claims   | 18,210            |
|   | 38,260            |
| (5) Land Disposals                                    | (13,740)          |
| (6) A13 Thames Gateway DBFO                           | 8,100             |
| (7) Blackwall Tunnel Southbound (Capital)             | 13,241            |
| (8) A23 Coulsdon Inner Relief Road (Capital)          | 3,070             |
| Other Infrastructure Work                             |                   |
| Property Management                                   | 781               |
| Property Rental Income                                | (1,601)           |
| Technical Advice Services                             | 888               |
| Primary Route Network Signing (Capital)               | 1,585             |
|   | 1,653             |
| Completion of Inherited Schemes                       |                   |
| A13 Completed Schemes (Capital)                       | 245               |
| A12 Hackney to M11 Link (Capital)                     | 132               |
| A406 Completed Schemes (Capital)                      | 303               |
| A406 Bounds Green (Capital)                           | 100               |
| A406 Regents Park (Capital)                           | 100               |
| A406 Hangar Lane Bridge schemes (Capital)             | 720               |
| S278 White City (Capital)                             | 100               |
|   | 1,700             |
| <b>STREET MANAGEMENT SERVICES</b>                     |                   |
| (9) Capital & Revenue Road Maintenance                |                   |
| Revenue Maintenance                                   | 49,101            |
| Capital Maintenance (Capital)                         | 34,370            |
| (10) Local Improvements                               | 8,080             |
| Borough Road Maintenance                              | 21,700            |
| Borough Bridge Maintenance                            | 18,000            |
|   | 131,251           |
| (11) Trafalgar Square pedestrianisation (Capital)     | 19,165            |
| (12) Woolwich Ferry                                   | 5,730             |
| (13) Red Routes (Capital)                             | 6,340             |
| <b>TRAFFIC TECHNOLOGY SERVICES</b>                    |                   |
| (14) Traffic Control Systems Maintenance & Management | 14,760            |
| Maintenance Recovery from Boroughs                    | (8,776)           |
|   | 5,984             |
| (15) Traffic Control Systems Replacement              |                   |
| Traffic Control Modern. & Develop.                    | 6,993             |
| LED Signals (Capital)                                 | 1,430             |
| Borough Signal Installations (quota) (Capital)        | 2,152             |
|   | 10,575            |
| (16) London Traffic Control Centre                    | 1,230             |

Street Management

| NET ACTIVITY BY EXPENDITURE | 2002/03<br>Budget |
|-----------------------------|-------------------|
|                             | £000              |

Street Management

| NET ACTIVITY BY EXPENDITURE       |   | 2002/03<br>Budget |
|-----------------------------------|---|-------------------|
|                                   |   | E000              |
| <b>STREET MANAGEMENT STRATEGY</b> |   |                   |
|                                   | Disability Discrimination Act                     | 2,560             |
|                                   | Cycling Centre of Excellence                      | 300               |
|                                   | Strategy Management                               | 405               |
|                                   | Performance monitoring                            | 1,615             |
|                                   | Car Free Day                                      | 100               |
|                                   | Best Value  | 200               |
| (17)                              | Walking and Cycling Initiatives (Capital)         | 7,591             |
|                                   | Borough Walking & Cycling Programme               | 10,100            |
|                                   |   | 17,691            |
| (18)                              | Accident Reduction Road Safety Plan               | 3,255             |
|                                   | Accident Reduction Road Safety Plan (Capital)     | 7,495             |
|                                   | Borough Road Safety Programme                     | 25,000            |
|                                   |   | 35,750            |
| <b>MANAGEMENT &amp; SUPPORT</b>   |   |                   |
|                                   | HR Payroll costs (Establishment)                  | 39,157            |
|                                   | HR Management & Support                           | 3,347             |
|                                   | ISIT Strategy                                     | 1,900             |
|                                   | ISIT Management & Support                         | 2,970             |
|                                   | Training & Development                            | 2,332             |
|                                   | Financial Management & Support                    | 533               |
|                                   | Admin Management & Support                        | 16,400            |
|                                   | PR and Communications                             | 1,540             |
|                                   |   | 68,179            |
|                                   | Recover Expenditure & Income                      |                   |
|                                   | S278 Traffic Management Scheme (Capital)          | 1,970             |
|                                   | Traffic Control Development on Non TLRN (Capital) | 1,000             |
|                                   | Third Party Contributions                         | (3,072)           |
|                                   |   |                   |
|                                   | Total Net Expenditure                             | <b>429,893</b>    |
| Revenues and Income               |   | (58,243)          |
| Revenue Expenditure               |   | 297,984           |
| Capital Expenditure               |   | 206,964           |
| Capital Receipts                  |   | (16,812)          |
| Total                             |   | <b>429,893</b>    |

TfL Centre

| NET EXPENDITURE BY ACTIVITY |  | 2002/03<br>Budget |
|-----------------------------|--|-------------------|
|                             |  | £'000             |
| <b>CORPORATE SERVICES</b>   |  |                   |
| (1)                         | Corporate Services                                 |                   |
|                             | TfL Commissioner                                   | 1,876             |
|                             | Board/Secretariat/Legal                            | 1,673             |
|                             | Director of Corporate Services                     | 467               |
|                             | Human Resources                                    | 1,892             |
|                             | Archiving  | 975               |
|                             | Procurement  | 455               |
|                             | Safety   | 335               |
|                             | Accommodation Costs                                | 4,682             |
|                             |  | 12,355            |
| (2)                         | Business Improvement Programme                     | 10,000            |
| (3)                         | Information Systems (inc. Capital)                 | 5,776             |
| (4)                         | Taxicard and Passenger Needs                       | 5,642             |
| <b>FINANCE AND PLANNING</b> |  |                   |
|                             | <b>Managing Director of Finance &amp; Planning</b> |                   |
|                             | Managing Director of Finance and Planning          | 592               |
| (5)                         | LUL Integration                                    | 7,000             |
|                             | Corporate Re-engineering                           | 1,000             |
|                             | Restructuring                                      | 2,000             |
|                             | <b>Business Planning</b>                           |                   |
| (6)                         | Borough ITP Payments                               | 22,700            |
|                             | Business Planning                                  | 1,589             |
|                             | Borough Partnership                                | 1,709             |
|                             | High Level Performance Indicators                  | 1,000             |
|                             | Group Management & Head Office Accounting          | 2,657             |
|                             | <b>Transport Planning</b>                          |                   |
| (7)                         | Director of Transport Planning                     | 108               |
| (8)                         | Strategic Planning and Development                 | 4,341             |
| (9)                         | Thames River crossings                             | 5,000             |
| (10)                        | Finsbury Park                                      | 2,500             |
| (11)                        | Vauxhall Cross                                     | 2,200             |
| (12)                        | Walthamstow Group                                  | 400               |
|                             | European and International Affairs                 | 303               |
| (13)                        | Interchange Development                            |                   |
|                             | Signage Schemes                                    | 900               |
|                             | IPS Team   | 200               |
|                             | Interchange Planning Data                          | 400               |
|                             | Other Interchange Scheme Development               | 500               |
|                             |  | 2,000             |
| (14)                        | Local Interchanges                                 |                   |
|                             | Personal Security                                  | 740               |
|                             | Taxi Interchange Facilities                        | 300               |
|                             | Park & Ride  | 100               |
|                             | Interchange Plan Delivery-non itemised sites       | 800               |
|                             | Greenwich  | 300               |
|                             |  | 2,240             |
| (15)                        | Integration Initiatives                            |                   |
|                             | Multi Modal Information Initiatives                | 800               |
|                             | Passenger Transport Guides                         | 500               |
|                             | Tourism  | 100               |
|                             | Integration General                                | 100               |
|                             |  | 1,500             |

TfL Centre

| NET EXPENDITURE BY ACTIVITY |  | 2002/03<br>Budget |
|-----------------------------|--|-------------------|
|                             |  | £'000             |
| (16)                        | CRT/ELT/GWT/WLT Progression                        | 3,500             |
| (17)                        | Other Intermediate Modes                           |                   |
|                             | General IMS Support/Technical Reviews              | 100               |
|                             | IMS New Ideas from Stakeholders                    | 200               |
|                             | Tramlink Service Development Studies/Extensions    | 300               |
|                             |  | 600               |
| (18)                        | East London Line Extension Integration             |                   |
|                             | Dalston Junction                                   | 400               |
|                             | Bishopsgate (Shoreditch)                           | 400               |
|                             | Other East London Line Extension Interchange Sites | 100               |
|                             |  | 900               |
|                             | <b>Chief Finance Officer</b>                       | 1,172             |
|                             | <b>Internal Audit</b>                              | 665               |
|                             | <b>Fares</b>                                       |                   |
| (19)                        | Marketing Analysis, Research, Modelling (MARM)     | 4,730             |
| (20)                        | London Area Transport Survey (LATS)                | 3,872             |
|                             | Fares Strategy                                     | 584               |
|                             | Provision for Prestige on DLR                      | 2,000             |
|                             |  |                   |
|                             | <b>COMMUNICATIONS AND PUBLIC AFFAIRS</b>           |                   |
| (21)                        | Customer Information Review                        | 2,000             |
| (22)                        | Communications & Public Affairs                    |                   |
|                             | Director of Communications                         | 883               |
|                             | Stakeholder Relations                              | 1,656             |
|                             | Web Team   | 786               |
|                             | Press & Media Relation                             | 672               |
|                             | Correspondence Unit                                | 376               |
|                             |  | 4,373             |
|                             | <b>RAIL SERVICES</b>                               |                   |
| (23)                        | Rail Services                                      |                   |
|                             | Rail Services Director                             | 339               |
|                             | Other Rail Development Work                        | 148               |
|                             | Support Services                                   | 1,318             |
|                             | National Rail                                      | 289               |
|                             | Transit Authority                                  | 698               |
|                             | East London Line Extension                         | 250               |
|                             | Finance and Appraisal                              | 224               |
|                             | London Programme Office                            | 215               |
|                             | Rail Services Director Consultancy                 | 1,000             |
|                             | National Rail Contribution                         | 1,000             |
|                             | Review & Studies for National Rail Network         | 400               |
|                             | Rail Development Studies                           | 250               |
|                             |  | 6,131             |
|                             | <b>Total Net Expenditure</b>                       | <b>125,139</b>    |

|                     |                |
|---------------------|----------------|
| Revenues and Income | (4,525)        |
| Revenue Expenditure | 115,188        |
| Capital Expenditure | 14,476         |
| Capital Receipts    |                |
| <b>Total</b>        | <b>125,139</b> |

Group Transport Services

| NET EXPENDITURE BY ACTIVITY              |  | 2002/03<br>Budget |
|--|--|-------------------|
|  |  | £'000             |
| <b>CORPORATE SERVICES</b>                |  |                   |
| (1) Travel Information Centres           |  | 3,053             |
| (2) Travel Information Call Centre       |  | 3,621             |
| (3) Other Corporate Services             |  |                   |
| Lost Property Office                     |  | 146               |
| Journey Planner on the Web               |  | 515               |
| Ticket Administration                    |  | (75)              |
| IT Support                               |  | 693               |
| Property Rental                          |  | (900)             |
|  |  | 379               |
| <b>FINANCE AND PLANNING</b>              |  |                   |
| (4) Finance and Planning                 |  |                   |
| Revenue Agreements                       |  | 277               |
| Revenue Accounting                       |  | (70)              |
| Departmental Recharge                    |  | 328               |
| Project Director - Prestige              |  | 259               |
|  |  | 794               |
| <b>COMMUNICATIONS AND PUBLIC AFFAIRS</b> |  |                   |
| (5) Communication and Public Affairs     |  |                   |
| Advertising and Publicity                |  | 1,669             |
| Departmental Recharge                    |  | 649               |
|  |  | 2,318             |
| Total Net Expenditure                    |  | <b>10,165</b>     |
| Revenues and Income                      |  | (4,037)           |
| Revenue Expenditure                      |  | 12,847            |
| Capital Expenditure                      |  | 1,355             |
| Capital Receipts                         |  |                   |
| Total                                    |  | <b>10,165</b>     |



London's Transport Museum

| NET EXPENDITURE BY ACTIVITY       |  | 2002/03<br>Budget |
|-----------------------------------|--|-------------------|
|                                   |  | £'000             |
| (1) Museum Services               |  |                   |
| Admission income at Covent Garden |  | (500)             |
| Admission income at Acton         |  | (20)              |
| Friends of the LTM                |  | (118)             |
| Catering                          |  | (35)              |
| Education & Library               |  | (39)              |
| Graphics & Other income           |  | (49)              |
| Covent Garden Services            |  | 669               |
| Acton Services                    |  | 174               |
| Redisplay project                 |  | 640               |
| Marketing                         |  | 321               |
| Designated Challenge Fund         |  | 139               |
| IT & Comms                        |  | 231               |
| Education & Library               |  | 367               |
| Curatorial Expenses               |  | 627               |
| Building Repairs                  |  | 90                |
| Accommodation - Property          |  | 834               |
| Rates                             |  | 305               |
| Administration Salaries           |  | 505               |
| Utilities                         |  | 98                |
| Other Administration costs        |  | 250               |
| Margin on Museum Services         |  | 4,489             |
| (2) Covent Garden Shop            |  |                   |
| Shop Sales                        |  | (1,275)           |
| Mail Order                        |  | (150)             |
| Wholesale                         |  | (80)              |
| Acton                             |  | (30)              |
| Cost of Sales                     |  | 1,224             |
| Other retail expenses             |  | 96                |
| Margin on Retail                  |  | (215)             |
| (3) Commercial & Licensing        |  |                   |
| Product licensing                 |  | (224)             |
| Maps                              |  | (186)             |
| Visual Images                     |  | (125)             |
| Overseas licensing                |  | (50)              |
| Costs                             |  | 472               |
| Margin on Commercial & Licensing  |  | (113)             |
| (4) Corporate & Events            |  |                   |
| Corporate Events                  |  | (184)             |
| Costs                             |  | 95                |
| Margin on Corporate Events        |  | (89)              |
| Total Net Expenditure             |  | 4,072             |
| Revenues and Income               |  | (2,900)           |
| Revenue Expenditure               |  | 6,117             |
| Capital Expenditure               |  | 855               |
| Capital Receipts                  |  |                   |
| Total                             |  | 4,072             |

**Annex 5**

**Motion Passed at 13 February 2001 GLA Meeting**

# Chair of the London Assembly

Romney House  
Marsham Street  
London SW1P 3PY  
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**Ken Livingstone**  
Chair, Transport for London  
Romney House

**Our ref:** EW  
**Your ref:**  
**Date:** 14 February 2002

Dear Ken,

## **LONDON ASSEMBLY: MOTION PASSED AT MEETING ON 13 FEBRUARY 2002**

I write formally to advise you that the London Assembly, at its meeting on 13<sup>th</sup> February, passed the following motion:

*“The Assembly resolves to draw to the attention of the Functional Bodies the report of the Budget Committee to the Assembly of 23 January 2002 and in particular:*

1. *To draw the attention of the Board of Transport for London to paragraphs 5.1 to 5.4 and 5.10 to 5.12 of the report.*
2. *To request the Metropolitan Police Authority to withhold from the total sum delegated to the Metropolitan Police Service at the start of the next financial year a substantial sum to mark concern that the MPS make significant progress towards financial efficiency and effectiveness, having particular regard to the centrally held budgets (which include provision for new initiatives, savings and inflation not yet allocated); to the budget item for additional officers (pending its becoming clear whether the planned number of officers can be recruited); and to the general reserve.”*

The report of the Budget Committee is appended to this letter.

I would be grateful if this letter could be passed to the TfL Board. As you aware, the Budget Committee acknowledges the steps which have been taken and is keen to support further work in improving the financial arrangements.

I would be grateful for the Assembly’s Budget Committee to be advised formally of the authority’s response.

Yours sincerely,

**Sally Hamwee**

Chair of the London Assembly

cc: Anthony Mayer, GLA Chief Executive  
Bob Kiley, Transport Commissioner, TfL  
Anne McMeel, GLA Executive Director of Finance and Performance

## Sections 5.1 through 5.12 of the GLA Budget Committee 23 Jan 2002 Report

- 5.1 A significant portion of the increase in the proposed gross expenditure of the GLA family in 2002/03 is contained within TfL's overall budget (which includes the budget for Transport Trading Limited – TfL's commercial arm). The increase in TfL's overall gross expenditure – an increase of £414.3 million – accounts for 71 per cent total increase in the GLA family's planned gross expenditure for 2002/03. This is mainly to be funded by a significantly increased government grant: in 2002/03, TfL will receive £1,018.4 million in government grant, compared to £721.4 million in 2001/02. Despite this additional funding, however, there remains a shortfall of £103 million in the funding available to TfL for its planned spending in 2002/03. £6.5 million of this is expected to be funded via government revenue support grants / non-domestic rates. If the TfL budget remains as it is in the consultation budget, the remaining £96.6 million will have to be raised through the precept. This would result in a charge of about £35 per annum for a Band D council tax payer. Our key concern has been to establish whether this request is justified and necessary.
- 5.2 TfL is expected to underspend by £83 million in 2001/02. When we met with TfL on 10 January, we put to them the question of whether this indicated that TfL was not yet adequately prepared to absorb the planned increase in expenditure in 2002/03. It is clear that TfL is taking steps in the right direction to put in place robust financial and performance management. But we have yet to see evidence that would convince us of the ability of the organisation to manage a significantly increased budget. **We recommend that the Assembly consider whether, given TfL's track record to date in underspending against its plans, it can reasonably expect to be able to use its planned increase in resources efficiently and effectively to deliver the improvements in public transport that London needs. Certainly, our discussions with TfL lead us to question whether it would be wise to agree to provide £96.6 million from the precept.**
- 5.3 Any assessment of TfL's budget proposals is made more difficult by the lack of consistency or clarity in TfL's presentation of its budget plans. For example, there is a heading included in the consultation budget for the "TfL Centre", amounting to a proposed £165.8 million in 2003 (compared to £73.5 million in 2001/02). We questioned the Chair and Commissioner of TfL on what expenditure was contained within this figure, and at the time of the meeting there was no clear information available. We trust further details will become apparent with the publication of the Mayor's draft budget.
- 5.4 It appears to us that a number of TfL's proposals for new initiatives have not been fully or accurately costed, nor the precise nature and details of the projects finalised. For example, the budget includes planned expenditure of £22 million on the development of facilities for cyclists and pedestrians, and has earmarked a further £8 million within its budget for Borough Transport Plans for the same purposes.<sup>1</sup> But TfL is currently reviewing its whole approach to this area of its work,<sup>2</sup> and it is not at all clear what this money will be spent on.<sup>3</sup> We also draw

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<sup>1</sup> TfL Business Plan, p. 32 of consultation budget, and Minutes of Budget Committee Meeting, 15 November 2001, p. 6

<sup>2</sup> TfL Business Plan, p. 32 of consultation budget, para 17

<sup>3</sup> Minutes of Budget Committee, 10 January 2002

to the attention of the Assembly the fact that TfL has yet to agree and publish its performance targets for 2002/03, and it is therefore not clear what measurable improvements would be gained for Londoners from its additional expenditure proposals. **The Assembly must press TfL for clear commitments to performance objectives and targets, both for individual new initiatives and for its expenditure as a whole in 2002/03. Sufficient information on the expected benefits from expenditure is crucial to the question of whether TfL's requests for funding are justified.**

- 5.5 Included in the consultation budget, there are two separate plans - the Transport Policing Initiative (£25 million), and the provision of conductors on doored buses (£17 million) - which are, by TfL's own admission, not both necessary at the same time because their objectives overlap so significantly. The Commissioner told us that if the Transport Policing Initiative was a success, it would be anomalous to spend the full planned £17 million on bus conductors.<sup>4</sup> The Mayor agreed.<sup>5</sup>
- 5.6 Having said that, it is impossible for us at this stage to assess any overlap between these two initiatives, since the full details of the Transport Policing Initiative have not yet been developed. In particular, the planned balance between increasing community safety and clearing congestion is not clear – we received conflicting messages from MPA and TfL on the question of the relative importance of these two priorities. This makes it difficult to assess whether the allocation of 240 police officers and 280 traffic wardens / police auxiliaries to the Initiative would represent the most effective use of limited police resources. This is a particularly pertinent question in the context of an emphasis on the decriminalisation of traffic enforcement offences. There have also been inconsistencies in the estimates of the cost of the Initiative that have been mentioned. TfL's budget includes provision for expenditure of £25 million, whereas a report by Commander Shave of the MPS, who is leading the project on the police side, suggests a figure of £19 million for 2002/03, followed by annual running costs of £22 million.<sup>6</sup>
- 5.7 **We were told on 10 January that further details of the proposed Transport Policing Initiative would be made available during the course of the next week or so. We recommend that the Assembly examine this information with a view to determining whether the initial costing remains valid, and whether the proposal to allocate 240 police officers represents the best use of their time and training. Should the Assembly support the Initiative, it must then consider whether the plan to spend £17 million on bus conductors is justified, given TfL's own comments about the overlap between the two plans, and concerns that have been raised about the added value of bus conductors in relation to other initiatives and strategies.**
- 5.8 We questioned TfL about the planned implementation of congestion charging in 2002/03. The Mayor told us that TfL was currently on track to begin implementation in February 2003, and that the costs incurred in the 2002/03 financial year would be in the region of £76 million. The Consultation

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<sup>4</sup> Minutes of the Budget Committee, 10 January 2002

<sup>5</sup> [Minutes of the Budget Committee, 10 January 2002](#)

<sup>6</sup> [Letter from the Chair of MPA to the Chair of the Budget Committee, 30 November 2001, Appendix 4](#)

budget includes provision for expected income from congestion charging of £40.6 million in 2002/03. In a full year, income from congestion charging is currently projected to be £130 million. The Mayor told us that this included allowance for the fact that ten per cent of cars in London were unregistered, or driven unlawfully by someone who was not the owner.<sup>7</sup> We trust that more detailed and precise figures for costs and expected income will be clearer in the draft budget to be presented by the Mayor to the Assembly on 23 January.

**Monitoring TfL's progress against its planned expenditure and timetable for implementing the congestion charging scheme will clearly be a priority for the Assembly over the coming months, especially given concerns about TfL's ability to deliver its expenditure plans. In particular, we shall be examining any possible budgetary implications of any slippage in the implementation date. We recommend that the Assembly set aside time in the near future to discuss the policy itself and the timetable for its implementation.**

- 5.9 We note that TfL's budget does not include any provision for the costs of the transfer of management of London Underground Limited during 2002/03. We questioned the Mayor about this matter, and he told us that this was the case for two reasons. First, he told us that London Underground had failed to provide the information necessary for the GLA to make an assessment of the likely costs. Secondly, it is the Mayor's view, he told us, that the Government should cover the costs and liabilities associated with the transfer: London taxpayers should not, he said, bear the burden of years of neglect and poor management. In the event of the Government not providing the necessary funds, the Mayor told us he would seek legal redress. Only if that failed would he be prepared to consider passing on these costs to the London council tax payer. Clearly this is a matter for the Assembly to monitor closely.
- 5.10 TfL has included in the consultation budget a list of items, totalling £90 million, which would be reduced or deferred if its proposed precept call of £96.6 million (an increase of £93 million over last year) were to be cut by the Assembly.<sup>8</sup> We discussed the items with the Mayor in his capacity as Chair of TfL on 10 January. He and the Commissioner for Transport said little to indicate that any harm would be done to the integrity of the budget, or TfL's ability to deliver its planned programme of work, if any of these items were not funded. Even if the items were justified, it was not clear to us that TfL has the capacity to be able to spend the identified sums effectively and efficiently, in addition to all its other expenditure.
- 5.11 **TfL has provided a list of items that would be reduced or deferred if the requested £96.6 million of precept funding (an increase of £93 million over last year) was not provided. We recommend that the Assembly investigate further the two questions of whether the items are justified, and whether TfL could in any event spend the money.**
- 5.12 When we met with TfL in November 2001, the Commissioner told us that there were only three options for funding TfL's budget: seeking increases in

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<sup>7</sup> Minutes of the Budget Committee, 10 January 2002

<sup>8</sup> [Consultation Budget, p. 34](#)

the transport grant from government, increasing bus fares, and making a charge to council tax payers via the precept. To these, we would add a number of additional possibilities:

- Identifying efficiency savings. TfL has made significant savings in 2001/02, and it plans to spend £9 million in 2002/03 on a review of its expenditure to attempt to improve efficiency.
- Increasing its own generation of income through the collection of charges, for example for the use of pavement space. The ALG expressed concerns, at our meeting of 13 December 2001, about the limited extent to which TfL appeared to be taking advantage of such opportunities.<sup>9</sup> The ALG did not indicate how much extra revenue they expected could be raised through measures to address this issue.
- Ensuring that maximum value for money is gained through procurement policy (such as the length of contracts and the associated opportunities to spread the cost of initiatives over time).
- Borrowing. TfL is unusual for a business of its size in that it does not borrow significant sums to fund its capital expenditure programme. The Mayor told us at our meeting of 10 January that he had entered into an agreement with the Government: that they would continue to fund TfL via a grant for both capital and revenue expenditure, but that TfL would not be expected to apply for credit approvals to fund additional capital expenditure. TfL's planned capital expenditure in 2002/03 is £275.5 million, of which it is planned to fund £244.2 million from the revenue budget.<sup>10</sup> TTL, which is TfL's commercial arm, is permitted to borrow, but it has to make provision in the year following the loan for the full amount owed. For 2002/03, TTL plans to borrow up to £55 million towards the costs of financing a capital programme of £66 million.<sup>11</sup> The Mayor told us that he does not believe in borrowing to fund expenditure on public services other than as a last resort. He referred to the GLC, which had managed without borrowing.<sup>12</sup>

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<sup>9</sup> Minutes of the Budget Committee, 13 December 2001

<sup>10</sup> Consultation budget, p. 10

<sup>11</sup> Consultation budget, p. 11

<sup>12</sup> Minutes of the Budget Committee, 10 January 2002



**TRANSPORT FOR LONDON**

**TfL BOARD**

**SUBJECT : TfL PERFORMANCE INDICATOR FRAMEWORK AND TARGETS**

**MEETING DATE : 19 MARCH 2002**

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**1. PURPOSE**

- 1.1 This paper describes the system-wide performance indicator framework to be used to monitor the TfL Business Plan. The paper also includes the proposed targets for the business plan performance indicators by business unit.
- 1.2 The performance framework, indicators and targets described in this paper are the culmination of significant work undertaken as part of the Business Planning process to develop a top-level performance regime that is focused and more consistent across TfL. The proposed framework is an improvement, but is not the end of the process. With further input from the Board now and lessons learned from monitoring performance against this framework in the future, TfL's performance management regime will continue to evolve and improve.

**2. BACKGROUND**

- 2.1 Performance monitoring consists of measuring success in the delivery in two areas: outputs and outcomes. Whilst there is overlap between the two, they are primarily monitored through different mechanisms.
- 2.2 First, TfL will monitor a programme of key deliverables and milestones relating to the initiatives in the Budget and Business Plan to evaluate success in delivering *outputs*. This will enable TfL to demonstrate what progress it is making in delivering the proposals set out in the Business Plan within the indicated timescales.
- 2.3 Secondly, TfL will report and monitor performance against a series of key indicators, which primarily reflect desired transport *outcomes* (but also included selected *outputs*). A set of top-level Business Plan performance indicators has been developed for each of TfL's major businesses. These performance indicators relate directly to the operational strategies.
- 2.4 In addition, as a best value authority, TfL is required to measure its performance against Best Value corporate health and transport indicators set by DTLR. These Best Value indicators are discussed in a separate Board paper.

**3. TfL PERFORMANCE INDICATOR FRAMEWORK**

- 3.1 An overall three level hierarchy of performance indicators has been developed for TfL. These are - London-wide Strategic Performance Indicators, Business Plan Performance Indicators, and Local Management Performance Indicators – as described below.

- 3.2 **London-wide Strategic Performance Indicators.** These are are high-level cross-cutting performance indicators that will measure performance of the transport network as a whole. These indicators will be developed during 2002/03, and could potentially include measures such as door-to-door journey times, mode share, and other measures to monitor the Mayor's Transport Strategy. The TfL Budget and Business Plan includes financial provision for research and survey work to develop these measures during 2002/03.
- 3.3 **Business Plan Performance Indicators** will be used to monitor the performance of individual TfL business units in delivering the Business Plan. Business Plan performance indicators, measures and targets have been developed to ensure that the performance of the TfL Businesses in delivering the Operational Strategies can be comprehensively and consistently assessed, where applicable. The purposes of these measures are: to set corporate and business unit direction, to monitor business unit performance and to maintain accountability for performance.
- 3.4 The Business Plan Performance Indicators proposed for 2002/03 and their relationship with the Operational Strategies are summarised in **Table A** below. These include operational performance measures (e.g. usage, service volume, and reliability); asset performance measures to reflect the condition of the transport infrastructure; and customer satisfaction survey results which reflect customer perceptions of the transport system.

**Table A:** *Relationship between Operational Strategies and Business Plan Performance Indicators*

| <b>Operational Strategy</b>   | <b>Business Plan performance indicator</b>   |
|---|--|
| <b>OS1: Improve system safety and customer security</b>                                     | <ul style="list-style-type: none"> <li>• Total major injuries and fatalities</li> <li>• Customer satisfaction: personal security</li> </ul>  |
| <b>OS2: Improve financial efficiency</b>  | <ul style="list-style-type: none"> <li>• Total cost per passenger journey</li> </ul>   |
| <b>OS3: Reduce traffic congestion, increase public transport usage and network capacity</b> | <ul style="list-style-type: none"> <li>• Usage (Passenger volumes)</li> <li>• Service volumes</li> <li>• Customer satisfaction: crowding</li> </ul>  |
| <b>OS4: Improve network reliability and service delivery quality</b>                        | <ul style="list-style-type: none"> <li>• % scheduled service operated</li> <li>• excess travel time/ on time performance</li> <li>• customer satisfaction: reliability</li> <li>• customer satisfaction: overall satisfaction</li> <li>• customer satisfaction: information</li> <li>• state of good repair</li> </ul> |
| <b>OS5: Improve network integration and support local authority initiatives</b>             | <i>No proposed business unit measures. Performance against this Operational Strategy to be assessed through monitoring deliverables of integration projects and through the proposed London Wide Strategic Performance Indicators</i>  |
| <b>OS6: Improve access to the transport system</b>  | <ul style="list-style-type: none"> <li>• % of the system accessible</li> </ul>   |

- 3.5 As far as possible, the measure that is used to assess performance for each indicator has been standardised across the Businesses. In addition, the data that will be used to measure performance against the indicators will be collected and presented in a standardised way. **Table B** includes additional detail regarding the definitions for the Business Plan Performance Indicators and how these have been adopted by TfL's three largest business units – London Buses, DLR, and Street Management. TfL has discussed changes to the performance indicator framework with the London Underground, and LUL has agreed to adopt a consistent framework and measures to facilitate reporting to TfL, both pre- and post-integration. However, since the Underground did not participate in TfL's Budget and Business Plan process for 2002/03, LUL performance measures and targets are not included in this paper.

**Table B: Business Specific Measures for the Business Plan Performance Indicators.**

| Strategy                                     | Performance Indicator   | Business Specific Measure  |   |   |
|--|---|--|---|---|
|  |   | Buses  | DLR   | Streets   |
| Safety                                       | Total number of major injuries and fatalities<br>(Note: Definitions subject to change based on SHEC Committee recommendation) | Total number of major injuries and fatalities<br>(Major injury is one that requires overnight hospital stay. Excludes those caused by medical illness. Definition will change to SHEC committee's recommendation after April 2002) | Total number of major injuries and fatalities<br>(current definition of major injuries are those that are RIDDOR reportable, that is: for staff, any accident/injury that results in more than three days off work. For passengers, any accident/incident or fatality/near miss on any part of the railway premises, due to its operation, that result in the person being taken to hospital) | Total number Killed and Seriously injured (London-wide)<br>Current definition: based on police reports                          |
|  |   |  |   | Total number Killed and Seriously injured (TLRN) <b>(BV99)</b>  |
|  | CSS Security  | Question asked: "And thinking about all aspects of the journey you have just made, how satisfied are you in terms of your personal safety?"  | Question asked: "And thinking about all aspects of the journey you have just made/are making, how satisfied are you in terms of your personal safety?" (this is an extra question at end of current franchise survey)   | N/A   |
| Financial efficiency                         | Total cost per passenger journey  | Measure to be reported based on appropriate definition of total cost for each public transport mode, as provided through financial reporting against the budget  |   | To be monitored in terms of performance against agreed budget for Street Management   |
| Reduce congestion & increase transport usage | Usage   | Passenger Journeys: Individual bus trips<br><b>(BV102)</b>   | Passenger Journeys: Number of DLR trips   | Traffic Counts (Central London: 7 am – 6:30 pm)<br>Will also report Central, Inner and Outer London on weekday (24-hour) basis. |
|  |   |  |   | Congestion Index (TLRN) – Report only, no targets   |
|  |   |  |   | Cycling Index (TLRN)  |
|  | Service Volumes   | Number of bus kms operated (after traffic losses).   | Number of operated train kilometres   | N/A   |
|  | CSS Crowding  | Question asked: "How satisfied were you with the level of crowding inside the bus?"  | Question asked: "How satisfied were you with the level of crowding inside the train?"   | N/A   |

| Strategy                        | Performance Indicator  | Business Specific Measure   |  |  |
|---------------------------------|--|---|--|--|
|                                 |  | Buses   | DLR  | Streets  |
| Reliability and service quality | % of scheduled service operated  | % of bus kms operated (after traffic losses) out of total bus kms scheduled   | % valid train departures out of base service departures: valid departures must have a min. dwell of 5s, the correct # carriages and complete the whole of the scheduled route  | N/A  |
|                                 | Excess travel time/<br>on-time performance   | Excess wait time on high frequency routes   | % of trains that adhere to schedule: those trains which are not more than 29s early or up to 3 mins late and call at all scheduled stations.   | Journey time reliability (TLRN) (initial surveys complete, measure to be developed)  |
|                                 |  | % on time for low frequency routes  |  | % street lights working (TLRN) <b>(derived from BV95: average cost of working streetlight)</b>   |
|                                 |  | % on time for night buses   |  | % of traffic signals operating effectively (London-wide)   |
|                                 |  |   |  | % of signals with pedestrian phase (London-wide)   |
|                                 |  |   |  | Number of days of temporary traffic controls or road closure on traffic sensitive roads caused by local authority (TfL) road works. (TLRN) (modification of <b>BV100</b> , which is expressed as rate per km of traffic sensitive road (550 km)) |
|                                 | CSS Reliability  | Average of 2 CSS questions asked: "How satisfied were you with the length of time you waited for the bus you have just got off?", "How satisfied were you with the length of time your bus journey took?" | Average of 2 CSS questions asked: "How satisfied were you with the length of time you waited for the train you are on / have just got off?" How satisfied are you with the length of time your train journey is taking?" | N/A  |
| CSS Overall Satisfaction        | Question asked: "Thinking of this particular bus journey you have just made, starting at the bus stop, how satisfied were you with the overall service you experienced today?" | Question asked: "Thinking of this particular train journey you have just made / are making, starting at the station, how satisfied were you with the overall service you experienced today?"              | N/A  |  |

| Strategy   | Performance Indicator                             | Business Specific Measure   |  |  |
|--|---|---|--|--|
|  |   | Buses   | DLR  | Streets  |
| <b>Reliability and service quality</b><br>(Cont'd) | <i>CSS Information</i>                            | Average of 2 CSS questions:<br>"Thinking about the bus stop where you caught your bus, how satisfied were you with the information provided? Thinking about the bus you have just travelled on, how satisfied were you with the notices and other information provided inside the bus?" | The weighted average of the information scores on the franchise survey for information on the trains and at the stations | N/A  |
|  | <i>State of Good Repair (Asset Performance)</i>   | Measures still partly under development: proposal is: % of vehicles that are under 10 years old (includes Routemasters) & % of bus stations meeting "standards" (to be defined) for accessibility, capacity and length of time since refurbishment.                                     | To be developed  | To be developed<br>(Highway Condition Survey)<br>(TLRN)<br><b>(BV96)</b>   |
| <b>Access</b>                                      | <i>% of system accessible (Asset Performance)</i> | % of low floor buses out of weekday Peak Vehicle Requirement (including Route Masters)  | % of stations that are fully wheelchair accessible   | % of pedestrian crossings with facilities for disabled people (dropped curbs and tactile pavements)(TLRN) <b>(BV165)</b> |
|  |   |   |  | % of low floor bus stops out of total bus stops (London-wide)  |

- 3.6 **Local Management Performance Indicators** are used internally within the business units for management and control purposes. They would not be used for corporate target setting with the business units. However, certain indicators will continue to be reported to Advisory Panels for monitoring purposes and these more detailed indicators could be used to further explain and understand changes in the Business Plan performance indicators.
- 3.7 In addition to the internally generated performance indicators, DTLR has also prescribed a number of best value corporate health and transport performance indicators and targets for TfL and agreed targets. These Best Value performance indicators are either included in the Business Plan Performance Indicators, for each business (as noted in **Table B**), or the Local Management Performance Indicators.

#### 4. **TARGET SETTING FOR 2002/03**

- 4.1 Proposed measures and targets for these Business Plan performance indicators for Buses, DLR, and Street Management and the other surface transport modes are set out in **Tables C, D, E, & F** at the end of this paper. These have been reviewed by Finance and Planning and the Business Units to ensure consistency and to reflect the Budget and Business Plan. In most cases, targets have been proposed for the performance indicators, but not in every case. Targets have been set against indicators where the action of the business influences achievement of the target and where there is historical information to set a target. (Some preliminary targets have been set for some indicators without historical information, which will be revisited during the year). Certain indicators have only recently been developed and are proposed for future target setting, but will require at least two quarters' of reporting before meaningful targets can be set. These targets aim to be realistic but stretching in the light of the resources available in the Budget and Business Plan. It should be noted that many of these measures reflect performance of an entire system, and that seemingly small changes – such as a 1 point improvement in customer satisfaction for the entire bus network – can be quite significant. As noted in the tables, other indicators are proposed for monitoring purposes only and will be reported on a regular basis without setting targets.
- 4.2 **Tables C, D, E, & F** include these performance measures and targets for 2002/03 (by quarter where appropriate, and in selected cases for the 5-year plan as well). In the tables, the performance indicators are divided into two categories: operational performance and asset performance. The operational indicators are those that measure Safety, Congestion, Ridership, Vehicular Volumes, Reliability, and Service Quality. The asset indicators are Accessibility and State of Good Repair. Financial efficiency is also separated because it is a measure derived from currently reported budget figures.
- 4.3 The comments listed against the performance indicators in **Tables C, D, E, & F** outline some the key issues and risks in achieving the specific targets. However, there are some overarching issues to note:
- **Safety: total major injuries and fatalities** – definitions of major injuries and fatalities are currently being reviewed by the TfL Safety, Health & Environment Committee (SHEC) for the purpose of adopting more consistent definitions across all of TfL's businesses. The figures reported in this paper are based on definitions currently in place at each of the businesses. For future reporting, the definitions agreed by SHEC will be used.

(This raises potential issues for comparing to historical data: some future figures, such as major injuries on London Buses, would appear artificially inflated as a result of the proposed new definitions).

- **Financial efficiency: total cost per passenger journey** – this will be based on figures reported for budget monitoring, and the appropriate definition of the reasonable representation of total cost is still being worked out for each business. Targets will not be set against this indicator, as it will be derived from other data.
- **State of good repair** – as indicated elsewhere in the Business Plan, one of TfL's highest priorities for 2002/03 is understanding the condition of our asset base. Limited information is currently available on asset performance and that further development of these measures and target setting against them will continue during 2002/03. For example, results from the new survey of TLRN road condition will not be available until summer 2002. We expect that definitions will be defined and targets set for year end 2002/03 and the rest of the plan period by the end of the first quarter of 2002/03.

## 5. MONITORING AND REPORTING

- 5.1 In order to monitor progress towards achievement of targets, regular reports to TfL senior management and the Board will be provided. The goal of the monitoring is to ensure that the Businesses are on course to meet their targets. Performance will be compared across years, to examine potential seasonality issues.
- 5.2 Monthly reports to TfL senior management through regular Business Management Reviews will consist of summary reports on the status of the Business Plan performance indicators and the key deliverables and milestones. Every other month, reports will be provided to the Board Advisory Panels. Consolidated versions of these bimonthly reports will be prepared for the Board.
- 5.3 This new reporting and monitoring system will be implemented at the beginning of the 2002/03, and will be reviewed and revised as appropriate.

## 6. RECOMMENDATIONS

- 6.1 The TfL Board is asked to NOTE the proposed performance indicator framework to monitor the TfL Business Plan.
- 6.2 The TfL Board is asked to APPROVE the proposed performance targets for 2002/03 as set forth in **Tables C, D, E & F**.



**Table C: Business Plan Performance Indicators and Targets - London Buses**

| Strategy                        | Performance Indicator/Measure  | Unit         | Year end forecast 2001/2  | Targets for 2002/3         |      |      |      | Year end (Ave/Cum)        | Year end targets |   | Reporting Frequency  | Comments   |  |
|---------------------------------|--|--------------|---------------------------|----------------------------|------|------|------|---------------------------|------------------|---|--|--|--|
|                                 |  |              |                           | Q1                         | Q2   | Q3   | Q4   |                           | 2003/4           | 2007/8  |  |  |  |
| <b>Operational Performance</b>  |  |              |                           |                            |      |      |      |                           |                  |   |  |  |  |
| Safety                          | Total number of major injuries and fatalities  | #            | 140                       | Year on Year Improvement   |      |      |      |                           |                  |   | Monthly  | Change to SHEC definition will affect year-on-year comparisons; Accidents are under-reported so better reporting could inflate figures; Increase in service volumes and usage could lead to more injuries. |  |
|                                 | Customer Satisfaction Survey (CSS): security   | %            | 80                        | 80                         | 80   | 81   | 81   | 81                        | 81               | 83  | Quarterly  | Will revisit targets after 2 quarters - may be affected by revised question.   |  |
| Congestion / Ridership          | Usage (passenger journeys): total individual trips (BV102)                                     | Journeys (m) | 1420                      | 361                        | 373  | 380  | 364  | 1478                      | 1572             | 1744  | Monthly  | Target based on assumption of significant savings from LBI and other initiatives resulting in higher passenger journeys.   |  |
|                                 | Service volumes: number bus kms operated   | KM's (m)     | 378                       | 97                         | 98   | 98   | 98   | 391                       | 406              | 438   | Monthly  | Target based on assumption of significant savings from LBI and other initiatives resulting in higher passenger journeys.   |  |
|                                 | CSS: crowding  | %            | 77                        | 77                         | 77   | 76   | 77   | 77                        | 78               | 80  | Quarterly  |  |  |
| Reliability and Service Quality | % of scheduled service operated  | %            | 96.5                      | 96.8                       | 96.7 | 96.6 | 97.5 | 96.9                      | 97.4             | 98.5  | Monthly  | Target incorporates expected reduction in congestion due to Street Management schemes and bus priority measures  |  |
|                                 | Excess wait time on high frequency routes  | minutes      | 2.0                       | 1.9                        | 1.8  | 2.1  | 1.6  | 1.85                      | 1.7              | 1.4   | Monthly  | Target incorporates expected reduction in congestion due to Street Management schemes and bus priority measures  |  |
|                                 | % on time for low frequency routes   | %            | 70                        | 71                         | 72   | 68   | 75   | 72                        | 74               | 76  | Monthly  |  |  |
|                                 | % on time for night buses  | %            | 74                        | 74                         | 74   | 73   | 79   | 75                        | 76               | 78  | Monthly  |  |  |
|                                 | CSS: reliability   | %            | 77                        | 78                         | 78   | 78   | 78   | 78                        | 78               | 78  | 80   | Quarterly  |  |
|                                 | CSS: overall satisfaction  | %            | 75                        | 76                         | 76   | 76   | 76   | 76                        | 76               | 77  | 81   | Quarterly  |  |
|                                 | CSS: information   | %            | 72                        | 72                         | 72   | 73   | 73   | 73                        | 74               | 80  | Quarterly  |  |  |
| <b>Asset Performance</b>        |  |              |                           |                            |      |      |      |                           |                  |   |  |  |  |
| Access                          | % of system accessible: % of low floor buses out of weekday Peak Vehicle Requirement (inc RMs) | %            | 66                        | 69                         | 71   | 74   | 77   | 77                        | 87               | 92  | Quarterly  |  |  |
| Reliability and Service Quality | State of Good Repair: % vehicles under 10 years old  | %            | 81                        | Annual Reporting + Targets |      |      |      | 89                        | 91               | 91  | Annually   | Will be revisited as part of developing the 'package' of State of Good Repair measures.  |  |
|                                 | State of Good Repair: % of bus stations in good repair   | %            | n/a                       | Annual Reporting + Targets |      |      |      | Measure under development |                  | Annually  | Under development: annual figure and requires more work to identify appropriate measure; proposal in Q1 02/03. |  |  |
| <b>Financial Efficiency</b>     |  |              |                           |                            |      |      |      |                           |                  |   |  |  |  |
| Financial Efficiency            | Total Cost Per Passenger Journey   | pence        | Measure under development |                            |      |      |      |                           | Quarterly        | Measure will be reported based on appropriate definition of total cost, as provided through financial reporting against budget. |  |  |  |

**Table D: Business Plan Performance Indicators and Targets - DLR**

| Strategy                        | Performance Indicator                                     | Unit         | Year end forecast 2001/2 | Targets for 2002/3                                      |       |       |       | Year end (Ave/Cum) | Year end targets |   | Reporting Frequency | Comments  |
|---------------------------------|---|--------------|--------------------------|---|-------|-------|-------|--------------------|------------------|---|---------------------|---|
|                                 |   |              |                          | Q1  | Q2    | Q3    | Q4    |                    | 2003/4           | 2007/8  |                     |   |
| <b>Operational Performance</b>  |   |              |                          |   |       |       |       |                    |                  |   |                     |   |
| Safety                          | Total number of Major Injuries and Fatalities             | #            | 15                       | Not to exceed current values even with growth in usage. |       |       |       |                    | Period           | Definition will change to SHEC committee's recommendation (for cross mode consistency) after April 2002 |                     |   |
|                                 | Customer Satisfaction Survey (CSS): Security <sup>1</sup> | %            | See Note 1               |   |       |       |       | Quarterly          |                  |   |                     |   |
| Congestion / Ridership          | Usage (passenger journeys): total individual trips        | Journeys (m) | 41.4                     | 10.63   | 10.89 | 11.39 | 12.32 | 45.23              | 52.1             | 73.2  | Period              | Steady increase includes allowance for City Airport, 3 car upgrade and other developments   |
|                                 | Service Volumes: number train kms operated                | KM's (m)     | 2.99                     | 0.98  | 0.98  | 0.97  | 0.97  | 3.9                | 3.9              | 4.7   | Period              | May want to reflect vehicle kms in future years (which will account for number of cars on the trains, not just number of trains). |
|                                 | CSS: Crowding <sup>1</sup>                                | %            | See Note 1               |   |       |       |       | Quarterly          |                  |   |                     |   |
| Reliability and Service Quality | % of scheduled service operated (valid train departures)  | %            | 98                       | 98  | 98    | 98    | 98    | 98                 | 98               | 98  | Monthly             | Targets set by franchise agreement. Will be revisited for new contract in 07/08.  |
|                                 | On time performance (adherence to schedule)               | %            | 96                       | 96  | 96    | 96    | 96    | 96                 | 96               | 96  | Monthly             | Targets set by franchise agreement. Will be revisited for new contract in 07/08.  |
|                                 | CSS journey time <sup>1</sup>                             | %            | See Note 1               |   |       |       |       | Quarterly          |                  |   |                     |   |
|                                 | CSS Overall Satisfaction <sup>1</sup>                     | %            | See Note 1               |   |       |       |       | Quarterly          |                  |   |                     |   |
|                                 | CSS Information <sup>1</sup>                              | %            | See Note 1               |   |       |       |       | Quarterly          |                  |   |                     |   |
| <b>Asset Performance</b>        |   |              |                          |   |       |       |       |                    |                  |   |                     |   |
| Access                          | % of System Accessible                                    | %            | 100                      | Annual Measure + Targets                                |       |       |       | 100                | 100              | 100   | Annually            | Should always remain 100%   |
| Reliability and Service Quality | State of Good Repair <sup>2</sup> - Track                 | %            | See Note 2               |   |       |       |       | Annually           |                  |   |                     |   |
|                                 | State of Good Repair <sup>2</sup> - Signals               | %            | See Note 2               |   |       |       |       | Annually           |                  |   |                     |   |
|                                 | State of Good Repair <sup>2</sup> - Vehicles              | %            | See Note 2               |   |       |       |       | Annually           |                  |   |                     |   |
|                                 | State of Good Repair <sup>2</sup> - Principle Structures  | %            | See Note 2               |   |       |       |       | Annually           |                  |   |                     |   |
|                                 | State of Good Repair <sup>2</sup> - Stations (structural) | %            | See Note 2               |   |       |       |       | Annually           |                  |   |                     |   |
|                                 | State of Good Repair <sup>2</sup> - Lifts                 | %            | See Note 2               |   |       |       |       | Annually           |                  |   |                     |   |
|                                 | State of Good Repair <sup>2</sup> - Escalators            | %            | See Note 2               |   |       |       |       | Annually           |                  |   |                     |   |
| <b>Financial Efficiency</b>     |   |              |                          |   |       |       |       |                    |                  |   |                     |   |
| Financial Efficiency            | Total Cost Per Passenger Journey <sup>3</sup>             | pence        | See Note 3               |   |       |       |       | Monthly            |                  |   |                     |   |

<sup>1</sup> Current survey does not include sufficiently similar question for cross modal consistency, so historic data exists for setting targets. New question to be added to survey. Targets to be set after 2 quarters of reporting.

<sup>2</sup> Measure under development but will be based on the DLR's asset register. Given that the DLR's assets are relatively new, the targets are likely to be close to 100%.

<sup>3</sup> Measure under development. Measure will be reported based on appropriate definition of total cost, as provided through financial reporting against budget.

**Table E: Business Plan Performance Indicators and Targets - Street Management**

| Strategy                        | Performance Indicator/Measure  | Unit                   | Year end forecast 2001/2  | Targets for 2002/3                       |     |     |     | Year end (Ave/Cum)        | Year end targets |          | Reporting Frequency  | Comments  |  |  |
|---------------------------------|--|------------------------|---------------------------|--|-----|-----|-----|---------------------------|------------------|----------|--|---|--|--|
|                                 |  |                        |                           | Q1                                       | Q2  | Q3  | Q4  |                           | 2003/4           | 2007/8   |  |   |  |  |
| <b>Operational Performance</b>  |  |                        |                           |  |     |     |     |                           |                  |          |  |   |  |  |
| Safety                          | Total number of Killed and Seriously Injured (KSI) [Londonwide]                              | #                      | 6050                      |  |     |     |     | 5929                      | 5771             | 4884     | Monthly  | Target is based on 10 year target of 40% reduction in KSI under the Road Safety Plan.   |  |  |
|                                 | Total number of Killed and Seriously Injured (KSI) [TLRN]                                    | #                      | 1627                      |  |     |     |     | 1593                      | 1549             | 1302     | Monthly  |   |  |  |
| Congestion / Vehicular Volumes  | Traffic Counts Central London 7am-6.30pm   | % reduction            | n/a                       |  |     |     |     | 0                         | 10               | TBD      | Quarterly  | Traffic surveys will be undertaken to enable monitoring by Q1 2002/03. Initial 10% reduction in 03/04 over 02/03. Later years to be determined after implementation of Congestion Charging. |  |  |
|                                 | Congestion index [TLRN]  | index (March 01 = 100) | 93.3                      | Reporting only, targets will not be set. |     |     |     |                           |                  |          |  |   | Monthly  | Indicator is an index so it does not represent total congestion in London. |
|                                 | Cycling on the TLRN [TLRN]   | index (2000 = 100)     | 112                       | 115                                      | 118 | 122 | 125 | 120                       | 139              | 216      | Quarterly  |   | Currently TfL's best estimate of cycling in London. By end 02/03, will be expanded to include borough roads. |  |
| Reliability and Service Quality | Journey time reliability [TLRN]  |                        | n/a                       | Measure under development                |     |     |     |                           |                  |          |  | TBD   | Measure still being defined and targets to be set in 1st Quarter 2002/03                                     |  |
|                                 | % street lights working [TLRN]   | %                      | 97.4                      | Annual Reporting + Targets               |     |     |     | 97.5                      | 97.7             | 98       | Quarterly  | Derived from (BVPI95)   |  |  |
|                                 | % of traffic signals operating effectively [Londonwide]                                      | %                      | 96.9                      | 97                                       | 97  | 97  | 97  | 97                        | TBD              |          | Quarterly  | Target to be set for rest of plan period at end of 02/03  |  |  |
|                                 | % of traffic signals with pedestrian phase [Londonwide]                                      | %                      | 75                        | Annual Reporting + Targets               |     |     |     | 77                        | 80               | 92       | Annually   |   |  |  |
|                                 | Days of temporary traffic controls or road closure on traffic sensitive roads [TLRN]         | days                   | 60                        | 15                                       | 15  | 15  | 15  | 60                        | TBD              |          | Quarterly  | Derived from (BVPI100). Target to be set for rest of plan period at end of 02/03  |  |  |
| <b>Asset Performance</b>        |  |                        |                           |  |     |     |     |                           |                  |          |  |   |  |  |
| Access                          | % system accessible: % of pedestrian crossings w/ facilities for disabled people [TLRN]      | %                      | 56.7                      | Annual Reporting + Targets               |     |     |     | 62                        | 68               | 90       | Annually   | Derived from (BVPI165). Report for TLRN in 2002/3 and develop a Londonwide indicator during 2002/03.  |  |  |
|                                 | % system accessible - % of bus stops that are 'low floor' [Londonwide]                       | %                      | 4                         | Annual Reporting + Targets               |     |     |     | 6                         | 12               | 34       | Annually   |   |  |  |
| Reliability and Service Quality | Assets in good repair - Highway Condition Survey (BVPI96) [TLRN and Borough Principal Roads] | %                      | n/a                       | Annual Reporting + Targets               |     |     |     | Measure under development |                  | Annually | Highway Condition Survey is underway to measure TLRN and Borough principal roads - to complete in Autumn 2002 and use as basis for future targets. |   |  |  |
| <b>Financial Efficiency</b>     |  |                        |                           |  |     |     |     |                           |                  |          |  |   |  |  |
| Financial Efficiency            | Total cost per passenger journey   | pence                  | Measure under development |  |     |     |     |                           |                  |          |  | Measure will be reported and monitored in terms of performance against agreed budget  |  |  |

Note that for 2001/2 year end forecast, most figures are actuals not targets; TBD = to be determined

**Table F: Business Plan Performance Indicators and Targets - Other Surface Transport Modes**

| Mode                          | Performance Indicator/Measure        | Unit  | Year end forecast 2001/2 | Targets for 2002/3  |       |                                    |       |                    | Year end targets |   | Comments   |
|-------------------------------|--------------------------------------|-------|--------------------------|---|-------|------------------------------------|-------|--------------------|------------------|---|--|
|                               |                                      |       |                          | Q1  | Q2    | Q3                                 | Q4    | Year end (Ave/Cum) | 2003/4           | 2007/8  |  |
| Victoria Coach Station        | Number of coach departures           | (000) | 187.60                   | 46.46   | 51.45 | 44.69                              | 42.30 | 184.90             | 185.7            | 185   |  |
|                               | Net income per coach departure       | £     | 6.86                     | 5.82  | 9.24  | 3.29                               | -0.05 | 4.575              | 4.81             | 5.61  | This is based on the Gross Margin Profit divided by the number of coach departures                     |
|                               | Overall customer satisfaction        | %     | 72                       | 72  | 72    | 72                                 | 72    | 72                 | 72               | 72  |  |
| <b>Croydon Tramlink</b>       |                                      |       |                          |   |       |                                    |       |                    |                  |   |  |
|                               | Passenger journeys                   | m     | n/a                      | Report only -- no targets set due to commercial sensitivity |       |                                    |       |                    |                  | Forecast or budget passenger journey statistics not provided due to commercial sensitivity. |  |
|                               | % of service operated                | %     | 99.42                    | 98  | 98    | 98                                 | 98    | 98                 | 98               | 98  | Based on existing fares and bus service arrangements - changes to these would affect passenger volume. |
|                               | Overall customer satisfaction        | %     | 87                       | n/a   | n/a   | n/a                                | n/a   | 85                 |                  |   |  |
| <b>London River Services</b>  |                                      |       |                          |   |       |                                    |       |                    |                  |   |  |
|                               | Passenger journeys                   | (000) | 2000                     | 610   | 820   | 230                                | 400   | 2060               | 2.12             | 2.39  |  |
|                               | % of service operated                | %     | 97.50                    | Report only -- no targets set                               |       |                                    |       |                    |                  |   |  |
|                               | Overall customer satisfaction        | %     | n/a                      | n/a   | n/a   | Targets to be set after Q2 2002/03 |       |                    |                  |   |  |
| <b>Public Carriage Office</b> |                                      |       |                          |   |       |                                    |       |                    |                  |   |  |
|                               | No. of taxi drivers licensed         | #     | 24300                    | 24351   | 24462 | 24573                              | 24687 | 24687              | 25145            | 27058   | New measures for PCO to be developed in 2002/03  |
|                               | No. of private hire drivers licensed | #     | n/a                      | 0   | 1110  | 4440                               | 7780  | 7780               | 27000            | 40000   | New measures for PCO to be developed in 2002/03  |
| <b>Dial-a-Ride</b>            |                                      |       |                          |   |       |                                    |       |                    |                  |   |  |
|                               | Overall customer satisfaction        | %     | 93                       | Measure under development                                   |       |                                    |       |                    |                  | Targets are being developed as part of the implementation of the DaR Review.                |  |

**TRANSPORT FOR LONDON**

**TfL BOARD**

**SUBJECT: BEST VALUE PERFORMANCE PLAN (BVPP)**

**MEETING DATE: 19 MARCH 2002**

---

**1. INTRODUCTION**

- 1.1. TfL is developing its second Best Value Performance Plan (BVPP) which it is required to publish by 30<sup>th</sup> June 2002. For the first time, the BVPP has been produced as an integral part of the business planning process and this accords with the Audit recommendation that the new business planning process is used to embed best value throughout TfL.
- 1.2. TfL is also publishing a summary of its BVPP. This is being produced as a joint document with the GLA and other functional bodies and will be published (i.e. made available on the web) by 31<sup>st</sup> March 2002.

**2. BACKGROUND – BEST VALUE PERFORMANCE PLAN (BVPP)**

- 2.1 The main purpose of the BVPP is to explain past performance and set out future levels of performance. The areas that must be covered by the Plan are prescribed by legislation and are included within the Business Plan. The sections on ‘Improving Efficiency and Effectiveness’ and the ‘Programme of Best Value Reviews’ are those parts of the Business Plan focusing on best value (**see Appendix 1**).
- 2.2 The Business Plan covers the activities for which TfL is responsible as at 31 March 2002, and excludes London Underground. In recognition of the planned transfer of London Underground to TfL, relevant activities in the context of best value will be included as an appendix to the Business Plan.
- 2.3 In December 2001, Government produced a White Paper setting out their vision for achieving high quality, customer-focused public services and provides the basis for streamlining best value.
- 2.4 The White Paper introduced a revised performance management framework for best value authorities and subsequent amendments have been made to the legislative requirements for best value. A summary of the changes is set out below:
  - The deadline for the publication of the full Best Value Performance Plan as required by Section 6 of the Local Government Act 1999 has been changed from 31<sup>st</sup> March to 30 June.

- The content of the BVPP has been amended in that it is no longer necessary to set out:
  - a five year period of reviews; and
  - an assessment of the level at which, and the way in which, the authority exercises its functions.
- The requirement for authorities to review all of their functions over a 5-year period has been removed.
- DTLR guidance admits that the change in the deadline for the publication of the BVPP means that the summary document (which will be published by 31<sup>st</sup> March each year) can no longer be a fair and accurate reflection of the plan published in June. As a result, authorities have discretion over the content of the summary.

Further guidance on best value in the future covering the Performance Plan, its audit and the statutory response to the audit will be published as an amendment to Circular 10/99, but not until summer 2002.

2.5 Under the new guidelines (and existing Order), the BVPP should focus on information of corporate importance, and include:

- A summary of the authority's objectives,
- A statement on national (i.e. Best Value Performance Indicators) and local performance indicators, standards and targets,
- A summary of performance against relevant performance indicators including out-turn data for the previous year,
- A summary of proposals to achieve standards and targets,
- Details of the authority's best value review programme
- A summary of the action plans following any reviews, and
- Responses to audit and inspections.

2.6 It is intended that TfL's Business Plan will be available in fully written up form by the end of March 2002. The finalised BVPP will be produced as an update to the Business Plan and placed on the TfL web-site, and a copy will be provided to our Auditors by 30<sup>th</sup> June 2002 in line with the latest Government guidelines. This update will include amendments to the document in respect of out-turn performance indicators, the agreed 2002/03 best value programme, and final outcomes from the recent Audit Commission best value inspections.

### **3. OVERVIEW OF THE BEST VALUE PERFORMANCE PLAN (BVPP) (Appendix 1)**

3.1 The specific best value content within the Business Plan is contained within the attached draft section of the Business Plan (**Appendix 1**).

3.2 Other sections of the business plan will contain information required as part of the BVPP, these are as follows:

- A summary of TfL's objectives.

- ‘Performance Monitoring’ which will provide information on national best value performance indicators, local performance indicators and targets including out-turn data for the previous year.

3.3 The revised guidelines for producing the BVPP were only published in February 2002. It remains only a proposal at this stage to remove the statutory requirement for both an efficiency summary and consultation statement. Both elements will therefore be included in the BVPP.

3.4 An update on the TfL BVPP will be presented to the Finance and Audit Committee, and TfL Board at their next regular meetings in May and June, in order to endorse the BVPP content, prior to formal publication by 30 June 2002.

#### **4. JOINT GLA BVPP SUMMARY (Appendix 2)**

4.1 Guidance issued by the DTLR provides for the production of a summary BVPP, and for it to be available to local households, users, businesses and other stakeholders. The guidance states that that a summary document will be available by 31<sup>st</sup> March each year.

4.2 A joint BVPP is being produced covering the GLA and each of the functional bodies. This is to be published on the web by 31<sup>st</sup> March 2002, and copies will be distributed to households with a covering GLA Group newsletter in June 2002.

4.3 A copy of TfL’s proposed contribution to the summary GLA BVPP is attached (**Appendix 2**). Account has been taken of our external auditor’s comments on the 2001 BVPP summary and he has also been shown a copy of the proposed text for 2002. Compared with the 2001 summary, a greater number of service related performance indicators have been included.

#### **5. RECOMMENDATIONS**

5.1 The TfL Board is asked to:

- NOTE the latest requirements of the Best Value legislation;
- ENDORSE the proposed TfL contribution to the GLA Best Value Summary document to be made public at the end of March.
- NOTE the current position in developing TfL’s Business Plan / Best Value Performance Plan, and that an update will be presented at the next regular meetings of the Finance and Audit Committee and Board to endorse the BVPP content prior to publication.

## IMPROVING EFFICIENCY AND EFFECTIVENESS

### 1. Introduction

- 1.1 TfL is designated as a 'best value' authority under the Local Government Act 1999. Best value has been treated as an integral part of the TfL Business Planning process. The Business Plan, with its focus on economy, efficiency and effectiveness, incorporates the requirements of a Best Value Performance Plan.
- 1.2 Best value is designed to make authorities such as TfL more accountable to people whom live, work in and visit London. TfL is committed to the principles of best value, and to secure continuous improvement in the way it delivers its services. As such, the Best Value Performance Plan has been fully incorporated into the six-year Plan.
- 1.3 Efficiency gains are essential if TfL is to achieve its aims and objectives within the resources it has available, and meet the 3% efficiency target that has been set for the GLA and the functional bodies. The challenge is to do more with the same, or the same for less. This can only be met through improving the way TfL manages its business.

### 2. Best Value

- 2.1 The legislative aspects of best value are set out in the Local Government Act 1999 and related statutory instruments (SI 1999/3251) and guidance (DETR circular 10/99). The requirements of the original legislation have been amended by way of Statutory Instrument 2002/3005 published on 14<sup>th</sup> February 2002.
- 2.2 The original requirement of best value meant TfL was required:
  - To review all its services by 31<sup>st</sup> March 2005, with the aim of improving the way in which its functions are exercised and having regard to a combination of economy, efficiency and effectiveness
  - To set clear service standards and targets in order to achieve continuous improvement
  - To prepare and publish an annual Best Value Performance Plan by 31<sup>st</sup> March each year which summarises TfL's objectives and sets out current and future performance targets, and the results of best value reviews.
  - A summary Best Value Performance Plan document to be published by 31<sup>st</sup> March.
- 2.3 The Government has recently published changes to the requirements for best value. The key changes to the requirements for best value are:
  - From 2002, the date for publication of the full annual plan will be 30<sup>th</sup> June rather than 31<sup>st</sup> March. This will enable actual year-end performance data to be included rather than projected out-turn figures. However, it is recognised this year might be a transition period as authorities are geared up to produce the document by the end of March.



- Authorities will be subject to a corporate performance assessment by the Audit Commission to see whether they are considered to be a high performing, a striving, coasting or poor performing authority.
  - Top tier authorities are to be assessed by October 2002, with those for second tier will be assessed by October 2003.
  - The requirement to review all activities by March 2005 will be dropped for better performing authorities, which will have more discretion over their review programme. Poor performing authorities will receive a directive approach to implementing best value.
  - The deadline for the audit report has changed from 30<sup>th</sup> June to 31<sup>st</sup> December. This due to the change in publication deadline for the performance plan, and the introduction of the new corporate assessments.
- 2.4 There are a number of questions that remain unanswered, the most important being whether TfL is seen as a first or second tier authority and how the corporate assessment framework will be applied to a single purpose authority. Other issues are, the arrangements for the publication of the Best Value Performance Plan (including content), and requirements for the summary publication.
- 2.5 Further guidance on the performance plan, its audit and the statutory response to the audit is to be published as an amendment to Circular 10/99, but not until the Summer 2002.

### **3. Business Improvement Reviews**

- 3.1 When TfL was established in July 2000, it brought together a number of agencies and organisations, and so inherited a variety of disparate administrative and business processes. These have yet to be the subject of any detailed review and the proposal is to undertake a number of Business Improvement Reviews. These will focus on specific parts of the business and may be either service based or organisational wide reviews, undertaken to best value principles.
- 3.2 The benefits of the Business Improvement Reviews will be facilitated by the business improvement project. This project will replace existing or introduce new computer systems with the implementation of a single business software application across TfL. This will create a single process for the collation and management of information for all corporate activities such as finance, human resources, and procurement.
- 3.3 It is recognised that there needs to be evaluation of corporate systems and processes to ascertain what TfL does now, what TfL should be doing, and identifying gaps in service delivery. This will lead to actions for improvement being identified, prioritised and costed prior to development and implementation. As a consequence, consultants have been appointed to carry out a scoping exercise to identify TfL-wide issues that need to be addressed, and the outputs from work will form the cross-cutting best value reviews for 2002/03.

### **4. Programme of reviews**

- 4.1 A four-year programme of reviews was prepared and included in the 2001 Best Value Performance Plan, a copy of which is at **Annex 1**.

4.2 However, there have been changes to the 2001/02 best value review programme:

- As TfL was only established in July 2000, it has been going through a transition period where organisational priorities have changed.
- The Mayor's transport priorities have been clarified in his Transport Strategy, published in July 2001.
- The proposed 2001/02 cross-cutting reviews were only designed in detail in early summer 2001.
- The development of the new business plan process has influenced both the areas subject to review and the timing of the reviews.
- Outputs from the pilot reviews have led to further reviews to focus on specific issues that were identified and included in the prioritised action plan.
- As a consequence of identified shortcomings in some activities, additional service reviews have been introduced into the programme.

### **4.3 Progress on 2001/02 Programme of reviews**

#### **4.3.1 Cross-Cutting reviews**

These reviews reflect the need to take a strategic approach to improving the overall business and not just specific services areas. They are also seen as a means to bring the business together, an important issue for such a new organisation and, to promote an integrated approach to transport.

Safety Management - the review is focusing on the promotion of more safe and efficient management practices across all TfL's business. The review is covering safety standards, safety culture and the processes for ensuring safety objectives for customers and staff.

Since addressing the Terms of Reference and developing a timetable, two issues have led to a re-alignment of the timescale. One is the implications arising from the events of 11th September 2001. As a result of discussions with 'comparison' authorities, at least one (London area) major authority has deferred its best value review by 12 months to incorporate the output from the 'London Resilience' work programme.

The other is the delay in transferring responsibility for LUL to TfL and the need to include provision for LUL in the programme. The timetable is currently being restructured to enable work to be completed by 2002/3.

Risk Management - this review seeks to examine the entire risk management process including a review of service providers. Areas being worked on currently are the appointment of insurance of insurance brokers / risk management advisers and claims managers.

The next stage of the review is the examination of how services are provided to the various Directorates of TfL, and to look at options for the delivery of such. It is expected that the review will be completed in early 2002/03.

Business Planning and Performance - the project looked at improving the business planning processes and systems within TfL including performance management and project appraisal techniques.

A revised business planning process is being implemented which will culminate in the publication of the 2002/03 Plan by the end of March 2002. This project was incorrectly identified as a best value review as although carried out by independent consultants, the work was to review and improve an internal organisational business process.

Although initially identified as a best value review, this project was more in the way of an internal organisational process review to which the principles of best value did not readily apply.

Information Systems / Information Technology - the review is to undertake a high level assessment of the information strategies and policies across TfL and seeks to introduce common standards and approaches which meet user requirements.

Interviews with stakeholders have taken place and a draft IS strategy is being developed. The review is on target to complete by March 2002.

Financial Systems and Payroll Services - both reviews have been postponed to be incorporated within the overall programme of Business Improvement Reviews.

Asset Management - the review is focusing on how TfL manages its assets and property portfolio, including the processes for the identification and disposal of surplus assets - enhancing access to funding for other initiatives.

A revised timetable is to be produced.

Travel Information and Customer Services - this review focuses on two of the issues raised as an output from the Customer Service pilot best value review. The main areas for review are, travel information for all modes of transport, and complaints and customer services.

Stage 2, an assessment of the current position and options for future service delivery are being developed. It is expected that the review will be completed by Spring 2002.

Listening to London: this review looks at how we gather information about the needs, experiences and views of the public, use it to inform policy and service delivery and provide feedback. Strategy and guidance documents and an action plan will be produced by Spring 2002.

Consultation (GLA-wide) - this review is being conducted centrally by the GLA with input from the functional bodies. The aim is to review TfL's activity in the area of consultation and ensure opportunities for effective working with the GLA family are fully exploited.

The start on this review was delayed until January 2002 due to GLA Assembly scrutiny on a similar subject. It is expected that the review will be completed by the end of March 2002.

Equality (GLA-wide) – this is the second review that is being progressed by the GLA with input from the functional bodies. The scope of the review is to review TfL's activities in the area of equal opportunities, and ensure opportunities for effective working with the GLA family are fully exploited.

The evaluation and final reports are nearing completion, and the recommendations should be approved by the end of March 2002.

#### **4.3.2 Service reviews**

Service specific reviews provide focus on a particular activity and are intended to deliver efficiency, economy and effectiveness in these areas.

#### **4.3.3 Street Management**

Contracts and Procurement - a review of the current arrangements, procedure and strategy the aim being to produce a single, consistent approach to procurement.

The following has been adopted as the vision for contracts and procurement for TfL Street Management.

'To procure goods, services or works through defined processes and procedures that best manage risk and offer value for money in terms of cost, quality and lead time to deliver the Mayor's Strategies'.

To deliver this vision, it has been concluded that effective contracts and procurement in TfL Street Management must include:

- A clear and consistent procurement strategy linked to objectives
- A strong procurement culture
- Clearly defined procurement routes that allow,
  - quick easy and efficient purchase of low cost, low risk products giving a low administrative overhead
  - framework contracts
  - small tender / quotes
  - large tenders
- Development of positive and strong relationships with key partners
- Effective planning and decision making, enabled by clear guidelines and procedures
- Appropriate skills and competencies devolved out into the organisation

These constituent elements have been brought together into an action plan comprising 29 key proposals. The project board considered the detailed and costed action plan in January 2002, and which has been signed off for implementation.

Major Tendered Projects - a review of how individually tendered construction and civil engineering schemes are project managed from approval through to post evaluation of the schemes.

There have been some minor delays in producing the initial service assessment. The review is due to be completed in April 2002.

Maintaining the Streets - a review to examine how the TfL Road Network is maintained including responsive and programmed maintenance to all aspects of the street scene.

Although the review will not be completed until March / April 2002 it was the subject of a best value Inspection process in February 2002. This was at request of the Best Value Inspectors wanted to carry out a 'staged inspection approach' of a service.

Key issues arising from the review:

a. User Focused Key Issues

- Increased public awareness of TfL Street Management and improved facilities for public communication.
- Co-ordination of maintenance work, improvement schemes and streetworks throughout London needs to be improved. (This is the subject of a Best Value review proposed for 2003 but some "quick win" improvements may be possible.)
- Highway Maintenance Strategy to include the Street Management approach to safety and serviceability intervention levels which address users needs
- TfL Street Management needs to address ways in which to work better with the London boroughs

b. Management Key Issues

- Development of one Maintenance Strategy in line with the Maintenance Code of Practice and the Mayor's Transport Strategy and link with other GLA and Corporate strategies.
- Mechanism for prioritisation and funding of maintenance work on the TLRN and Borough Principal Roads to be delivered in a transparent and long-term manner with limited resources, taking into account stakeholder views and cost-effective analysis.
- Measuring and using performance information to enable comparison with others, to aid business improvement and to monitor customer satisfaction.
- Staff training and awareness raising and involvement in strategic development of the maintenance functions.

Land and Property Management - a review of land management including acquisition, upkeep and disposal of assets; and an examination of TfL Street Management's role as a landlord and neighbour. This review will be the subject of a best value Inspection in April 2002.

#### 4.3.4 Surface Transport

Dial-a-Ride Services - this review was added to the review programme as a result of growing dissatisfaction with the service, and the specific pledge to review the service in the Mayor's Transport Strategy.

The scope of the review was to undertake a thorough examination of the business performance including its management and governance structures of the service and the six Dial-a-Ride charitable companies.

The review was completed on time in November 2001, and a Change Management Team has been put in place to take forward the agreed action plan. Key action points are:

- Clearly define the service, including who it intends to serve
- Centralise management and administration
- Review Operational Strategies
- Produce and monitor meaningful performance measures
- Examine the competition element

The service has been the subject of a best value inspection; the final report is due early April 2002.

Public Carriage Office - the review was added to the programme to coincide with a period of significant change facing the PCO arising from the introduction of new private hire regulations. The new regulations have greatly expanded the responsibilities of the PCO. In addition, the Mayor's Transport Strategy highlights a number of objectives the PCO needs to address.

The review identifies how efficiently and effectively the PCO is tackling these new challenges and provides constructive recommendations and an outline action plan for continuous improvement. It was carried out through an analysis of documentary evidence submitted to the review team, and through interviews with a wide range of stakeholders, customers and comparable organisations.

The final review report and action plan is being finalised.

Private and Mobile Radio Systems and Associated Services - the review was added to the best value programme. It is associated with the evaluation and selection of appropriate technology in respect of bus radios, automated vehicle location, and the 'Countdown' project.

Progress has been made and a stakeholder workshop was held during January 2002. It is expected that the final report and action plan will be published by the end of March 2002.

East Thames Buses - the review was added to the best value programme. East Thames Buses is the trading name for London Buses and was reactivated to take over the bus operations of a private contractor that defaulted on the contract.

East Thames Buses is seen as an insurance policy to provide London Buses with the capacity to ensure the continued delivery of bus operations at a reasonable

cost in the event of operator failure. The company should continue to operate provided it passed the 'best value' test.

An independent review was commissioned thereby ensuring an open and unbiased assessment of the business in accordance with best value principles. The Project Review Steering Group is meeting at the end of March to discuss the report.

#### **4.3.5 Other TfL Services**

Transport Museum - to review the operation and efficiency of London's Transport Museum in respect of management practices in the areas of, collections, curatorship, communications, retailing tourism, education and cultural development.

The key action from the review is a four stage investment programme at the Museum in Covent Garden for the improvement of public presentations and the care of the collections through enhancements to the Flower Market building.

### **5. 2002/03 and Beyond Review Programme**

5.1 The reasons outlined in **Section 4.2** have also resulted in changes to the proposed 2002/03 programme. This is shown in **Annex 2**.

A four-year review programme had been agreed and was included in the Best Value Performance Plan published in March 2001.

This however has been subject to change as:

- Some review programmes have slipped whereas others have been brought forward.
- TfL is keen to see corporate business improvement reviews (**Section 3.1 – 3.3**) being undertaken which will have a wide-ranging impact over the whole or significant parts of the organisation.
- The recent changes to best value requirements particularly as there is no longer a requirement to review all of our activities within a 5-year cycle.

Although the reviews identified for 2003/04 and beyond remain in the programme, this might be subject to change as a consequence of the changes to best value requirements, and as TfL continues to go through this transition period especially the transfer of London Underground.

### **6. Annual Audit Inspection of 2001 Best Value Performance Plan**

6.1 TfL was required to publish its first Best Value Performance Plan prior to the statutory deadline of 31<sup>st</sup> March 2001. Last year, the Plan was produced as a separate document but, as TfL's business planning process has now been established 2002, it is now included as part of the business planning process.

6.2 KPMG, TfL's appointed auditors concluded that 'TfL has succeeded in producing a Plan which contains all the required information, and which is accessible to readers looking for detailed information on its performance and plans for the future'. A copy of the report is available on the TfL web-site.

6.3 However, KPMG made several recommendations to TfL to strengthen the arrangements for securing best value. These are as follows:

- Recommendation 1; Appropriate systems are put in place to collect and compile the information necessary to report all relevant best value performance indicators in its 2002/03 Best Value Performance Plan.
- Recommendation 2; Define how TfL is to approach the challenge element of best value, and ensure it is implemented on all future reviews.
- Recommendation 3; Develop a framework whereby comparisons are made both with public and private sector organisations.
- Recommendation 4; Develop a formal consultation strategy ensuring linkages are made between internal and external consultation exercises.
- Recommendation 5; Develop an overarching procurement strategy for securing services under best value.
- Recommendation 6; Ensure the developing business planning process is implemented, and used to embed best value throughout the organisation, and actions plans arising from reviews are resourced and implemented.
- Recommendation 7; Board Members should ensure that;
  - they are represented in future best value reviews,
  - appropriate indicators are developed to measure the success of the transport strategy,
  - the priorities of the business plans are allocated appropriate resources.

## **7. TfL's response to the Auditor's comments**

7.1 TfL is committed to the concept of continuous improvement and has sought to build best value into the overall business planning process, so that the principles and benefits of best value are embedded throughout the organisation's activities and future plans.

- Recommendation 1; Arrangements have been put in place for the monitoring of best value performance indicators and all but one has been reported on for 2001/02. This accords with an agreement reached with the auditors that TfL will not be required to report on indicators presently not monitored and which are due to be dropped for 2002/03.
- Recommendation 2; A defined approach to challenge has been included in the best value toolkit, and which should be used for each review.
- Recommendation 3; TfL's formal response to our Auditors advised it would be difficult to implement full benchmarking for the 2002/03 best value performance plan.
- Recommendation 4; TfL has participated in the GLA wide review on consultation. This review has yet to be completed but where appropriate is expected to co-ordinate consultation activity across the GLA family group.
- Recommendation 5; TfL has in place a Standing Order on procurement. There has been a best value review of Street Management contract and procurement and the action plan is being implemented. A cross-cutting best



value review is planned 2002/03 but this will be dependant on the output from the Business Improvement Project.

- Recommendation 6; The Business Planning process is nearing completion with the 2002/03 TfL wide business plan of which best value is an integral part being published in March 2002.
- Recommendation 7; Board Members have been fully involved in the development of the Business Plan. Special Advisory Panels have been established which consider the action plans produced by the best value reviews.

A copy of TfL's response to the auditor's report is available on the TfL web-site.

## **8. Best value inspections**

- 8.1 At the time of writing the Plan, TfL has just gone through its first series of best value inspections commencing with the Dial-a-Ride Service Review (Surface Transport) in January 2002 quickly followed by an inspection of Street Management's Maintaining the Streets in February.
- 8.2 The Inspectors have recently presented their initial findings and an 'interim challenge' reports for both reviews. TfL are presently in discussion with the Inspectors' regarding their assessment 'is it a good service', and prospects for improvement. The final documents are expected in Spring 2002.
- 8.3 A further inspection is planed for April 2002 and which will look at the Street Management's Asset Management review.

## **9. Planning for Efficiency Improvement**

- 9.1 The GLA has set an efficiency savings target for TfL of 3% of current expenditure per annum. TfL's target for the financial year 2002/03 was is to deliver £10m of efficiencies.
- 9.2 Forecast projections indicate that savings of nearly £20m should be achieved. This is as a direct consequence of management actions to stop expenditure in marginal programme areas. These actions mean that TfL's existing resources are being used in a more focused and effective manner.
- 9.3 Savings have resulted from the following:
  - Central Services – staff. TfL has slowed recruitment in central directorates with posts remaining unfilled. Estimated savings £2.5m.
  - Central Services – consultancy. TfL has reduced its reliance on consultancy in the central directorates, and is reducing its reliance on printed communications and reassessing the use of the internet. Estimated savings £10m
  - London Buses – conductors. London Buses is deferring the introduction of conductors on doored buses pending the outcome of a trial on Route 55. Estimated savings £7m in 2001/02.

## **10. Consultation**

- 10.1 To provide London with the transport system it needs, it is essential that TfL's plans respond to the requirements of those who use the system. Development of the Mayor's Transport Strategy involved extensive consultation with Londoners

and key stakeholders. TfL's Business Plan, which focuses on delivering the Strategy, reflects these stakeholder priorities.

- 10.2 Consultation is a key element of TfL's service development process. London Buses has a statutory obligation to consult on bus service changes, Street Management consults on traffic scheme proposals, and the Public Carriage Office consulted on regulation of private hire vehicles. TfL also liases closely with the London Transport Users Committee (LTUC) as the statutory users body to ensure the views of users of all travel modes are considered in the decision-making process.
- 10.3 The Plan is informed by extensive research into public behaviour and attitudes, for example on investment priorities and willingness to pay for travel. Individual Plan proposals have or will also be the subject of separate consultation. A range of consultation methods, customer research and complaints and suggestions are used to provide additional information about stakeholder preferences and needs.
- 10.4 TfL is establishing a continuous dialogue process with service users, potential users, stakeholders and the wider community to enable it to develop services to better meet their needs. Consultation and engagement are also essential elements of the best value review process TfL is using to improve its efficiency and performance.

## IMPROVING EFFICIENCY AND EFFECTIVENESS

### Programme of Best Value Reviews – Published 2001

| 2000/01 Pilot Reviews   | 2001/02  | 2002/03   | 2003/04   | 2004/05   |
|---|--|---|---|---|
| <p><b>Cross Cutting Reviews</b></p> <ol style="list-style-type: none"> <li>1. Customer Services</li> <li>2. Service Planning and Integration</li> </ol> | <ol style="list-style-type: none"> <li>1. Service Delivery – Operations</li> <li>2. Accessibility</li> <li>3. Safety Management</li> <li>4. Consultation (GLA-wide)</li> <li>5. Equality (GLA-wide)</li> <li>6. Business Planning and Performance</li> <li>7. Information Systems / Information Technology</li> <li>8. Payroll Services</li> </ol> | <ol style="list-style-type: none"> <li>1. Service Delivery – Infrastructure Maintenance and Renewal</li> <li>2. Services Delivery – Customer Services</li> <li>3. Service Planning including bus and train frequency timetabling and reliability</li> <li>4. Network Planning including bus priority &amp; interchanges</li> <li>5. Borough Integration and Implementation</li> <li>6. Security including policing and travel at night</li> <li>7. Finance</li> <li>8. Procurement including contractual terms (A)</li> </ol> | <ol style="list-style-type: none"> <li>1. Service Delivery – Customer Information</li> <li>2. Fares Revenue Generation including ticketing systems, fares, marketing and revenue protection (Note B)</li> <li>3. Non-Fares Revenue Generation including advertising income</li> <li>4. Environmental and Health Issues</li> <li>5. Human Resources including training and recruitment</li> <li>6. Internal and External Communications including staff, customer, press and public affairs</li> <li>7. Project Management and Development</li> <li>8. Finance – continuation</li> <li>9. Strategy and Policy Development</li> </ol> | <ol style="list-style-type: none"> <li>1. Planning and Managing Closures including emergency rail replacement</li> <li>2. Data Collection and Management including market research and analysis</li> <li>3. Property and Facilities Management including Land Management</li> <li>4. Central T/L Support Services including Lost Property Office, Staff Travel, Archiving, Design Management, Briefing, Staff Facilities</li> <li>5. Internal Audit</li> <li>6. Legal Services including Company Secretariat</li> </ol> |

**Notes:**

**A.** This review will not directly consider Street Management operations as it is subject to a separate review. However, Street Management would be involved in the review to ensure relevant interfaces are covered.

**B.** The timing of this review is subject to the date for the introduction of Smartcards.

**IMPROVING EFFICIENCY AND EFFECTIVNESS**  
**Programme of Best Value Reviews – Published 2001**

**Service Reviews – Street Management**

| 2000/01 Pilot Reviews  | 2001/02  | 2002/03  | 2003/04  | 2004/05  |
|--|--|--|--|--|
| 1. Street Lighting Maintenance<br>2. Traffic Signs Maintenance | 1. Contracts and Procurement<br>2. Major Tended Projects<br>3. Maintaining the Streets<br>4. Land Management | 1. Developing Street Management Services<br>2. Technical Support | 1. Street Engineering<br>2. Street Systems and Operations Management | 1. Key Policy Initiatives and their Implementation<br>2. Internal Business Support |

**Service Reviews – Surface Transport**

| 2000/01 Pilot Reviews | 2001/02    | 2002/03                   | 2003/04   | 2004/05                           |
|-----------------------|------------|---------------------------|---|-----------------------------------|
| See Note A            | See Note A | 1. Victoria Coach Station | 1. Public Carriage Office<br>2. London River Services | 1. East Thames Buses - See Note B |

**Service Reviews – Docklands Light Railway (DLR)**

| 2000/01 Pilot Reviews | 2001/02    | 2002/03    | 2003/04    | 2004/05    |
|-----------------------|------------|------------|------------|------------|
| See Note A            | See Note A | See Note A | See Note A | See Note A |

**Service Reviews – Other TfL Services**

| 2000/01 Pilot Reviews | 2001/02             | 2002/03                 | 2003/04 | 2004/05 |
|-----------------------|---------------------|-------------------------|---------|---------|
|                       | 1. Transport Museum | 1. Lost Property Office |         |         |

**Notes:**

- A. In March 2001, London Buses and DLR considered the overall programme of cost-cutting reviews fully covered their businesses.  
 B. Assumes East Thames Buses is subject to the best value legislation.

## IMPROVING EFFICIENCY AND EFFECTIVENESS

## Draft Revised Programme of Best Value Reviews

| 2000/01 Pilot Reviews   | 2001/02  | 2002/03   | 2003/04  | 2004/05   |
|---|--|---|--|---|
| <p><b>Cross Cutting Reviews</b></p> <ol style="list-style-type: none"> <li>1. Customer Services</li> <li>2. Service Planning and Integration</li> </ol> | <ol style="list-style-type: none"> <li>1. Safety Management</li> <li>2. Risk Management</li> <li>3. Information Systems / Information Technology</li> <li>4. Asset Management</li> <li>5. Travel Information and Customer Relations</li> <li>6. 'Listening to London'</li> <li>7. Consultation (GLA-wide)</li> <li>8. Equality (GLA-wide)</li> </ol> | <ol style="list-style-type: none"> <li>1. TfL wide Business Improvement Reviews – see note below.</li> <li>2. Consultation – continuation (GLA-wide)</li> <li>3. E-Government (GLA-wide)</li> </ol> <p><i>(The definitive list of 2002/03 cross-cutting reviews will reflect the business improvement review activity, and the outputs from the consultants appointed to identify the organisational issues to be addressed.)</i></p> | <ol style="list-style-type: none"> <li>1. Fares Revenue Generation including ticketing systems, fares, marketing and revenue protection</li> <li>2. Non-Fares Revenue Generation including advertising income</li> <li>3. Environmental and Health Issues</li> <li>4. Human Resources including training and recruitment</li> <li>5. Internal and External Communications including staff, customer, press and public affairs</li> <li>6. Project Management and Development</li> <li>7. Finance – continuation</li> </ol> | <ol style="list-style-type: none"> <li>1. Planning and Managing Closures including emergency rail replacement</li> <li>2. Data Collection and Management including market research and analysis</li> <li>3. Property and Facilities Management including Land Management</li> <li>4. Central TfL Support Services including Lost Property Office, Staff Travel, Archiving, Design Management, Briefing, Staff Facilities</li> <li>5. Internal Audit</li> <li>6. Legal Services including Company Secretariat</li> </ol> |

## IMPROVING EFFICIENCY AND EFFECTIVENESS

### Draft Revised Programme of Best Value Reviews

#### Service Reviews – Street Management

| 2000/01 Pilot Reviews  | 2001/02   | 2002/03  | 2003/04  | 2004/05  |
|--|---|--|--|--|
| <ol style="list-style-type: none"> <li>1. Street Lighting Maintenance</li> <li>2. Traffic Signs Maintenance</li> </ol> | <ol style="list-style-type: none"> <li>1. Contracts and Procurement</li> <li>2. Major Tendered Projects</li> <li>3. Maintaining the Streets</li> <li>4. Land and Property Management</li> </ol> | <ol style="list-style-type: none"> <li>1. Developing Street Management Services</li> <li>2. Technical Support</li> <li>3. Walking and Cycling</li> <li>4. Road Safety</li> </ol> | <ol style="list-style-type: none"> <li>1. Street Engineering</li> <li>2. Street Systems and Operations Management</li> </ol> | <ol style="list-style-type: none"> <li>1. Key Policy Initiatives and their Implementation</li> <li>2. Internal Business Support</li> </ol> |

#### Service Reviews – Surface Transport

| 2000/01 Pilot Reviews | 2001/02  | 2002/03  | 2003/04  | 2004/05 |
|-----------------------|--|--|--|---------|
|                       | <ol style="list-style-type: none"> <li>1. Dial-a-Ride</li> <li>2. Public Carriage Office</li> <li>3. East Thames Buses</li> <li>4. Private and Mobile Radio Systems and Associated Services</li> </ol> | <ol style="list-style-type: none"> <li>1. Consultation on Bus Service Changes</li> <li>2. Bus Shelter provision</li> <li>3. Victoria Coach Station</li> <li>4. Maintenance of bus service information</li> </ol> | <ol style="list-style-type: none"> <li>1. London River Services</li> </ol> |         |

#### Service Reviews – Other T/fL Services

| 2000/01 Pilot Reviews | 2001/02   | 2002/03   | 2003/04  | 2004/05 |
|-----------------------|---|---|--|---------|
|                       | <ol style="list-style-type: none"> <li>1. Transport Museum</li> </ol> | <ol style="list-style-type: none"> <li>1. Lost Property Office</li> </ol> | <ol style="list-style-type: none"> <li>1. London River Services</li> </ol> |         |

## **DRAFT BEST VALUE PERFORMANCE PLAN**

### **- GLA Joint Summary**

#### **Improving London's Transport System**

Transport for London (TfL) is working to transform London's transport system into one that is appropriate for a great capital city.

##### *Our Aim*

To provide safe, integrated, efficient and economic transport for those who live in, work in or visit London. In planning and undertaking our activities we seek to listen and respond to the needs of all Londoners.

##### *Our Responsibilities*

We are responsible for managing, providing and procuring a range of transport services and facilities on behalf of the Mayor. These include:

- London's bus services,
- Docklands Light Railway,
- Dial-a-Ride,
- Croydon Tramlink,
- Victoria Coach Station,
- London River Services,
- The Woolwich Ferry,
- London's Transport Museum

We manage and maintain a 550km network of London's main roads and all London's traffic signals. London's taxi and minicab trades are regulated by us, and we help to co-ordinate schemes for transport users with reduced mobility. We also work to improve conditions on all London's streets for pedestrians, cyclists and drivers – and develop new schemes to reduce congestion. The Government is due to transfer responsibility for London Underground to us during 2002.

##### *Improving London's Transport*

Much work needs to be done to tackle London's deep-rooted transport problems and make the Mayor's Transport Strategy a reality. During the 2002/03 we will focus on:

- Working to tackle traffic congestion by introducing a congestion charging scheme for Central London. The aim is to reduce traffic levels in Central London by 10-15% by 2010.
- Providing better bus services. There will be improvements in quality, reliability and frequency, and new services will be introduced.
- Working to improve safety and security of buses through a transport policing partnership with the Metropolitan Police.
- Completing the asset condition survey of London's principal roads, and beginning to tackle the street maintenance backlog.
- Improving road safety by introducing measures to reduce road accidents
- Increasing transport capacity to support economic growth and regeneration. In particular, we will start work on the Docklands Light Railway extension to City Airport and Woolwich and continue development work for the two Crossrail projects and new Thames River crossings.

- Pedestrianising part of Trafalgar Square.
- Introducing new schemes to encourage walking and cycling.
- Providing a simple, more affordable and integrated fares system.
- Introducing regulation of private hire (minicab) drivers and vehicles.
- Seeking opportunities to promote equal opportunities and social inclusion.

### *Working in Partnership*

Development of the Transport Strategy involved extensive consultation, so we can be confident that our plans for improving London's transport respond to the identified priorities of users and business. Consultation will remain central to the way we plan and undertake our activities.

We will not be able to improve London's transport system if we work in isolation. To provide integrated and effective solutions to London's transport crisis we will be seeking to work closely with the London Boroughs, Strategic Rail Authority, train operating companies, the GLA family and other organisations.

### *Delivering Best Value*

Best value is an integral consideration in our business planning process. During the past year we conducted a number of reviews of our business. These included:

- Reviews of the way we listen to London and provide travel information and customer services.
- Reviews focusing on specific activities - Dial-a-Ride services; the Public Carriage Office that regulates the taxi and private hire trades; street maintenance; contracts and procurement for investment in London's streets; and land and property management relating to the street network.
- GLA family reviews of our joint approach to equalities and consultation.

We have identified opportunities to improve performance. Service improvements are being introduced in response to review findings.

The Audit Commission's Best Value Inspectors have conducted independent inspections of the Dial-a-Ride and street maintenance reviews.

To seek opportunities for further improving efficiency, performance and delivering better value, we are proposing to undertake a range of reviews during 2002/03. Improvement of business processes across TfL as a whole, walking and cycling, road safety, Victoria Coach station and e-government (GLA wide) are among the proposed reviews.



## Key Performance Indicators

| Service & Performance Indicator   | How we perform   |                   |                  |                 |                      |
|---|------------------|-------------------|------------------|-----------------|----------------------|
|   | 2000/01 actual   | 2001/02 budget    | 2001/02 forecast | 2002/03 targets | 2003/04 targets      |
| <b>Corporate Health</b>   |                  |                   |                  |                 |                      |
| Equality – the level of the Commission for Racial Equality’s standard to which the authority conforms | N/A              | Level 2           | Level 2          | Level 3         | Level 4              |
| <b>Bus Services</b>   |                  |                   |                  |                 |                      |
| Passenger journeys (millions)   | 1354             | 1424 <sup>1</sup> | 1422             | 1478            | 1572                 |
| Bus km operated (millions)  | 357              | 387               | 378              | 395             | 406                  |
| % of scheduled bus km’s operated after traffic losses   | 95.0             | 96.1              | 96.4             | 97.4            | 98.5                 |
| Excess waiting time on high frequency services (minutes)  | 2.2              | 1.9               | 2.0              | 1.8             | 1.7                  |
| % of low floor buses as a total of the weekday peak requirement                                       | 42               | N/A <sup>3</sup>  | 66               | 77              | 87                   |
| <b>Street Management</b>  |                  |                   |                  |                 |                      |
| The number killed or seriously injured (ksi) (TLRN)   | 1565             | N/A <sup>3</sup>  | 1627             | 1593            | 1549                 |
| The number killed or seriously injured (ksi) (London-wide )   | 6117             | N/A <sup>3</sup>  | 6050             | 5929            | 5771                 |
| Cycling index on the TLRN (year 2000 = 100)   | 101              | N/A <sup>3</sup>  | 112              | 125             | 139                  |
| % of pedestrian crossings with disabled access  | N/A <sup>2</sup> | N/A <sup>3</sup>  | 56.7             | 62.0            | 68.0                 |
| % of traffic signals working effectively  | 95.6             | 96.0              | 96.9             | 97.0            | To be set in 2002/03 |
| <b>Docklands Light Railway</b>  |                  |                   |                  |                 |                      |
| Passenger journeys (millions)   | 38.38            | 44.1              | 41.4             | 45.2            | 52.1                 |
| Number of trains km’s operated (millions)   | 2.86             | 3.0               | 2.99             | 3.9             | 3.9                  |
| Valid train departures (%)  | 98               | 98                | 98               | 98              | 98                   |
| On time performance / adherence to schedule (%)   | 96               | 96                | 96               | 96              | 96                   |

### Note:

1. Although passenger numbers are increasing, the 2001/02 budget figure was an overoptimistic projection.
2. Information is not available for this measure.
3. No targets set for 2001/02 in respect of these performance indicators.