

**TRANSPORT FOR LONDON
BOARD MEETING – OPEN SESSION
TO BE HELD ON WEDNESDAY 18 MAY 2005
IN THE CHAMBER, CITY HALL, THE QUEEN’S WALK, LONDON SE1 2AA
COMMENCING AT 10.30AM**

AGENDA

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

- 1 Apologies for Absence
- 2 Approval of the Minutes of the Previous Meeting held on 23 March 2005
- 3 Matters Arising from the Minutes
 - 3.1 Annual Workforce Composition Report – this report is delayed due to illness of Valerie Todd, Director of Group Equality and Inclusion

Business Items

- | | | |
|---|--|---|
| 4 | The Commissioner’s Report | Bob Kiley, Commissioner of TfL |
| 5 | Year End Finance and Performance Report | Jay Walder, Managing Director Finance and Planning |
| 6 | Best Value Performance Plan | Jay Walder, Managing Director Finance and Planning |
| 7 | Modal Share Trends | Barry Broe, Director of Group Transport Planning and Policy |
| 8 | Approval of Change in Terms of Reference for Finance and Audit Committees – Approval of Accounts | Fiona Smith, General Counsel |

Major Projects

- | | | |
|----|-----------------------------------|--|
| 9 | East London Line Extension | Howard Smith, Chief Operating Officer, London Rail |
| 10 | Stratford International Extension | Ian Brown, Managing Director of London Rail |

Papers for Noting

- | | | |
|----|---|---|
| 11 | Audit Committee Report
- Meeting 18 March 2005 | John Ormerod, Chair of the Audit Committee |
| 12 | Finance Committee Report
- Meeting 3 May 2005 | Mike Hodgkinson, Chair of the Finance Committee |
| 13 | Documents Sealed on behalf of TfL | Fiona Smith, General Counsel |

Transport for London

Minutes of a meeting of the Board
held on Wednesday 23 March, commencing at 10.00am
in the Diamond Suite, The Hatton, 51 – 53 Hatton Garden, London, EC1N 8HN

Present:

Board Members: Dave Wetzel, Chair (for min. nos. 14/03/05 – 21/03/05)
Ken Livingstone, Chair (for min. nos. 22/03/05 – 26/03/05)
David Begg
Honor Chapman
Kirsten Hearn
Meg Hillier
Paul Moore
Patrick O’Keeffe
John Ormerod
Tony West

Special Advisers: Bryan Heiser
Lynn Sloman

Observer: Nicky Gavron, Deputy Mayor

TfL Officers: Stephen Allen, Director of Corporate Finance
Maggie Bellis, Managing Director, Group Services
Ian Brown, Managing Director, London Rail
Stephen Critchley, Chief Finance Officer
Mary Hardy, Director of Internal Audit
Peter Hendy, Managing Director, Surface Transport
Bob Kiley, Commissioner
Betty Morgan, Head of TfL Legal
Tim O’Toole, Managing Director, London Underground
Ben Plowden, Managing Director, Group Communications
Fiona Smith, General Counsel
Valerie Todd, Director of Group Equality and Inclusion
Jay Walder, Managing Director, Finance and Planning

Secretary: Louisa Sherry

ACTION

14/03/05 APOLOGIES FOR ABSENCE

Apologies were received from Stephen Glaister, Lord Toby Harris, Sir Mike Hodgkinson, Susan Kramer, Sir Gulam Noon and Murziline Parchment.

15/03/05 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 9 February 2005 were AGREED and signed by the Chair as an accurate record.

16/03/05 MATTERS ARISING

There were no matters arising.

17/03/05 COMMISSIONER'S REPORT

The Commissioner introduced his report by advising the Board that the figure of 7% quoted as being the percentage increase from last year in growth in passenger numbers on buses, is for the fiscal year, not calendar year.

Ian Brown clarified for members that, given the construction of the western tube ticket hall and the recent authorisation of the northern ticket hall, all tube lines at Kings Cross / St. Pancras will be accessible in terms of step-free access. This will apply to interchange between all tube lines and interchange with Eurostar and Great Northern services. However, as the Thameslink Box fit-out remains unfunded, passengers interchanging with Thameslink services will have to continue to use the off-site Thameslink station in Pentonville Road which does not provide step-free access from either the street or the Underground.

Tim O'Toole advised the Board that extensive dialogue is ongoing with the Infracos about recent delays to start-up services on the Underground due to overrunning weekend or overnight engineering work.

Following this discussion, the Board NOTED the Commissioner's Report for March 2005.

18/03/05 2005/6 BUDGET

Jay Walder gave a short presentation to members which included:

- the benefits of the differentiation between the Operating and Capital budgets;
- the three key changes to the budget since it was last discussed at the Board in October 2004;
- the two major items of increased expenditure in the Operating budget and the overprogramming included in the Capital budget;
- the key outcomes and deliverables of the 2005/6 budget;
- efficiency savings; and

- the Government's priority outcomes.

The Board thanked staff for their work on developing the budget and were pleased to see a move towards reducing the number of consultants where possible.

The Board NOTED the report and APPROVED the 2005/6 budget and the 2010 Government agreed outcomes against DfT priority areas.

19/03/05

TREASURY MANAGEMENT STRATEGY AND PRUDENTIAL INDICATORS

Stephen Allen advised the Board that a broader review of both the Treasury Management Strategy and the future investment strategy will be undertaken with a view to presenting a paper to the next meeting of the Finance Committee in May. He also advised that the Government has agreed to defer the remaining borrowing from this financial year.

**Stephen
Allen**

The paper sets out a proposed borrowing limit for 2005/6 of £550m. The Board noted that the Mayor sets the borrowing limit after consultation with TfL. Stephen Allen said that formal approval is still awaited from the Mayor.

The Board were content to APPROVE:

- i) the Treasury Management Strategy;
- ii) the Prudential Indicators; and
- ii) subject to the Mayor's consultation, a direct borrowing limit for 2005/6 of £550m.

20/03/05

A406 HANGER LANE BRIDGES REPLACEMENT SCHEME – COMPULSORY PURCHASE

Peter Hendy introduced the paper which set out the background to the urgent requirement to replace two TfL bridges taking the A406 Hanger Lane (part of the North Circular) over LUL and Network Rail lines.

It is imperative that TfL has a means of taking the scheme forward and, therefore, the making of a compulsory purchase order may be necessary.

The Board APPROVED, in principle, the making of a compulsory purchase order, if it becomes necessary, for the acquisition of the land interests required for the A406 Bridges Replacement Scheme. It was also NOTED that the final decision to make the compulsory purchase order will

be taken by the Managing Director, Surface Transport.

21/03/05 FORMATION OF AN ASSOCIATE COMPANY TO REPRESENT THE UK TRAM INDUSTRY – UKTRAM LIMITED

Peter Hendy advised the Board that In October 2004, a new National Tramways Forum (UKTram) had been established by TfL London Trams, together with the Passenger Transport Executives Group, the Confederation of Passenger Transport and the Light Rapid Transit Forum.

The Board considered the paper which set out proposals for UKTram to be incorporated as a company limited by guarantee which will be owned in equal shares by London Bus Services Limited, PTEG, CPT and LRTF.

Following consideration, the Board:

APPROVED the formation of an associate company limited by guarantee - "UKTram Limited" – which will be owned in equal shares by London Bus Services Limited (LBSL), the Confederation of Passenger Transport (CPT), UK Passenger Transport Executives Group (PTEG), and the Light Rapid Transit Forum (LRTF).

NOTED that the main purpose of UKTram Limited will be to represent the UK tramway industry in dealing with government and statutory bodies in developing a coordinated and structured approach to regulation, procurement and standardisation within the industry.

DELEGATED to General Counsel or the Managing Director Surface Transport the power to:

- approve the memorandum and articles of association of UKTram Limited and any subsequent changes to such memorandum and articles of association; and
- agree any associated documents or arrangements required to facilitate the establishment and operation of UKTram Limited.

22/03/05 ANNUAL WORKFORCE COMPOSITION REPORT

Valerie Todd advised the Board that a report had been prepared on workforce composition results for 2004/5, but that further work would be carried out to include plans and delivery proposals for 2005/6. This report would be presented to the next meeting of the Board.

**Valerie
Todd**

Members raised the point that now is the time to be reviewing how the workforce can be diversified and also to address the issue of more fully supporting the positive statements the organisation makes about equal opportunities. This includes providing more support to, for example, women travellers and immigrants.

23/03/05 REPORT FROM FINANCE COMMITTEE

The Board NOTED the report which set out the matters discussed at the Finance Committee held on 9 March 2005.

24/03/05 REPORT FROM SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

The Board considered the content of the report and, in particular the strategic options that could affect the numbers of motorcycle and powered two-wheeler casualties that could be considered. In particular.

- extending the congestion charging regime to motorcycles;
- the possibility of allowing motorcycles in bus lanes; and
- fitting of Intelligent Speed Adaptation devices to keep motorcycles to the speed limits.

In response, Peter Hendy said that there are a number of advantages and disadvantages to fitting ISA devices which could perhaps be considered at a future Surface Advisory Panel or Safety, Health and Environment Committee.

**Peter
Hendy**

Following discussion, the Board NOTED the report.

25/03/05 DOCUMENTS SEALED ON BEHALF OF TFL

The Board NOTED the report which provided details of documents sealed on behalf of TfL between 26 January and 8 March 2005.

26/03/058 ANY OTHER BUSINESS

The Board expressed their thanks and best wishes to Louisa Sherry who would be leaving TfL at the end of March.

There being no further business, the meeting closed at 10.45am

CHAIR

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT: COMMISSIONER'S REPORT FOR MAY 2005

MEETING DATE: 18 MAY 2005

1. PURPOSE

This is the Commissioner's written report for May 2005. This report provides an overview of major issues and developments since the last Board meeting and updates the Board on significant projects and initiatives.

2. FINANCIAL AND PLANNING ISSUES

2.1 London 2012 Olympic and Paralympic Games

The International Olympic Committee will vote on the 2012 Host City on July 6. In the run-up to that decision, TfL's activity is currently focussed on three main areas: developing detailed games, sports and transport implementation plans, designing transition mechanisms to deliver the Games, and communications and branding to support the London 2012 bid.

2.2 Fares

Despite the fares increases in January 2005, traffic in the last quarter is up significantly compared with a year ago: around 4% on buses and nearly 5% on the Tube.

Pre Pay take-up is growing strongly now, approaching 300,000 daily trips. The launch of daily price capping for Oyster Pre Pay at the end of February has gone smoothly, with few customer queries or complaints. Use of Pre Pay is building up consistently week by week, with around 10% of Pre Pay Oyster cards now being capped on a daily basis.

2.3 Oyster

TfL has taken the first steps to explore with the UK payments industry how the current Oyster product might be extended to become a convenient smartcard that can be used for low-value payments in a range of retail sectors as well as for TfL services. A briefing event was held for 140 industry CEOs, strategy managers and business development executives on 15th April. There seemed to be a high level of interest in the idea; attendees were asked to ready themselves for a Request for Outline Proposal to be run within the next two months.

2.4 TfL Budget

TfL's 2005/06 Budget was approved by the TfL Board on 23 March 2005.

3. OPERATIONS

There are some operational issues to draw to your attention.

3.1 Surface Transport

3.1.1 London Buses: Performance

Bus passenger growth ended the year up some 5.4% from the previous year, exceeding the budget and business plan target of 4.2% growth.

Excess Waiting time has been consistently improving for the past four years reaching 1.14 minutes overall in 2004/5, due primarily to the ongoing expansion of Quality Incentive Contracts, congestion charging and measures to redress driver shortages.

The percentage of scheduled kilometres operated has again improved, reaching 97.7% in 2004/5. Losses due to staffing have fallen year-on-year since 2000, with 0.2% in 2004/5 the best full year result for at least 20 years.

A new operator, National Car Parks, was awarded new contracts for routes 33 and 419. Operation under these contracts will begin in November and will increase competition in South-West London.

3.1.2 Proposed Congestion Charge Western Extension (WEZ)

The WEZ public consultation is being taken forward. The public information leaflet, to be circulated to homes and businesses, were printed and available to go out in early May. All materials to be included in the information packs for the public consultation will be ready by May 9.

The boundary for the western extension has been confirmed for the public consultation. This incorporates a recent change proposed by Westminster to exclude Paddington station. A review of potential problem sites is ongoing.

3.1.3 Replacement Countdown, Radio and AVL System Negotiations

Competition between the tenderers has been maintained throughout the final stages of the competition, with improvements (and therefore benefits to TfL) being made to the proposals by both tenderers. Negotiations have concentrated on price, implementation and commercial aspects, although some technical aspects were also covered. Scoring of the proposals has been done and the decision as to the preferred supplier will be known by the time of the Board meeting.

3.1.4 Low Emission Zone

The Mayor made a commitment in his 2004 election manifesto to implement a Low Emission Zone (LEZ) in London. In this context, TfL has been instructed to look at the feasibility and business case of implementing an LEZ. The business case is currently being evaluated and a draft project plan developed. The business case will be reviewed internally in the next few months.

The Mayor has had some initial meetings with DEFRA and DfT Ministers to seek financial and operational support for the scheme.

3.2 London Underground

3.2.1 Customer service and performance

Results for 2004-05 show some improvements in the performance of the Underground. Targets for customer satisfaction, unweighted journey time, train operator availability and train service volume and reliability were all achieved.

After a relatively disappointing start to the year, demand for travel on the Underground increased steadily to reach a new record level at 976 million passenger journeys, an increase of 3% compared with 2003-04 and surpassing the previous record of 970 million set four years ago.

The volume of train service provided also rose to a new high of 69.4 million train kilometres. The most significant factor in driving up service volume was improved reliability; in 2004-05 LU operated 95.3% of its scheduled services, up by more than 2% from the previous year and the highest for seven years. These results were achieved despite a substantial increase in the amount of engineering work being undertaken on the Underground network.

While disruption caused by signal & points failures showed little year-on-year change, the number of service disruptions caused by track faults fell by one-third in 2004-05 compared with the previous year and rolling stock mean distance between failures increased by roughly 25% with the Circle & Hammersmith and Piccadilly line fleets recording the greatest improvements. The exception to the generally improved picture was the Northern line, where performance declined as a result of signalling, train radio and rolling stock failures.

Last year London Underground published a detailed report on the first year of the PPP. A second year report is currently being prepared; the aim is for this to be completed by the end of May.

3.2.2 Employee relations

Under the second year of the two-year pay deal agreed in 2004, salaries for all LU staff who are not on full performance related pay will increase by 3.7% (i.e., February 2005 all items retail prices index + 0.5%). This is effective from April 4.

Since early January some District line train operators have been taking industrial action over the issue of remote booking on and off at Acton Town (i.e., drivers picking up their train at a point other than their home depot). Management has responded to this action by following the agreed procedure for negotiating any dispute. In this context, a meeting was held 13 April at ACAS with representatives of ASLEF and RMT to discuss the remote booking issue, as well as a separate ballot relating to accommodation issues for train drivers called by the RMT. At a follow-up meeting the parties failed to reach agreement and it is likely (as of this writing) that a ballot will be called.

Tim O'Toole or I can update you on this issue when we meet.

3.2.3 Chip and Pin implementation

LUL is in the process of implementing software that will allow the use of chip and pin based card technologies on ticket machines. Testing of Queuebuster machine and ticket

office machine software has revealed that further changes are required as the software was not appropriately accredited for certain devices. These accreditations have now been completed by the software suppliers and the first pilot device is planned to go live in early May. The first TOM devices are expected to go live in early June.

3.2.4 Extended hours for Tube running

The Public Consultation on the proposal to run one hour later at weekends closed on 22nd April, by which time over 40,000 people had responded. This is one of the highest responses TfL has ever had to a public consultation. A number of important issues were raised in the consultation and TfL will seek to ensure that all possible alternatives have been explored.

3.2.5 Station modernisation and refurbishment

At the end of 2004-05, modernisation of Tufnell Park and Kennington stations was nearing completion. These will bring the total number of station modernisations/refurbishments completed by Tube Lines to nine. Eight stations that were due to be modernised or refurbished in 2004-05 under the BCV and SSL contracts remained unfinished at the end of the year; on average these are running some 15 weeks behind the contractual delivery dates.

Queensway station will be closed for a year from 9th May while the two lifts at the station are replaced. The layout of the station and the extent of work that is to be undertaken mean that both lifts need to be shut down at the same time, thus requiring the station to be closed. Station modernisation works have been brought forward and will be carried out at the same time, although these will not be completed until July 2006, as some works require lifts for transportation of materials to platform level. Congestion relief work at the station will also be carried out during the closure.

3.3 London Rail

3.3.1 Docklands Light Railway (DLR) performance

The DLR delivered record levels of performance in Period 13 with service reliability at 99.08% (against target of 98.0%) and service quality at 98.05% (against target of 96.0%).

This is the result of substantial detailed work addressing technical issues such as optimisation of train control systems, track renewals to remove speed restrictions and improved control room procedures.

3.3.2 Rail Freight

The LDA and TfL commissioned Arup to look at the opportunity for new rail freight facilities in the East. Arup have produced their final report recommending a strategy for a rail freight terminal development in the Thames Gateway. Their recommendations include protecting land at Barking for an international 'rail port' where a unique opportunity exists for integrating London and the UK into the Continent's freight network using the CTRL.

TfL will now be testing the feasibility of that proposal in more detail.

3.3.3 Rail Review

The Railways Bill was passed prior to the dissolution of Parliament. The DfT have indicated to the Association of Train Operating Companies (ATOC) that the Government believes that there are real benefits to be gained for London's passengers from simplifying and integrating rail fare structures and extending the use of Smartcard ticketing.

The DfT will facilitate a process for TfL and the TOCs to work together, with a view to reaching agreement on outstanding fares and Smartcard issues by July. This timeframe would enable implementing a pre-pay system across all National Rail stations in London by January 1, 2007. The proposal includes

- implementation of a zonal fares system for London and the transition process to that system
- the mechanism for changing fares on an ongoing basis once zonal fares are in place
- a process to ensure that TOCs have no net loss of revenue (and no net gain from fare changes)
- the introduction of pre-pay, including the purchase and installation of validators and gates (if required) as well as back-office and revenue distribution systems.

3.3.4 Towards a Vision for National Rail Development in London

I have asked London Rail to work in close conjunction with the Policy Unit to develop an overall vision for the development of London's main line rail system. The aim is to table initial concepts in July.

4. MAJOR PROJECTS AND INITIATIVES

4.1 Crossrail

Following the submission of the Hybrid Bill to Parliament on 22nd February, the Bill was carried over to the new Parliament. Preparation and negotiations with petitioners will be a major activity over the coming months.

In addition to working on the Bill, DfT and TfL are working on proposals for funding Crossrail. Government consultation on alternative funding mechanisms is expected to begin later this year.

4.2 Silverlink Metro

Work is continuing on the case for transferring Silverlink Metro services from the SRA to TfL. The aim is that a recommendation be made by TfL to DfT in July 2005, with franchise renewal of these services then taking place in October 2006.

4.3 East London Line Extension (ELLx)

Following the transfer of the ELLx project to TfL near the end of 2004, solid progress is being made on moving it forward into the delivery phase. The first enabling works contract is nearing completion with considerable on-site activity, including the refurbishment of the Kingsland Viaduct and demolition of redundant structures.

Bids have been received from three construction organisations offering to complete the second stage package. The successful bidder will conduct significant civil engineering works along the Kingsland Viaduct; eleven bridges will be replaced, ten bridges refurbished and the viaduct waterproofed. In addition, temporary relocation of paddocks at Spitalfields City Farm will take place along with refurbishment to an underpass at Cold Blow Lane in order to preserve the southern TWA powers.

Selection of a programme manager to work alongside TfL in delivering the project is almost complete: four organisations have been shortlisted and the successful bidder should be known by the time the Board meets.

The SRA have now confirmed their agreement to the cascade of suitable rolling stock to operate the service. Work is continuing on the interchange and regeneration scheme at Dalston in conjunction with the LDA.

4.4 Stratford Regional Station

The feasibility study of Olympics 2012 and London Plan schemes is being progressed for completion prior to the 6th July International Olympic Committee decision. Funding and governance scenarios are being developed for both Olympics and non-Olympics scenarios. TfL has no funding for this project beyond the current feasibility stage.

4.5 DLR Major Projects

The City Airport Extension remains on course to open by the contractual date of 15th December 2005. The Woolwich Arsenal project is moving satisfactorily towards financial close. The public inquiry into the 3-Car Upgrade scheme closed in April; with only 6 objectors remaining, it is hoped that TWA Powers will be confirmed before the end of the year.

Following approval at the last TfL Board, the contract for 24 new railcars for the DLR was signed on 27th April 2005. Bids have been received for the reconstruction of the DLR platforms at Stratford.

A proposal to convert the North London Line from heavy rail to DLR operation is on the Public Board Agenda.

4.6 Thames Gateway Bridge

A Pre-Inquiry meeting was held on 4 April. Requests were made by objectors to the scheme to postpone the start date of the Inquiry. The Inspector decided that he would not seek to alter the start date. The meeting was concluded before all the business on the agenda had been dealt with. A new Lead Inspector has now been appointed to replace the former Inspector who stepped down due to a possible conflict of interest. A further procedural meeting will be held on 28 April.

The public inquiry into planning permission, Special Road Order, Side Roads Order, Compulsory Purchase Order and Toll Order is programmed to commence on 7 June. The TfL project team are preparing materials for submission to the inquiry, which are due in early May.

5. GROUP COMMUNICATIONS

5.1 Borough Spending Plan (BSP)

BSP-supported local transport works in the boroughs have again achieved high levels of delivery during 2004/5: over 95% within an overall budget of £161 million. BSP works tend to be relatively small scale but contribute towards significant local transport improvements. The BSP programmes are split into 19 programme areas, including safer routes to schools, town centre schemes, bridge strengthening works and cycling schemes.

The process for agreeing 2006/7 allocations to boroughs has been commenced with submissions due on 22 July. Boroughs continue to strongly engage with the BSP process. Over 100 borough representatives attended the launch of the 2006/7 bidding guidance.

5.2 Local Implementation Plans (LIPs)

LIPs guidance was issued in July 2004. Ten of the thirty-three consultation draft LIPs have now been received from the boroughs. The process is on track to allow the first LIPs to be submitted to the Mayor for approval by 31 December 2005.

5.3 London Assembly Functional Body Question Time

I attended a plenary session of the London Assembly on 6 April to answer questions on my role as Commissioner and the work of TfL. Questions were focused on four core themes:

- Corporate Governance
- Transport Infrastructure
- PPP
- Sustainable Transport

The meeting was largely constructive and a good opportunity for me to set out TfL's successes and challenges in each of these areas. Any issues outstanding following the plenary session were followed up through correspondence with individual Assembly Members or written to The Assembly as a whole.

6. GOVERNANCE AND ORGANISATIONAL ISSUES

6.1 Freedom of Information (FOI)

Requests made under the FOI Act have been handled with minimal disruption to the business. While the overall volume of requests has been at the lower end of expectations, the complexity of many of those requests has been noteworthy.

As of the end of April, over 300 FOI requests have been received by TfL. Of these requests, 11 have been designated as coming under the Environmental Information Regulations. The source of requests has remained broadly similar since FOI access rights were introduced on 1 January. Members of the public account for the majority (around 75%) with the media accounting for 10% and stakeholder groups, business and Assembly members/researchers around 5% each. FOI is offering TfL a significant opportunity to engage with our customers and stakeholders.

6.2 Corporate Manslaughter Bill

The Home Office has published the draft Corporate Manslaughter Bill for consultation. The draft Bill sets out the Government's proposals for a new criminal offence of corporate manslaughter. This would enable prosecutions of companies and organisations, including public authorities, where a gross failing by its senior managers to take reasonable care for the safety of their workers or members of the public causes a person's death.

The aim of the new law is to make it easier to prosecute large organisations with complex management structures for manslaughter. It does not change the law for Board Members and senior managers as individuals.

Transport for London is currently analysing the Bill to assess its potential impact on the TfL Group. We are also preparing a response to the Government's consultation, and we shall keep you informed.

Robert R. Kiley
Commissioner for Transport
May 2005

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT: YEAR END FINANCE AND PERFORMANCE REPORT

MEETING DATE: 18 MAY 2005

1. PURPOSE

- 1.1 To inform the TfL Board of progress on operational and financial performance against budget and target for 2004/05.

2. KEY HIGHLIGHTS

- 2.1 TfL's operations in 2004/05 generated income of £2,632m, which was £67m better than budget. Operational expenditure of £4,458m was £14m better than budget. A total of £559m was spent on capital initiatives, which was £19m over budget, after including a central overprogramming provision of £80m.

- 2.2 The principal performance highlights arising in 2004/05 were as follows:

- London Underground ridership increased by 3% compared to 2003/04, with a total of 976m trips. This result was 6m trips above the previous all-time high recorded in 2000/01. This resulted in £1,240m of traffic income being generated, which was £38m better than budget.
- All London Underground operational performance indicators for the full year and the final quarter of 2004/05 were above target with the exception of train kilometres operated, which was impacted by the marked growth in weekend closures for engineering works.
- Bus ridership increased by 5.3% compared to 2003/04 to 1,793m and resulted in £869m of income being generated from the bus network, which was £3m better than budget. This result was up 13% on the previous year and was the highest figure recorded since 1965.
- Whilst spending £19m less than budget on the bus network, levels of service and reliability continued to improve over the year. Excess wait time on high frequency routes was down to 1.14 minutes, which was a result of ongoing expansion of Quality Incentives Contracts and the contribution of Transport Policing initiatives and Bus Priority measures. The 'Percentage of Scheduled Service Operated' exceeded its target and improved by 0.5% on the previous year.
- Traffic entering the Central London Congestion Charging Zone is down some 16% to that prior to the introduction of the Congestion Charging Scheme.

- Both the reliability and departure performance on the Docklands Light Railway (DLR) continued to perform well at 98.1% and 99.1% respectively. Both these results represent record levels. This is primarily a result of initiatives addressing technical issues such as; optimisation of train control systems, track renewals to remove speed restrictions and improved control room procedures.

2.3 The principal highlights arising from the final quarter of 2004/05 are as follows:

- The successful introduction of fare revisions on the 2 January 2005 and Oyster price capping in February 2005.
- The Crossrail Hybrid Bill was submitted on schedule to the Government in February and will now be carried forward into the next Parliament.
- The refurbishment of 5 London Underground stations and the modernisation of 2 stations were completed during the fourth quarter.
- Recovery in capital expenditure occurred in the final quarter of 2004/05 with higher than forecast spend in London Underground, London Rail and Group Directorates.

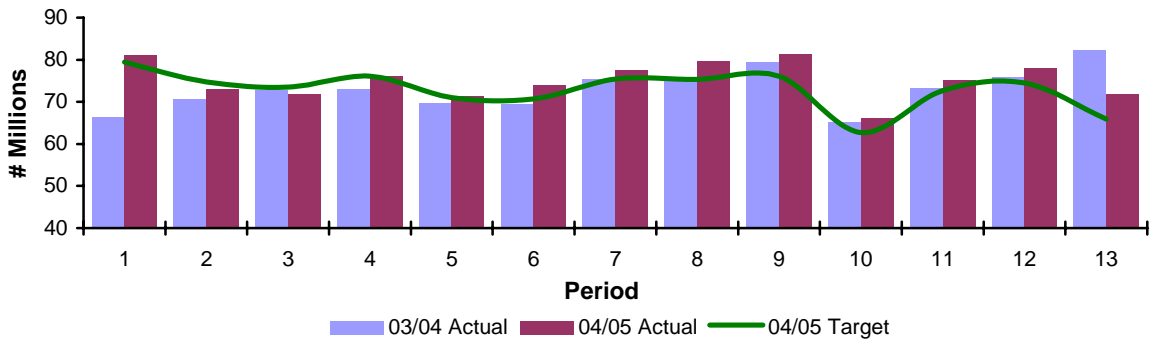
3. OPERATIONAL PERFORMANCE REVIEW

- 3.1 The operational scorecard reporting the performance against target for the key indicators approved by the TfL Board on 24 March 2004 is attached to this report as **Annex 1**. The scorecard also includes PPP performance against target as well as the Group performance indicators that appeared for the first time in the second quarter 2004/05 report.
- 3.2 Operational performance comparisons between the final quarter 2004/05 and 2003/04 are distorted by the different length of the quarters, resulting from the fixed accounting year end. The final quarter of 2004/05 consisted of 110 days which is 5% less than the final quarter of 2003/04. In addition, the Easter bank holidays fell in different quarters. For this reason the following analysis focuses on full year comparisons and performance against target.

London Underground

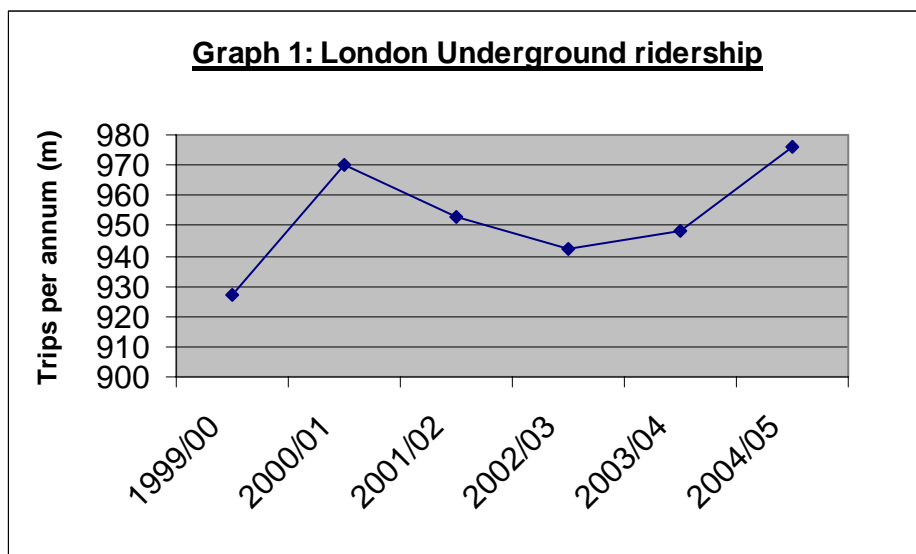
- 3.3 All London Underground operational performance indicators for the full year and the final quarter of 2004/05 were above target with the exception of train kilometres operated, which was impacted by the marked growth in weekend closures for engineering works. London Underground has also met or exceeded the less demanding Government targets for percentage of schedule operated, excess journey time (unweighted), train kilometres operated and overall customer satisfaction.
- 3.4 Total passenger journeys on the London Underground for the full year at 976m were 4% above target, following a recovery in passenger numbers during the second half of the year, and exceeded the previous record levels of 2000/01 by 6m (see **Graph 1**). Passenger journeys for the final quarter of 2004/05 at 291m were above target by 8%. These results suggest that passenger journeys have not been adversely impacted by engineering works currently being undertaken under the PPP contracts.

Figure 1: London Underground - Passenger Journeys



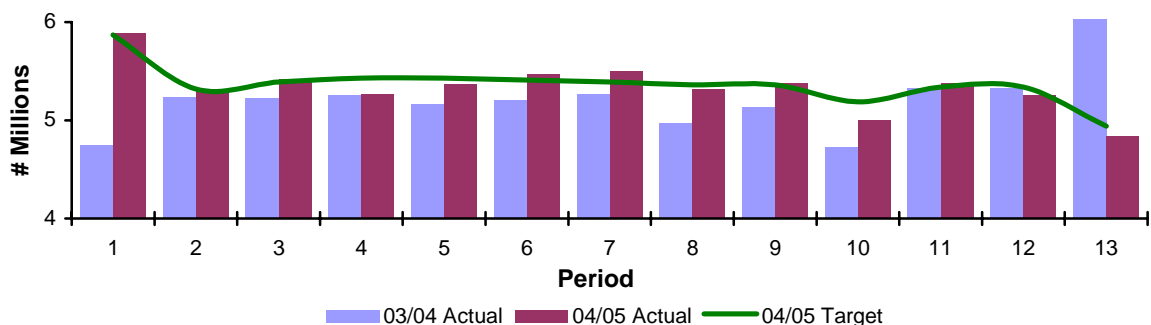
Notes: P1 2003/04 consisted of 26 days
 P1 2004/05 consisted of 31 days
 The Easter holidays fell in P1 2003/04, P1 and P13 2004/05

Graph 1: London Underground ridership



3.5 Kilometres operated for the full year in 2004/05 were slightly below target at 69.4m following the sharp growth in engineering work during the year. The actual deductions from the timetable amounted to 2.15m kilometres compared to the budgeted 1.8m kilometres and the 2003/04 actual of 0.8m kilometres. Consequently total kilometres operated in the year fell 0.3m short of budget. The introduction during the year of new timetables on the Central and Victoria lines provided enhanced off-peak and weekend services, together with revisions to services on several other lines.

Figure 2: London Underground - Kilometres Operated



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days. The Easter holidays fell in P1 2003/04, P1 and P13 2004/05

- 3.6 The Percentage of Schedule Operated averaged 95.3% for the full year, which was the best result achieved in 7 years. All of the lines apart from the East London Line and the Northern Line achieved results exceeding 96%.
- 3.7 The overall Customer Satisfaction Score has risen over the last year by two points from 76 to 78 points. Over the last two years London Underground has also had great success in tackling the levels of non-scratched graffiti experienced on the network, and as a result Customer Satisfaction Scores for cleanliness of the Underground Network have risen from 68 in 2002/03 to 73 in 2004/05. Customer Satisfaction with respect to station staff helpfulness and availability has increased for the fourth successive year, achieving an average score of 75 in 2004/05 compared with 69 in 2000/01.

PPP Performance – BCV

- 3.8 Total Lost Customer Hours for 2004/05 represented a 13% improvement on 2003/04. The total number of Lost Customer Hours attributed to Metronet BCV for the final quarter of 2004/05 has continued the trend of improvement reported in the third quarter. Lost Customer Hours attributable to Metronet BCV in this quarter improved from 16% better than target in the third quarter of 2004/05 to 23% better than target in the final quarter. Availability performance for both the Bakerloo and Central line were better than the contract benchmark (earning the Infraco bonus payments) in all four periods of the final quarter. Total Metronet BCV Lost Customer Hours performance for the final quarter 2004/05 was the best since Transfer.
- 3.9 Ambience scores for Metronet BCV for 2004/05 were a point lower than 2003/04 and concerns remain over the station cleaning regimes and the impact of track work on station cleanliness. Ambience performance for the final quarter of 2004/05 was, however, better than the contract benchmark, and represented a slight improvement from the third quarter scores. Service points for facilities faults for the year remain worse than the contract threshold, but represented a 14% improvement on 2003/04. Some improvements in PA and toilets have been recorded in the final quarter.

PPP Performance – SSL

- 3.10 Full year Lost Customer Hours attributed to Metronet SSL were 35% better than 2003/04. Lost Customer Hours for the final quarter 2004/05 has shown a reduction from the previous quarter, following four consecutive quarters of reduced Lost Customer Hours per period. There was, however, a 48% reduction in the agreed Lost Customer Hours attributable to Metronet SSL in this quarter compared with the final quarter of 2003/04. Availability performance for the District as well as the Metropolitan, Circle and Hammersmith & City lines was better than the contract benchmark (earning the Infraco bonus payments) in all four periods of the final quarter.
- 3.11 Ambience performance for the full year was slightly above 2003/04 largely due to better anti-graffiti measures on trains. Ambience performance for the final quarter 2004/05 for Metronet SSL fell from the previous quarter but was 2% above the score for final quarter of 2003/04, Metronet SSL were the only Infraco with the number of service points accrued by for facilities faults during 2004/05 better than the contract threshold. In addition the level of points for the full year represented a 20% improvement compared with 2004/05 mainly due to improvements in CCTV and PA performance. There has, however, been some deterioration in Mobility Impaired Lifts and Cleaning Audits performance over the same period.

PPP Performance - JNP

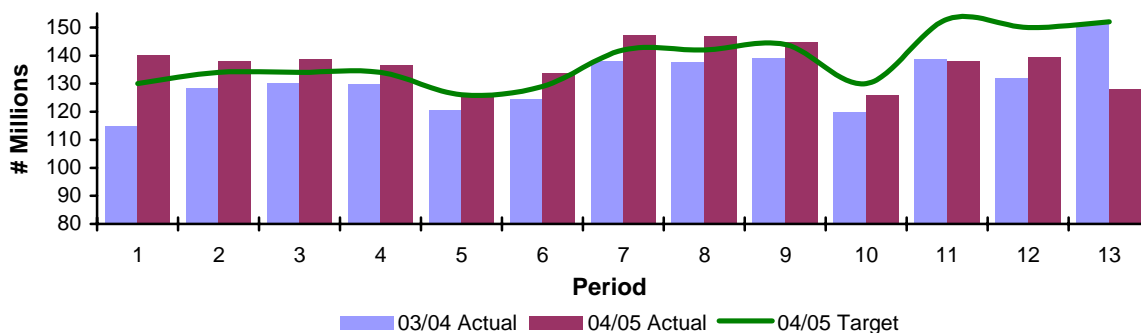
3.12 Lost Customer Hours attributed to Tube Lines (JNP) for the full year were 15% better than 2003/04. Lost Customer Hours for the final quarter 2004/05 has shown a deterioration from the previous quarter and were 12% worse in this quarter compared with the final quarter of 2003/04. Availability performance on the Piccadilly line was better than the contract benchmark (earning the Infracore bonus payments) in all four periods of the final quarter. However, Northern line performance was worse than the contract benchmark in all periods, mainly due to continuing signalling problems on the line.

3.13 Full year ambience performance for Tube Lines (JNP) represented a small improvement compared to 2003/04, but remained below the contract benchmark following a decline in Northern Line train ambience due to lower scores for cleanliness, scratch graffiti and condition of seats. The ambience performance in the final quarter of 2004/05 was lower than the previous quarter. Improvements were recorded for graffiti performance on the Piccadilly Line and cleanliness and scratch graffiti on the Jubilee Line. Service points for facilities faults were 42% worse than the contract threshold, but show an improvement of 15% compared with the previous year. JNP facilities performance for the final quarter has improved from the previous quarter, and represents an improvement of 28% compared to performance for the final quarter 2003/04. This improvement is mainly in the areas of CCTV, PA and Toilets, with fewer faults on these assets in the quarter.

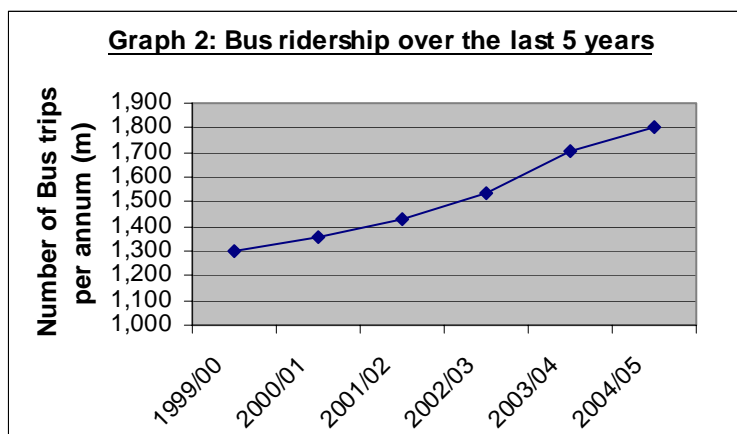
Surface Transport

3.14 **Bus Network** – Passenger journeys on the bus network increased by 5.3% (around 100m journeys) during 2004/05 to a total of 1,793m. Over the fourth quarter of 2004/05, while passenger journeys continued to exceed levels seen in the previous year, they fell slightly short of target, as the target was set before the Mayor's current fare policy was established. In addition, journey numbers were impacted by Easter bank holidays falling in Period 13, 2004/05 instead of in Period 1 as in previous years. While the final effect of the fare increase is yet to be fully assessed, the overall demand appears still to be increasing. Over a longer period of five years (see **Graph 2**), bus ridership has consistently grown year on year, increasing by nearly 40% or half a billion journeys per year.

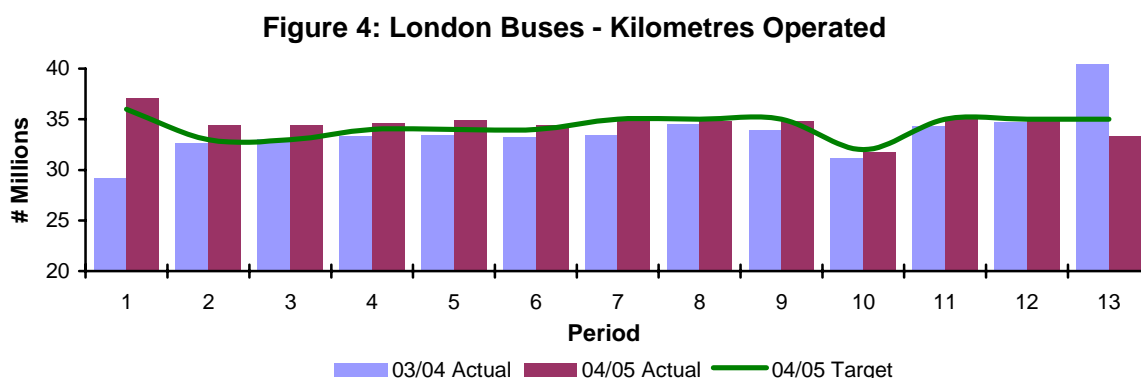
Figure 3: London Buses - Passenger Journeys



Notes: P1 2003/04 consisted of 26 days
P1 2004/05 consisted of 31 days.
The Easter holidays fell in P1 2003/04, P1 and P13 2004/05



3.15 A total of 450m bus kilometres were operated in 2004/05, which is slightly better than target and 12.4m kilometres more than operated in the previous year. Over the last quarter and adjusting for the shorter quarter length, the kilometres operated increased by 1% compared with equivalent quarter in the prior year.



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days. The Easter holidays fell in P1 2003/04, P1 and P13 2004/05

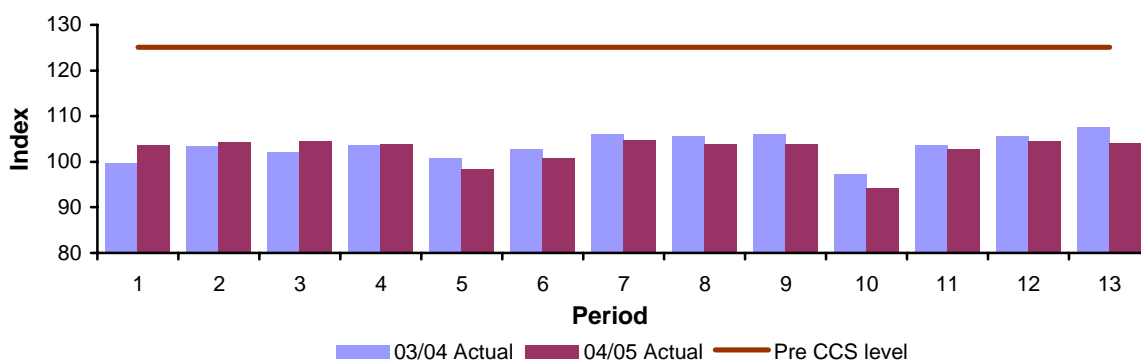
3.16 Excess Wait Time on high frequency routes for 2004/05 was down to 1.14 minutes, a 25% improvement on budget. This is a result of the ongoing expansion of Quality Incentive Contracts, bus priorities and, policing and enforcement initiatives.

3.17 The Percentage of Schedule Operated at 98% was slightly above target and the equivalent quarter for 2003/04. On-time performance of night buses at 82.9% was 4.6 percentage points above target and 3 percentage points ahead of the same quarter in 2003/04.

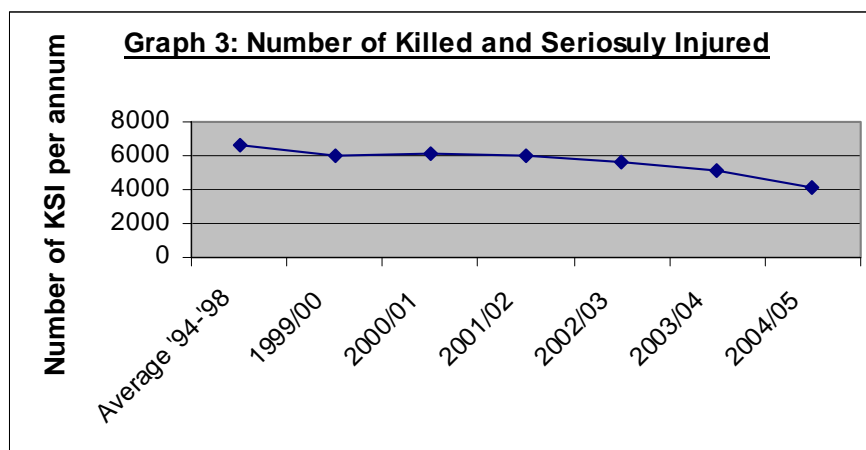
3.18 The customer satisfaction rating for personal safety and security of 85 is 5 points above target. Overall satisfaction with bus services, which has seen a broadly upward trend since 2001/02, has recovered from the slight falls seen at the beginning of the year, and is currently a point above target level at 79. Satisfaction with information provided remains below target with initiatives to further simplify information at bus stops and on-bus continuing to be rolled out in an effort to improve effectiveness particularly the supply of the replacement bus radio, vehicle location and countdown system. As at 31 March 2005, 95% of London's buses were wheelchair accessible and more than 80% of London's bus fleet has on-board CCTV.

- 3.19 **London Trams (Croydon Tramlink)** – Passenger journeys for 2004/05 at 19.3m were slightly ahead of those in 2003/04 despite the extensive programme of closures for track repairs during the second quarter of 2004/05. The overall satisfaction score at the end of 2004/05 at 85 is 3 points below target and is a 4 point reduction on last year reflects the ongoing engineering works, increased levels of crowding and dissatisfaction with the condition of the system. London Trams has further increased its monitoring activity and has formally notified the operator of a number of areas where improvements are required. The Percentage of Scheduled Service Operated at 95.4% in the final quarter and for the full year was well below target as a result of a greater than anticipated impact of extensive programme of closures for track repairs.
- 3.20 **Congestion Charging** – Traffic levels in the final quarter of 2004/05 were on average 20 points lower (or 16%) than prior to the introduction of the scheme, and 2 points lower than the same quarter in the previous year.

Figure 5: Vehicle Flow into the Charging Zone during Charging Hours



- 3.21 **Road Network Operations** – The percentage of streetlights working has continued to improve during the final quarter to reach 99%, exceeding the target level for the first time in 2004/05. The improved performance is an encouraging response to a programme of actions to produce progressive service improvements.
- 3.22 The dramatic increase in cycling levels on the TLRN compared to 2003/04 has been sustained in the final quarter of 2004/05. The index of cycling on the TLRN averaged 123 in the final quarter of 2004/05. This was 12 points above target and compares with an index of 106 in the same period last year.
- 3.23 Over the last four years, TfL has made significant progress in cutting the number of Killed and Seriously Injured on London's roads. Provisional figures indicate a 25% reduction in the number of Killed and Seriously Injured Londonwide, during 2004/05. On the TLRN the reduction in 2004/05 has been even greater at 30%. This reduction has been achieved through a programme of targeted engineering measures and 20 mph zones, targeted Road safety campaigns, and the installation and management of London's network of speed and red light cameras. Over a longer period of 5 years (see **Graph 3**), London's roads have been made significantly safer with a 40% overall reduction equivalent to around 2,500 less people being killed or seriously injured every year on London's roads.



3.24 TfL also received in November 2004 an award from the Prince Michael International Road Safety Awards (PMIRSA) for its innovative work in reducing motorcycle casualties in the Capital.

3.25 **London River Services** – Passenger journeys for 2004/05 at 2.3m were 12% above target and 11% higher than 2003/04 mainly as the result of prolonged good weather in the early summer.

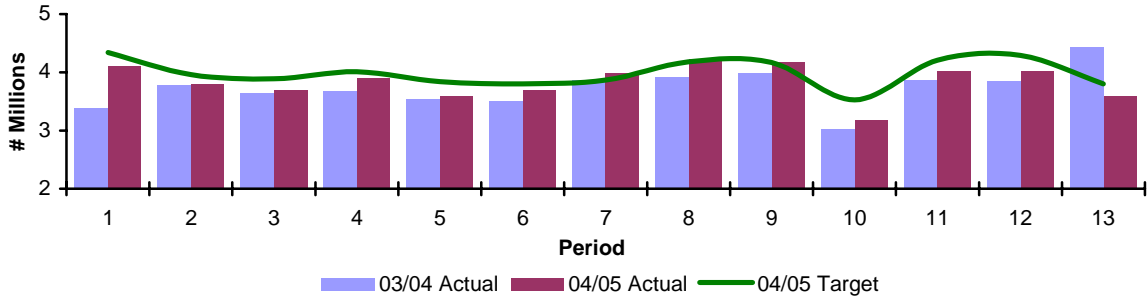
3.26 **Dial-A-Ride** – The cost per trip for the full year was significantly over budget and this is a result of lower than budgeted demand. However, overall customer satisfaction for the full year finished at 93% which was in line with the target.

3.27 **Taxi & Private Hire** – At the end of 2004/05 there were a total of 24.7k licensed taxi drivers. This was in line with the number licensed at the end of 2003/04 but slightly below the target of 25.9k. The number of private hire drivers licensed at the end of 2004/05 was 16.3k which was an increase of 11.8k on the previous year, but against short of the targeted 20.8k. Private hire driver licensing rates are being impacted by the significant problems with the quality of application and Criminal Record Bureau forms completed by the applicants and the medical forms completed by GPs. Streamlining processes such as the fast tracking of the more straightforward application forms along with the appointment of a medical consultant to review decisions on driver medicals have improved the throughput of licences issued.

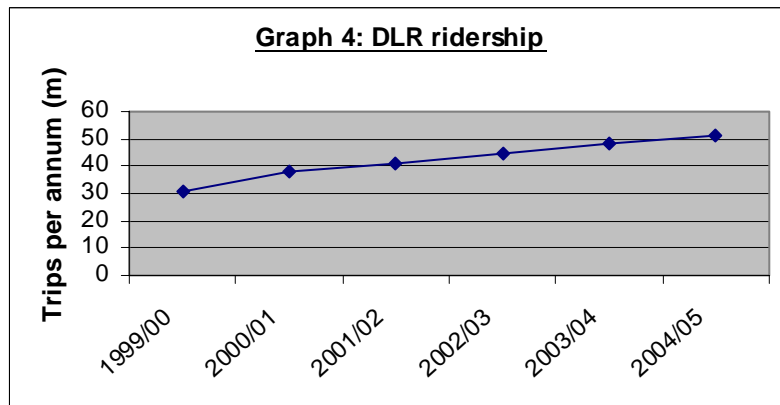
London Rail

3.28 **DLR** – The year on year increase in ridership on the DLR continued throughout 2004/05 with passenger journeys at 50.1m for the full year, 3% up on 2003/04. This result was however slightly below the full year target due to a number of events impacting traffic to and from Canary Wharf including the opening of the Jubilee Line Extension Eastern Entrance, the reinstatement of the footbridge to South Quay (which offers a 'short cut' walking route to Canary Wharf) and later than anticipated occupation of new office space. Over a longer period of five years (see **Graph 4**), ridership levels have increased by nearly 65%.

Figure 5: DLR - Passenger Journeys



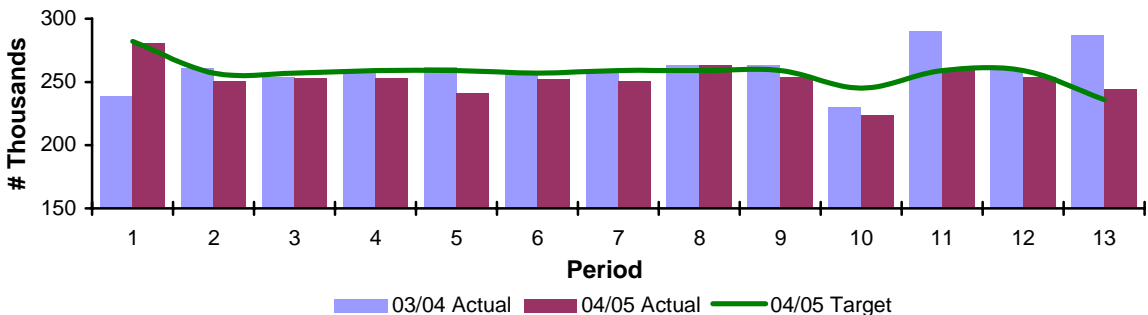
Notes: P1 2003/04 consisted of 26 days
 P1 2004/05 consisted of 31 days
 The Easter holidays fell in P1 2003/04, P1 and P13 2004/05



3.29 All DLR Customer Satisfaction survey results for the final quarter of 2004/05 were above target with the overall rating at 94%, some 11 points above target. DLR achieved an all time high in reliability in Period 13 with 98% of all trains running within 3 minutes of the scheduled time.

3.30 The total Train Kilometres Operated at 3.2k kilometres was in line with the full year target.

Figure 6: DLR - Kilometres Operated



Notes: P1 2003/04 consisted of 26 days
 P1 2004/05 consisted of 31 days
 The Easter holidays fell in P1 2003/04, P1 and P13 2004/05

4. ACTIVITY PERFORMANCE REVIEW

4.1 TfL's 2004/05 budget included 170 activities. TfL monitors the success of this activity by monitoring key cost, milestone delivery and performance metrics. The performance of these activities is reported based on significant achievement as well as variances,

both financial and programme related, against the deliverables approved by the TfL Board on 24 March 2004.

4.2 The deliverables for key projects and initiatives during the fourth quarter of 2004/05 were as follows:

- **Wembley Park Works** – In February 2005, the modernisation works at Wembley Park entered phase two. Platforms 1, 4 and 5 opened to the public whilst platforms 2, 3 and 6 closed. The second phase of works is scheduled to finish in the first quarter of 2005/6.
- **Jubilee Line 7th car project** – The first milestone of the 7th car project was met in January 2005 when the first trailer car was delivered to Stratford Market Depot, while the second car was delivered in March 2005. These are the first two of 59 cars that will be delivered over the next year.
- **CTRL at Kings Cross** – Works on the existing ticket hall were completed on 21 January 2005 with lift installation to the Metropolitan & Circle line platform completed in March 2005. Phase one works, including the new western ticket hall, are on-time. Phase two works are currently undergoing final design and programming following DfT approval of the new northern ticket hall on 15 February 2005.
- **New Year's Eve night** - TfL provided services on the Tube, DLR, Tram and Buses, including free travel between 11:45pm and 4:30pm, on New Year's Eve. There were also through the night Overground rail services, including extra trains between midnight and 2:00am.
- **Crossrail** – The Crossrail Hybrid Bill was submitted on schedule to the Government on 22 February 2005 and will now be carried forward into the next Parliament. Funding and finance issues continue to be discussed with DfT and Treasury.
- **DLR 3 car upgrade** - The Public enquiry into the DLR capacity Enhancement (3-car upgrade) which commenced in February 2005 has now finished. Out of the 69 objectors, 6 objections remain outstanding for the Secretary of State for Transport to consider along with evidence presented by the DLR team. All other objections have been withdrawn. The inquiry inspector is expected to submit his report to Government during the first quarter of 2005/06.
- **Heathrow T5 extension** – In January 2005 the Terminal 4 loop of the Piccadilly Line closed to enable the works for the extension of the Line to Heathrow Terminal 5 to progress. A rail replacement bus service has been in operation between Hatton Cross and Heathrow Terminal 4. The extension project will see a new 2.5km twin-bored tunnel extending west of the existing Piccadilly Line, connecting to a new subsurface station at the new Heathrow Terminal 5.
- **London Regional Rail** - The Railways Bill received Royal Assent on 7 April 2005 and is now the Railways Act 2005. Discussions continue at senior level regarding powers over Fares and Ticketing and the transfer of control over Silverlink Metro and the associated funding arrangements.
- **Fares Revisions and Oyster** – The fares revision on 2 January 2005 was implemented in the Oystercard system without significant problems. The general upgrade of Oystercard reader software to prepare for the launch of Pre Pay capping on 27 February was also completed on time. Daily price capping means passengers on the Tube, Bus Tram or DLR will never pay more than the price of Travelcard or Bus pass (whichever is appropriate), no matter how many Oyster Pre Pay journeys in zones 1 to 6 are made. The Oystercard is the first smartcard ticketing system in the world to offer daily price capping.
- **Later weekend Tube running** – Public consultation on the proposal to run one hour later at weekend closed on 22 April, by which time over 40,000 people had

responded. This is one of the highest responses that TfL has ever had to a public consultation. A decision about whether to proceed with the changes will be made later this year.

- **Station projects** – Works on the modernisation of Oxford Circus station continued during the fourth quarter of 2004/05. The first phase of works currently underway concentrates on Central line platforms 1 & 2 and the adjoining cross passageways.
- **Fuel Cell Buses** – The results of the first year of a pioneering 2-year European project, which involved the trial of three Hydrogen Fuel Cell (HFC) powered buses, were published in January 2005. For twelve months in 2004, the HFC buses had travelled over 23,000 miles and had been in operation for 3,400 hours, excelling in reliability. The HFC buses have also been popular with passengers who have appreciated the environmental benefits of fuel cell technology and the quiet, smooth ride the HFC buses offer.
- **Group HR Services** – HR Services was launched in January 2005 ready to deliver high volume services to all of TfL. These services include Resourcing, Learning and Development, and HR Systems & Administration. As a consequence, HR headcount is being substantially reduced.
- **Thames Gateway Bridge** – While planning permission was granted by the London Boroughs of Newham and Greenwich in December 2004, the ODPM announced in January 2005 that the planning application would be called in, to decide whether planning permission should be granted.
- **West London Tram (WLT)** - The results of the consultation for the WLT were presented by the Mayor on 1 March 2005.

4.3 During 2004/05, TfL continued to build upon its record of delivering, by achieving significant progress on a number of schemes, initiatives and projects including:

Further Enhancing the Quality of Bus Services

Bus Improvements

- 4.4 In recognition of the significant improvements to service delivery of the last five years, London Buses were awarded Beacon Status by the ODPM in April 2004. TfL was praised for “its closely co-ordinated approach, encompassing infrastructure enhancements, traffic management measures and investment in new vehicles”. Working in partnership with London’s Boroughs, TfL delivered some 59 new bus lanes and 1,402 Bus lane km/hours per week in 2004/05. Over the last year TfL has also further expanded the use of bus priority facilities at traffic signals with the implementation of 201 sets of bus priority traffic signals bringing the total figure of traffic signalled junctions with bus priority equipment to 1,432.
- 4.5 This, coupled with the roll out of Quality Incentive Contracts, has led to the best service quality since records began in 1977. Service reliability is at record levels, both in times of regularity of the service and levels of cancelled journeys, and passenger numbers have returned to levels not seen since the 1960’s. Bus Passengers numbers now regularly exceed 6 million per day.

Infrastructure

- 4.6 During 2004/05, TfL continued improving passenger facilities at bus stops, by installing 252 new and 115 replacement shelters across the bus network. This brings the number of bus stops that have a shelter to 12,200 or 70% of the total number of bus

stops in London. Walthamstow Central, London's third busiest bus station, re-opened on 19 June 2004 following a major £6m improvement project. The new larger bus station, which replaces the original station, accommodates all of the routes serving Walthamstow Central and has improved interchange with rail services. Construction of the Waterloo Bus Interchange was completed during the summer of 2004, while Walworth Garage, owned by TfL, became fully operational in September 2004. In addition, the Vauxhall Cross bus station opened to the public in December 2004 supporting greater use of public transport, cycling and walking by providing safe pedestrian crossings and cycle routes, improved lighting for better security and easier links between the railway, Tube and Buses.

Improving London Underground Services

PPP Review

- 4.7 Some progress was made during the year on the renewal of the Tube's stations. Tube Lines completed the refurbishment of five stations (Northfields, South Harrow, Arnos Grove, Kilburn and West Hampstead) and the modernisation of two (Burnt Oak and Borough). At the end of the year modernisation of Tufnell Park station was complete awaiting London Underground approval and Kennington reached this position in early April. A revised start date for Acton Town is being negotiated. Eight stations that were due to be modernised or refurbished in 2004/05 under the BCV and SSL contracts remained unfinished at the end of the year; on average these are running some 15 weeks behind the contractual delivery date.
- 4.8 Some 23 kilometres of track was renewed in the year, an increase of more than 60% on the length of track renewed in the previous year. While Tube Lines are broadly in line with the phasing of track renewals in their bid, Metronet are significantly behind, particularly on the sub-surface lines. During the year, 26 escalators were either refurbished or replaced, and 6 new mobility impaired passenger lifts were installed.
- 4.9 There has also been progress in 2004/05 on major station redevelopments. At Wembley Park works have already entered phase two, with major work packages, including cladding and roofing currently underway. At King's Cross St Pancras, phase one works including the Western Ticket hall are on-time and in February DfT granted approval for phase two of the project.
- 4.10 PPP performance measures show that the core contractual measures are starting to be met (refer to the previous paragraphs 3.8 to 3.13), which has contributed to London Underground's improved performance. Total Lost Customer Hours attributed to Infracos showed a 20% reduction compared with the previous year, key contributors being improved rolling stock reliability and fewer track faults. However, the Contract benchmarks and thresholds are based upon the historical performance of London Underground and are still short of the improvement forecast by the Infracos in their respective bids. Of more concern, however, is the amount of renewals work that is being replanned into the later years of the seven and a half year period by the Infracos in their most recent Annual Asset Management Plans. This coupled with the late delivery on current programmes, is leading to concern as to whether Infracos will be able to deliver what was promised in their bid.

PFI Review

4.11 Achievements during 2004/05 by EDF Energy Powerlink Ltd, responsible for delivering London Underground's power requirements under a PFI agreement, included:

- Completion of the Initial Works packages, most notably the Northern Line power upgrade and the replacement of the power network control system and the refurbishment of the Power Control Centre;
- The ongoing development of the schemes of work to upgrade the power system in support of the line upgrades, most notably for the Victoria Line and Sub-Surface Lines (Major Power Works); and
- Installation of the power system upgrades to support the Connect project.

4.12 Progress on the Connect project, under which Citylink are responsible for the delivery of a new communications network for the Tube, remains behind schedule. Work continued during 2004/05 that should enable among others the completion of enabling works (all but Network Rail stations) by 31 December 2005, the East London Line New Radio System commissioning by 31 March 2006 and Northern Line New Radio System commissioning by 30 June 2007.

Supporting Docklands Light Railway's Growth

4.13 During 2004/05, major steps were taken to increase the capacity on the DLR network. Good progress was made with the London City Airport extension, which will open to the public at the end of 2005. Final negotiations are underway with the preferred bidder for the Woolwich Arsenal extension, with the programme completion date for financial close remaining April 2005. Plans have progressed for a major upgrading of the railway to provide a 50 per cent increase in capacity between Bank and Lewisham. The TWA application for the project, which involves the introduction of longer 3-car trains, was submitted in the summer of 2004, while the public inquiry commenced in February 2005 and ended in March 2005. DLR was also granted planning permission for new DLR platforms at Stratford Regional by Newham Council on 15 September 2004, a month ahead of the original planning schedule. Following the pre-qualification round, ITT documentation was issued to the four bidders chosen from the pre-qualification round and the bids were received back in March 2005. There was progress in 2004/05 in DLR's railcar refurbishment programme, with 23 refurbished vehicles in service by 31 March 2005.

Congestion Charging Scheme (CCS) – Western Extension

4.14 During 2004/05, TfL consulted and the Mayor approved a number of customer improvements to the existing CCS, including improvements to the automated fleet scheme and the Residents' renewal process and the introduction of charge-free days between Christmas and New Year. In addition, TfL continued investigating the possibility of using new technology for the enforcement infrastructure of Congestion Charging. At the request of the Mayor, TfL also consulted on the increase of the congestion charge from £5 to £8. Following TfL's consultation, the Mayor published in August 2004 a revision to his Transport Strategy that would allow for a Western Extension of the CCS. The stakeholder Consultation on the Western Extension was concluded in February 2005, with some 40 representations received. The start of the Public Consultation is currently planned for 9 May.

Continuing the Successful Rollout of Oyster

4.15 A system is in place with over 16,000 smartcard devices at 370 stations (London Underground, Train, Tram and DLR), on 8,000 buses and at 2,500 agency sales outlets. There are more than 2.5 million Oystercards in customer use, with this number increasing by several hundreds every day. "Pre-Pay", the new stored value option available on Oyster was introduced on buses and Tramlink in May 2004, while price capping became available in February 2005. Capping simplifies "Pre-Pay" for both staff and customers, while offering best value by capping the daily cost of travel at the relevant one-day ticket price.

Equality and Inclusion

4.16 TfL remains committed to Equality and Inclusion issues and to that end it undertook a number of initiatives and projects during 2004/05. As at 31 March 2005, 95% of London's buses were wheelchair accessible, up from 91% last year, and 85% of London's bus fleet had on-board CCTV. This is on target to achieve a 100% accessible fleet by December 2005, at which time all vehicles will also be equipped with CCTV.

4.17 Five Tube stations became step-free (platform to street) during 2004/05, bringing the total number of accessible stations to 44. London Underground has also launched a programme to deliver an additional 25 step free stations in the next 5 years to ensure that by 2009/10 a quarter of its network is accessible. Progress with other aspects of accessibility is also evident in the first batch of stations to be refurbished, with the installation of induction loops and improved way finding facilities. Also, as part of these works, customers benefit from new CCTV and information systems.

4.18 Dial-a-Ride successfully introduced over the last year a service to enable non-English speakers to access the service through a telephone translation service. Dial-a-Ride members are now able to enquire about the service, receive booking information and make their bookings in their first language. Also, nearly 10% of the Dial-a-Ride fleet was renewed in 2004/05, with the delivery of 32 new replacement vehicles.

4.19 As part of TfL's objective to improve passenger safety and security across the entire transport network, TfL has supported a number of initiatives for improvements at rail stations totalling £8.4m, focussing on passenger security (e.g. CCTV), passenger information (e.g. help points), improved lighting on platforms, subways and entrances, and improvements to station buildings.

4.20 TfL's "Safer Travel at Night" campaign, aimed at reducing the number of sexual assaults on women travelling home late at night and reducing the amount of illegal transport (touting) late at night in London, has also achieved significant improvements in safety. Reported serious sexual assault in this sector has dropped by a third in the two years since the project started. This means that at least 70 women (many more when allowing for under-reporting) have been spared from this crime. Some 1,500 arrests for touting have been made and the incidence of touting is falling.

Road Network Management

4.21 One of the key highlights of 2004/05 was the Traffic Management Act 2004 which received Royal Assent in July. The Act created a new Network Management Duty for

all traffic authorities to “expedite the movement of traffic” on their own roads and those of neighbouring authorities. The Traffic Alert Service was launched in July 2004 to disseminate useful traffic information. During 2004/05, TfL thoroughly investigated ways to enhance the understanding of the causes and effects of change in traffic behaviour in London. TfL continued the development of the London Works system which will collate, facilitate and coordinate permit works information contained in the local street works registers operated by the London Traffic Authorities.

Improving Group Shared Services

4.22 During 2004/05, the Financial Shared Services Centre (FSC) was created to maximise, amongst others, the benefits accruing from the introduction of common practices across the whole Group associated with the Business Improvement Project. The FSC went live on 31 August 2004 and the phased transfer of staff completed on 27 September 2004, as planned. In addition, in January 2005 HR Shared Services was launched in order to deliver high volume HR services to the whole of TfL. As a result of these two initiatives substantial costs savings have already been achieved primarily through the reduction of headcount in the relevant business areas.

Public Carriage Office

4.23 In April 2004, the licensing of private hire vehicles and their drivers commenced. By the end of 2004/05 nearly 35,000 private hire vehicles and 20,000 drivers were licensed. Following PCO’s consultation with London’s licensed taxi trade, the Mayor announced the taxi emissions strategy in December 2004. The strategy is aimed at bringing all of London’s taxis up to Euro 3 standard by the summer of 2008, making a major contribution to the Mayor’s commitment to a London low emission zone. It will be implemented through the PCO licensing regime and funded by an environmental charge of 20p on taxi fares from April 2005.

Walking and Cycling

4.24 A wide range of walking projects and initiatives were delivered on borough roads and the TLRN in 2004/5, with a total spend of £6.7m. Improvements included new crossing facilities, wider footways, personal security improvements (including lighting and measures to design out crime), improved links to stations and opening up railway arches. In addition, the southern section of London’s Capital Ring walk was completed in September 2004. The 34-mile long section, which is part of the London Strategic Walks Network, runs from Woolwich Foot Tunnel to Richmond Bridge. TfL also won in 2004/05 the award for Street Environment in the National Transport Awards for its £25m “World Squares for All” project at Trafalgar Square.

4.25 For cycling, projects totalling £13.9m were delivered on Borough roads, TLRN, within schools and through London-wide campaigns. Improvements included 70km of the LCN+ network implemented (420km in total now completed), green routes through parks and alongside canals, local access improvements and secure cycle parking in schools, at stations and on-street.

Transport Policing and Enforcement Directorate

4.26 Decriminalised parking enforcement started on the TLRN on 15 November 2004. As a result the Special Services Agreement between TfL and the Metropolitan Police

Authority was extended to incorporate the 350 strong Metropolitan Police Traffic Warden Service. In January 2005, the London Underground Crime Reduction Team transferred to the TPED Policing team with the aim to manage more efficiently TfL's pan-modal crime reduction initiatives. In addition, the Red Route camera enforcement project went live on 14 February 2005 as planned, with a significant marketing campaign preceding the introduction of this new type of enforcement. Since the summer of 2004 all PCNs have been processed by National Car Parks Ltd.

E-Government

4.27 TfL in common with central and local government has adopted the target of making all of its services available electronically by December 2005. In 2003/04, TfL achieved 80 per cent of its interactions on-line and in 2004/5 this has risen to 90 per cent, which is nearly double the number TfL achieved in 2002/03.

Progress on Major Schemes

4.28 In November 2004 responsibility for the East London Line Extension project transferred to TfL. The first stage enabling works are now substantially complete, while the design and procurement of the second stage enabling works is in progress. Phase one of the project, which will be funded within TfL's new 5-year Investment Programme, will be delivered by June 2010, in good time to support a successful Olympic Bid. Consultation on route options for the Greenwich Waterfront Transit began on 19 November 2004 and closed on 21 January 2005. Formal consultation is planned for autumn 2005 with construction expected to start in 2006. Main development work on the East London Transit Phase 2 – connection to Thames Gateway Bridge commenced in March.

5. FINANCIAL PERFORMANCE REVIEW

5.1 The overall financial position for TfL is summarised as follows:

£m	Full Year	
	Outturn	Variance to Budget
Income	(2,632)	(67)
Operating Expenditure	4,458	(14)
Gross Margin	1,826	(81)
Capital Expenditure	559	(61)
Overprogramming	-	80
Total Capital Expenditure	559	19
Capital Receipts	(124)	34
Contingency	-	(25)
NET EXPENDITURE	2,261	(53)

Income above budget and expenditure below budget are shown by variances in brackets

5.2 The detailed financial results are set out in **Annex 2** and the variances are discussed below.

OPERATING BUDGET

Income

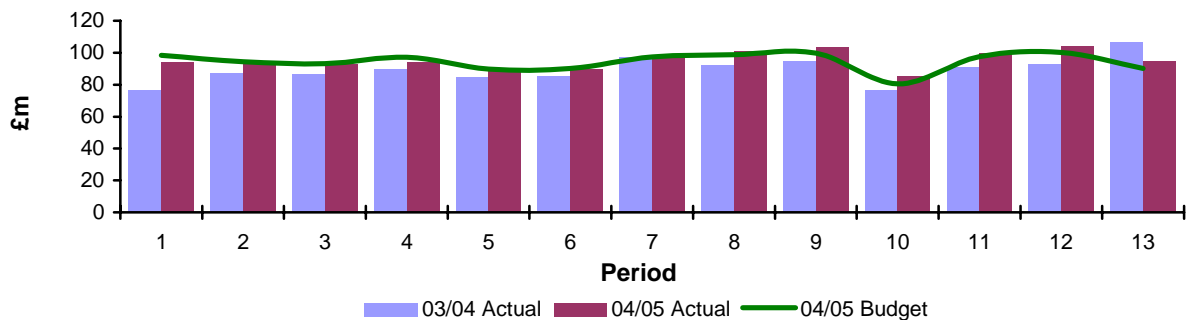
5.3 TfL's total income for the full year at £2,632m was £67m (3%) better than budget. The key elements are shown in the table below:

£m	Full Year	
	Outturn	Variance to Budget
Underground Traffic Income	(1,240)	(38)
Bus Network Income	(869)	(3)
Congestion Charging Income	(192)	(13)
Other	(331)	(13)
Total	(2,632)	(67)

Income above budget is shown by variances in brackets

5.4 London Underground's traffic income for the full year at £1,240m was £38m (or 3%) better than budget was due to stronger than anticipated demand, following a recovery in passenger numbers that was sustained throughout the year. Results for the final quarter indicate that the expected yield from the January 2005 fares revision is being achieved.

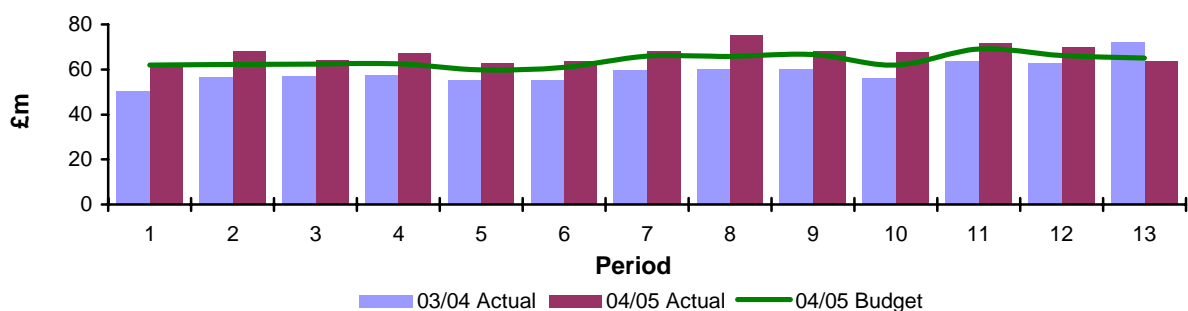
Figure 1: London Underground - Traffic Income



*The Central Line was fully open from the final week of P1 2003/04 but operating to a reduced timetable. P13 2003/04 was 4 days longer than a standard period

5.5 Bus network income for the full year at £869m was £3m better than budget and 13.2% up on full year figures for 2003/04.

Figure 2: Bus Network Income



5.6 Congestion Charging gross income at £192m was £13m (7%) better than budget. The

positive variance was primarily due to £4m of higher than budgeted sales and £9m from a higher number of Penalty Charge Notices (PCN) issued and the higher recovery rate of these PCNs.

- 5.7 'Other' income at £331m was £13m (5%) better than budget. This includes excess income within Group Directorates with £10.8m from Group Treasury Bank Interest. 'Other' income also included higher than budgeted income of £3.3m from advertising on the London Underground and £1.5m from bus stops and shelters.

Operating Expenditure

- 5.8 TfL's total operating expenditure for the full year at £4,458m was £14m better than budget. The key elements are shown in the table below:

£m	Full Year	
	Outturn	Variance to Budget
London Underground	2,152	(11)
Surface Transport	1,961	(7)
London Rail	113	1
Group Directorates	232	3
Total	4,458	(14)

Expenditure below budget is shown by variances in brackets

- 5.9 London Underground's operating expenditure at £11m better than budget is a result of £10m of savings in corporate expenses and insurance.
- 5.10 Lower than budgeted expenditure in Surface Transport is primarily a result of lower than budgeted expenditure of £19m on the Bus Network, £7m on Congestion Charging and a further £6m relating to delays to the Congestion Charging Western Extension. Lower expenditure on the Bus network reflects continuing efficiencies from better operating conditions, reflected in on-going schedule reviews and delayed conversion of non-TfL funded London Local Service Agreement (LLSA) routes, which is now planned for 2005/06.
- 5.11 Operating expenditure within the Group Directorates was slightly over budget as a result of increased expenditure on the Stratford Feasibility study for the 2012 Olympic Bid, offset by lower borrowing costs, lower Train Operating Company (TOC) compensation payments, reduced Borough Partnership spend and re-phasing for the Financial Services Centre.

CAPITAL BUDGET

Capital Expenditure

- 5.12 TfL's gross capital expenditure for the full year at £559m was £19m (3%) over budget as shown in the table below:

£m	Full Year	
	Outturn	Variance to Budget
London Underground	289	(11)
Surface Transport	228	(30)
London Rail	16	(11)
Corporate Directorates	26	(9)
Overprogramming	-	80
Total Capital Expenditure	559	19
Reimbursed Expenditure*	(97)	13
Capital Receipts	(27)	21
NET CAPITAL EXPENDITURE	435	53

* Includes East London Line Extension and CTRL at Kings Cross

Capital Expenditure below budget, Capital receipts and Reimbursed Expenditure above budget are shown by variance in brackets

- 5.13 London Underground's capital expenditure at £289m was £11m (4%) lower than budget. The main variances reflect lower than budgeted expenditure of £14.4m on the East London Line Extension, (which is currently held within the London Underground budget, but in accordance with the Investment Programme will transfer to the London Rail budget) and higher than budgeted expenditure of £2.7m on the CTRL works at King Cross. As these schemes are externally funded, lower capital expenditure is matched by lower capital receipts thereby having no net impact on the budget.
- 5.14 Additional variances in London Underground's result relate to lower than budgeted spend of £4.9m on staff accommodation as a result of project re-phasing, higher than budgeted expenditure on Connect enabling works due to a change in financing arrangements and a significant acceleration of delivery in the value of work done on the Jubilee Line 7th car project over the last quarter resulting in capital expenditure exceeding budget by £3.8m.
- 5.15 Surface Transport's capital expenditure at £228m was £30m (12%) below the budget. This variance includes lower than budgeted expenditure of £5m due to slippage to the signing of the contract to replace bus radio, AVL and Countdown, £5.4m for Borough Principal Road Maintenance, £11.6m on the technology trials and CCS Western extension and £6.2m on a range of bus priority measures.
- 5.16 London Rail capital expenditure is £11m lower than budget mainly due to the decision to fund the acquisition of additional railcars for the Woolwich extension and 3-car upgrade by finance lease and the number of DLR railcars that have been refurbished being lower than originally committed to by the contractor. Railcar refurbishment issues continue to be progressed towards an accelerated future programme without adversely affecting passenger service.
- 5.17 In summary, the overall result shows capital expenditure, after an overprogramming provision¹ of £80m, to be £19m ahead of budget. This has been more than offset by increased income and savings on operating expenditure.

¹ Overprogramming represents a central reduction in the budgeted expenditure of the business units. This reduction recognises that delays can arise from consultation, planning and obtaining of powers.

Capital Receipts

5.18 TfL's capital receipts and reimbursed expenses for the year totalled £124m, which is £34m below budget. Lower reimbursed capital was in line with the lower capital spend. In addition, lower capital receipts were due to the deferred disposal of surplus properties connected with the A406 improvements at Bounds Green.

6. EFFICIENCIES

6.1 In 2004/05 TfL achieved £119m of efficiencies, against a revised target of £107m. This is more than double the original target of £54m and is a result of greater than planned back office savings and expansion of the programme to focus on operational areas.

6.2 Key highlights of this considerable organisation-wide achievement include:

- Procurement savings of £46m against a target of £38m. This programme has now achieved its 3 year target, one year early, representing a considerable achievement by procurement professionals and managers across the organisation. Focus going forward will be on a sustained procurement challenge to achieve 3-5% savings against budgeted expenditure per annum.
- During 2004/5 shared services in HR and Finance went live, contributing to over £15m of savings from staffing and IT systems, slightly lower than target of £18m due to reduced savings in General Counsel and from legacy system decommissioning. Further savings from shared services are expected next year due to full year effects.
- Bus contract savings of £17m, primarily from bus contract tendering (£13.5m), and reduced commission payable on ticket sales.
- Earlier than planned savings of £3m were achieved due to the effects of changes in customer ticketing behaviour in LUL as a result of Oystercard and other initiatives.
- Within London Underground, savings of £20m were delivered from revised real time information infrastructure. This was £12m lower than forecast due to a rephasing of benefits from the BCV Infrastructure Service Change (ISC) rebate, which is expected to be recovered in full in 2005/06.

7. STAFF

7.1 As shown in **Annex 3**, the total FTE for TfL staff at 31 March 2005 was 19,340 which were 209 FTEs above budget. The main areas with staff levels above budget are in London Underground (75) and Group Services (167).

7.2 London Underground staff levels were 75 above budget at year end. The increased headcount in Operations is a result of a significant reduction in the rate of natural wastage of train operators combined with an increase in the success rate in train operator courses. This is being addressed by reducing the number of places on the training courses accordingly. In Central Services the increase was mainly driven by the agreed step-up in staffing levels for 2005/06 to meet the need for more engineering assurance staff.

7.3 The variance in Surface Transport of 54 below budget includes lower than budgeted staff levels for Dial-a-Ride (63) where a recruitment process is underway to recover

this position. Restructuring across cost centres has resulted in lower than budgeted levels in Management Support and Strategy largely offset by higher than budgeted staff levels in London Buses, Congestion Charging, Public Carriage Office and East Thames Buses.

- 7.4 Group Services headcount continues to undergo change following the structural reorganisation and has undergone a phased reduction of FTE throughout the year. The year end number of 832 FTEs includes a number of staff released following the completion of the HR Services programmes. A further reduction of 107 FTEs is planned for early in 2005/06. The remaining variance is primarily associated with historic under-budgeting for approved and funded establishment posts (such as graduate trainees), which will be adjusted in 2005/6.

8. CONTACTS

For detailed enquiries on the Finance and Performance content of this report, please contact:

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Telephone: (0207) 941-4740

OPERATIONAL SCORECARD

Performance Indicators		Final Quarter				Full Year			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
LONDON UNDERGROUND									
Safety									
Total number of major injuries and fatalities	#	47	n/a	n/a	48	129	n/a	n/a	145
CSS: personal safety and security	Score	81	79	2	80	81	79	2	80
Service Volumes / Ridership									
Usage: passenger journeys*	M	291.0	270.5	20.5	296.1	975.9	935.2	40.7	947.5
Train kilometres operated*	M	20.5	20.8	(0.3)	21.4	69.4	69.8	(0.4)	67.7
CSS: crowding	Score	73	68	5	75	74	68	5	74
Reliability & Service Quality									
Percentage of scheduled service operated	%	95.7	94.9	0.8	94.1	95.3	94.8	0.5	93.1
Excess journey time – unweighted	Mins	3.2	3.3	0.1	3.3	3.2	3.3	0.1	3.4
CSS: overall satisfaction	Score	78	76	2	78	78	76	2	76
CSS: information	Score	78	77	1	78	78	77	1	78
Peak Hour Trains cancelled	%	2.6	3.6	1.0	3.9	2.8	3.6	0.8	5.3
PPP PERFORMANCE									
BCV									
Availability - Lost Customer Hours**	('000) LCH	1,263	1,635	372	1,492	5,143	5,313	170	5,910
Ambience	Score	68.2	68.0	0.2	70.5	68.8	68.0	0.8	69.8
Facilities Faults	Points	16,781	15,840	(941)	26,910	67,356	51,480	(15,876)	78,476
JNP									
Availability - Lost Customer Hours**	('000) LCH	1,664	1,661	(3)	1,482	5,179	5,434	255	6,073
Ambience	Score	70.0	71.0	(1.0)	71.0	70.7	71.0	(0.3)	70.5
Facilities Faults	Points	36,307	28,380	(7,927)	50,883	134,129	94,260	(39,869)	158,171
SSL									
Availability - Lost Customer Hours**	('000) LCH	1,160	2,109	949	1,869	3,870	6,854	2,984	5,961
Ambience	Score	69.8	70.0	(0.2)	68.4	70.1	70.0	0.1	68.9
Facilities Faults	Points	16,523	19,000	2,477	20,931	58,084	61,750	3,666	72,713

* For comparison with Q4 2003/04 the Q4 2004/05 actual values should be increased by 5%, for the differing number of days (116 in Q4 2003/04 and 110 in Q4 2004/05)

** Agreed and abeyance

OPERATIONAL SCORECARD

Performance Indicators		Final Quarter				Full Year			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
LONDON BUSES									
Safety									
Total number of major injuries and fatalities	#	314	n/a	n/a	364	1,164	n/a	n/a	1,334
CSS: personal safety and security	Score	85	80	5	87	85	80	5	85
Service Volumes									
Usage: passenger journeys*	M	544.7	585.0	(40.3)	539.0	1,792.6	1,800.0	(7.0)	1,702.0
Bus kilometres operated*	M	135.2	136.0	(0.8)	140.8	449.5	447.7	1.8	437.1
CSS: crowding	Score	79	78	1	79	78	78	0	78
Reliability & Service Quality									
Percentage of scheduled service operated	%	98.0	97.9	0.1	97.6	97.7	97.5	0.2	97.2
Excess wait time – high frequency routes	Mins	1.1	1.5	0.4	1.3	1.1	1.5	0.4	1.4
On time performance - low frequency routes	%	77.8	74.8	3.0	74.8	77.1	74.0	3.1	74.6
On time performance - night buses	%	82.9	78.3	4.6	79.9	81.9	78.0	3.9	79.3
CSS: reliability – journey/wait time	Score	80	79	1	81	80	79	1	79
CSS: overall satisfaction	Score	79	78	1	79	78	78	0	77
CSS: information	Score	73	75	(2)	74	73	75	(2)	73
Access									
Percentage of 'Low Floor' Buses	%	95.0	95.0	0	91.0	95.0	95.0	0	91.0
LONDON TRAMS									
Usage: passenger journeys*	m	5.7	n/a	n/a	6.0	19.3	n/a	n/a	19.2
Percentage of scheduled service operated	%	95.5	98.0	(2.5)	99.2	95.4	98.0	(2.6)	99.6
CSS: overall satisfaction	Score	85	88	(3)	89	87	88	(1)	88
PUBLIC CARRIAGE OFFICE									
No. of taxi drivers licensed	000	24.7	25.9	(1.2)	24.8	24.7	25.9	(1.2)	24.8
No. of private hire drivers licensed	000	16.3	20.8	(4.5)	2.3	16.3	20.8	(4.5)	2.3
LONDON RIVER SERVICES									
Usage: passenger journeys*	000	410.5	300.0	110.5	351.0	2,342.8	2,100.0	242.8	2,117.0
Percentage of scheduled service operated	%	99	99	0	99	99	99	0	99
VICTORIA COACH SERVICES									
Usage: Number of coach departures*	000	63.9	60.1	3.8	61.4	215.3	192.0	23.3	196.2
CSS: overall satisfaction	Score	77	72	5	73	76	72	4	74
DIAL-A-RIDE									
Total costs per trip	£	20.3	14.7	(5.6)	14.0	17.0	14.1	(2.9)	13.5
CSS: overall satisfaction	Score	93	93	0	94	93	93	0	93


* For comparison with Q4 2003/04 the actual Q4 2004/05 values should be increased by 5%, for the differing number of days (116 in Q4 2003/04 and 110 in Q4 2004/05)

OPERATIONAL SCORECARD

Performance Indicators		Final Quarter				Full Year			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
ROAD NETWORK OPERATIONS									
Safety									
No. of major injuries and fatalities (TLRN)	#	220	n/a	n/a	460	995	n/a	n/a	1,418
No. of major injuries and fatalities (Londonwide)	#	1,141	n/a	n/a	1,702	4,117	n/a	n/a	5,164
Service Volumes									
Cycling on TLRN (index April 2000 =100)	#	123	111	12	106	141	122	19	118
Reliability and Service Quality									
Street Lights working	%	99	98	1	97	97	98	(1)	97
Traffic Signals operating effectively (Londonwide)	%	97	97	0	97	97	97	0	97
Days of control/closure on sensitive roads	%	0	7	7	1	0	20	20	16
DOCKLANDS LIGHT RAILWAY									
Safety									
RIDDOR reportable injuries to staff/passengers	#	5	n/a	n/a	7	15	n/a	n/a	13
CSS: personal safety and security	Score	90.3	86.3	4.0	91.0	90.1	86.3	3.8	92.0
Service Volumes									
Usage: Passenger journeys*	M	14.8	15.8	(1.0)	15.2	50.1	51.9	(1.8)	48.5
Train Kilometres Operated*	M	1.0	1.0	0	1.1	3.3	3.3	0	3.4
Reliability and Service Quality									
Percentage of scheduled service operated	%	98.7	98.0	0.7	98.3	98.0	98.0	0	98.2
On-Time Performance – adherence to schedule	%	97.4	96.0	1.4	96.7	96.0	96.0	0	96.6
CSS : Overall Satisfaction	Score	94.4	83.5	10.9	94.3	95.0	83.5	11.5	94.0
CSS : Information	Score	95.3	86.0	9.3	95.3	95.5	86.0	9.5	95.2
Access									
% of system accessible	%	100	100	0	100	100	100	0	100
TfL GROUP (Consolidated Modal Results)									
Safety									
Passenger Major Injuries & Fatalities	#	279	n/a	n/a	237	898	n/a	n/a	816
Service Volumes									
Usage: passenger journeys*	M	857.0	883.4	(26.4)	857.0	2,841.8	2,822.8	19.0	2,720.8
Reliability and Service Quality									
Reliability of Service (Delay Index)	#	78.9	n/a	n/a	110.4	79.8	n/a	n/a	114.9
CSS: overall satisfaction (weighted)	Score	79.0	77.5	1.5	79.0	78.2	77.5	0.7	77.4

* For comparison with Q4 2003/04 the actual Q4 2004/05 values should be increased by 5%, for the differing number of days (116 in Q4 2003/04 and 110 in Q4 2004/05)

 Target achieved

 Performance below target

Notes/Key:

Negative variances are adverse.

INCOME AND EXPENDITURE

	Full Year	
	1 Apr to 31 Mar £m	Variance to Budget £m
INCOME		
London Underground		
Traffic Revenue	(1,240)	(38)
Advertising	(50)	(4)
Property Sales	(33)	(1)
Property Rental	(10)	8
	(1,333)	(35)
Surface Transport		
Bus Network	(869)	(3)
Other London Buses	(17)	(1)
Congestion Charging	(192)	(13)
Transport Policing & Enforcement	(21)	2
Other Surface Transport	(38)	(1)
	(1,137)	(15)
London Rail		
Docklands Light Railway	(43)	1
London Rail Core	-	3
	(43)	4
Group Directorates	(120)	(20)
TOTAL INCOME	(2,632)	(67)
OPERATING EXPENDITURE		
London Underground		
Operations	590	(3)
Programmes	1,423	2
Central Services	140	(10)
	2,152	(11)
Surface Transport		
Bus Network	1,291	(19)
Other London Buses	112	2
Congestion Charging	103	(25)
Street Management	194	36
Director of Traffic Operations	38	(2)
Road Network Performance	23	(1)
Transport Policing & Enforcement	106	(1)
Other	96	2
	1,961	(7)
London Rail		
Docklands Light Railway	71	1
London Rail Core	42	-
	113	1
Group Directorates	232	3
TOTAL OPERATING EXPENDITURE	4,458	(14)

Income above and expenditure below budget is shown by variances in brackets.

INCOME AND EXPENDITURE

	Full Year	
	1 Apr to 31 Mar £m	1 Apr to 31 Mar £m
CAPITAL EXPENDITURE		
London Underground		
Operations	35	(30)
Programmes	251	11
Central Services	2	7
	289	(11)
Surface Transport		
London Buses	22	(6)
Congestion Charging	(1)	(12)
Street Management	91	(0)
Director of Traffic Operations	15	(2)
Road Network Performance	56	(5)
Transport Policing & Enforcement	4	2
Other	41	(6)
	228	(30)
London Rail		
Docklands Light Railway	16	(11)
Group Directorates	26	(9)
Overprogramming		80
CAPITAL EXPENDITURE	559	19
Capital Receipts	(124)	34
NET CAPITAL EXPENDITURE	435	53

Expenditure below budget is shown by variances in brackets.

SUMMARY

£m	Full Year	
	Outturn	Variance to Budget
Income	(2,632)	(67)
Operating Expenditure	4,458	(14)
Gross Margin	1,826	(81)
Net Capital Expenditure	435	53
Contingency	-	(25)
NET EXPENDITURE	2,261	(53)

Staff Employed

31 March 2004		31 March 2005	
		Actual	Variance to Budget
	London Underground		
12,304	Operations	12,495	13
515	Programmes	569	33
589	Central Services	512	29
13,408		13,576	75
	Surface Transport		
640	London Buses	661	36
92	Congestion Charging	135	17
430	Street Management	762	21
359	Transport Policing & Enforcement	435	(11)
211	Public Carriage Office	216	7
433	East Thames Buses	435	4
550	Dial-a-Ride	553	(63)
16	London River Services	16	
115	Victoria Coach Station	118	(6)
441	Management Support & Strategy	455	(59)
3,398		3,786	(54)
	London Rail		
23	Docklands Light Railway	31	0
31	Other London Rail*	108	1
54		139	1
	Group Directorates		
21	Office of the Commissioner	22	1
128	General Counsel	108	(2)
168	Group Communications	60	3
660	Finance & Planning	817	18
837	Group Services	832	167
1,814		1,839	187
18,674	Total Staff Employed	19,340	209

Variances below budget are shown in brackets.

*Includes Crossrail secondees

TRANSPORT FOR LONDON

TFL BOARD

SUBJECT: BEST VALUE PERFORMANCE PLAN (BVPP)

MEETING DATE: 18 MAY 2005

1. INTRODUCTION

- 1.1 TfL is required, in accordance with the Local Government Act 1999 to publish a Best Value Performance Plan (BVPP) by 30 June each year. Detailed guidance for the requirements of the BVPP is contained within government circulars published by the Office of the Deputy Prime Minister (ODPM), the current circulars applicable are 07/2003 and 02/2004 which set out TfL's statutory obligations.
- 1.2 The required content of the BVPP is:
- A brief summary of TfL's strategic objectives and priorities for improvement,
 - Arrangements for addressing TfL's improvement priorities,
 - The out-turn Best Value Performance Indicators (BVPIs) for 2004/05 with associated commentary, and targets for the following year, and
 - A brief statement on contracts. TfL is required to certify either that there were no contracts awarded during the year which involved a transfer of staff, or that those let, where applicable, complied with the Code of Practice on Workforce Matters in Local Authority Service Contracts.
- 1.3 TfL produced a 'Summary BVPP' highlighting key achievements which was published on the TfL website by the required deadline of 31 March 2005. It will also be published in the July edition of 'The Londoner' newspaper. The Summary BVPP was reported to the Finance Committee at its meeting on 9 March 2005.

2. BACKGROUND – BVPP

- 2.1 In common with previous years, and in accordance with best practice, TfL has integrated the production of the BVPP with its business and corporate planning process and documents. The BVPP is published as an annex to the 2005/06 – 2009/10 business plan, published in November 2004.
- 2.2 The contents of this Annex are the out-turn Best Value Performance Indicators (BVPIs) for 2004/05 with associated commentary, a statement on contracts, and a small amount of additional information relating to business improvement processes that is not contained in the main business plan text.
- 2.3 This Annex, together with the existing 2005/06 – 2009/10 business plan, constitute the 2004/05 BVPP.

3. BEST VALUE PERFORMANCE INDICATOR INFORMATION

- 3.1 The Annex contains outturn performance information against the BVPIs. There are significant changes in some of the BVPI figures when comparing 2004/05 performance against target or prior year outturn. These variances are the result of the move to common reporting systems (such as SAP), changes made by the ODPM in the definitions and / or the process for measuring performance. An explanation for the outturn 2004/05 figure compared to target is given in the commentary for that indicator.
- 3.2 Where possible, final year outturn information has been provided. Where this information is not yet available, forecast data has been used, which will be replaced by final outturn information prior to publication.
- 3.3 Local directors are responsible for proposing targets and delivery of performance against these indicators as follows:
- BV96, 100, 165, 186, 187: Keith Ollier, Director of Road Network Operations
 - BV99: Nick Morris, Director of Road Network Performance
 - BV102: Clare Kavanagh, Director of Bus Performance
 - BV2, 156: Valerie Todd, Director of Group Equality and Inclusion
 - BV11a, 11b, 16, 17: Hugh Hood, Director of Group Human Resources & Valerie Todd, Director of Group Equality and Inclusion
 - BV12, 14, 15: Hugh Hood, Director of Group Human Resources
 - BV8: Stephen Critchley, Chief Finance Officer
 - BV157: John Horan, Director of Group Information Management
- 3.4 The full BVPP is required to be published by the end of June 2005, and will be audited by KPMG, TfL's appointed external auditors.
- 3.5 The draft content of the BVPP was reported to the Finance Committee at its meeting on the 3 May, where it was agreed to recommend that the Board approve the content of the BVPP and delegate authority to the Managing Director, Finance and Planning, to make any changes prior to publication by 30 June 2005.

4. RECOMMENDATIONS

- 4.1 The Board is asked to
- APPROVE the contents of this Annex to the 2005/06 – 2009/10 business plan as a part of the overall 2004/05 BVPP
 - DELEGATE authority to the Managing Director, Finance and Planning to make any changes prior to publication by 30 June 2005

Annex to the 2005/06 – 2009/10 Business Plan (Best Value Performance Plan)

Introduction

TfL is required, as part of the Local Government Act 1999 (and supplemented by ODPM circulars 07/2003 and 02/2004), to publish a Best Value Performance Plan (BVPP). TfL, in line with good practice, integrates its improvement planning with its business plan process. The 2005 BVPP is integrated into its 2005/06 - 2009/10 business plan, which was published in November 2004. This Annex to that plan contains supplementary outturn performance information and other statements that TfL is required to publish.

Strategic objectives and priorities for improvement

TfL's strategic objectives and overall priorities for improvement are outlined in both the summary and main text of the business plan.

TfL and other functional bodies of the GLA group have undergone an Initial Performance Assessment (IPA), carried out by the Audit Commission which concluded in November 2004. IPA is a version of Comprehensive Performance Assessment (CPA) which has been concluded for all top tier Local Authorities and district councils in England. The aim of the process is to assess the Authority's capability to deliver excellent outcomes for local people.

TfL was awarded the top rating of '**Excellent**', which places it in the top 18% of authorities who have achieved this result under CPA.

A copy of the Audit Commission inspection report can be found on their website at <http://www.audit-commission.gov.uk>

Whilst TfL has been rated as 'excellent' overall, there were a number of areas for improvement identified in the report (Appendix 1), which TfL recognises. As an 'excellent' organisation, TfL is not required to develop a formal improvement plan. TfL has however, considered the areas for improvement and has developed a work programme which pulls together the various initiatives being undertaken to address these issues. The 'areas for improvement' are grouped around five broad themes:

- Partnership working and shared priorities, such as developing our relationship with stakeholders and having greater clarity in respect of the decision making process.
- Achieving the benefits of 'one TfL', for example implementing shared services for corporate activities and realising associated benefits.
- Service quality improvements, such as improving the capacity of transport systems and infrastructure.
- Challenge through scrutiny, transparency and learning, such as developing greater opportunities for shared learning across the GLA Group.
- Reducing travel demand and PPP issues, an example being that our plans give comparatively less weight to reducing the need to travel.

Arrangement for addressing TfL's improvement priorities

TfL has a number of arrangements in place for addressing improvement priorities.

TfL's Business Planning Guidelines are distributed throughout the organisation in April each year. Each business unit is required to identify improvement opportunities and efficiencies not only for the coming year, but for the life of the Plan. This bottom up approach ensures that improvement planning is fully integrated into the overall business planning process. The business units are also required to review their programme of improvements and reviews, to ensure it is the most relevant and appropriate at that time. This approach allows flexibility to meet the business units' needs. For example, in 2004/05, Equalities and Inclusion conducted a business review of its structure and activities in response to a change in senior management, and to ensure alignment to the changing needs of TfL.

A Business Improvement Working Group (BIWG) has been established to ensure delivery of the business improvement agenda. Meeting regularly, it has representatives from across the organisation. Also, regular progress reports on efficiency activities are provided regularly to the Finance Committee of the TfL Board.

A database system is used to record all improvement actions arising from best value reviews and inspections, as well as internal / external audit activity and those arising from IPA. This database provides a central source of information not only of the actions themselves, but also of their progress and completion. It is further utilised to provide high level statistics on outstanding and overdue actions, in order to concentrate management action, and progress towards completing these actions is monitored and recorded. Where appropriate, the BIWG and TfL senior management will be informed of any actions that have or may exceed their expected completion dates. In addition, reports on overdue actions are given to the Audit Committee of the TfL Board on an exception basis.

Internal Audit has an established programme of reviews which is agreed by the Audit Committee, but additional reviews can be added by the Director of Internal Audit if necessary.

TfL's future programme of Best Value reviews has been influenced by the:

- Outcomes of the IPA review in response to the 'areas for improvement',
- Need to support the business plan in relation to key decisions which need to be made in respect of existing arrangements for service delivery, and
- Ongoing identification and realisation of efficiency gains.

The anticipated outcomes of this process will be a scheme of improvements, the adoption of best practice throughout the business, and continued attention to maximise efficiencies at all levels.

Statement on contracts

TfL confirms that during 2004/05, one contract was awarded which involved a staff transfer and certifies that it complied with the requirements in the Code of Practice on Workforce matters in Local Authority Service Contracts.

Best Value Performance Indicators

This section sets out the Best Value Performance Indicators (BVPI's) that have been prescribed by ODPM for TfL in 2004/05. Also included are the performance out-turn figures for 2003/04 (where applicable), the target and outturn figures for 2004/05, and targets for 2005/06.

The comparisons against other authorities have been made against the most recent data available, which relates to 2003/04.

BV No.	Title	Page No.
BV96	Condition of principal roads (% in need of repair) (TLRN)	5
BV100	Number of days of temporary traffic controls or road closure on traffic sensitive roads caused by local authority road works per km of traffic sensitive roads	6
BV102	Local bus services – passenger journeys per year (millions)	6
BV165	The percentage of pedestrian crossings with facilities for disabled people	7
BV186	Roads not needing major repair (km of road network in a state of good repair per £1 million spent)	7
BV187	Condition of footways (% in need of repair) (TLRN)	8
BV99	Road Safety – number of road accident casualties on TLRN	9
BV2	<ul style="list-style-type: none"> a. The level (if any) of Commission for Racial Equality's standard to which the authority conforms b. The duty to promote race equality (% of Race Equality Scheme obligations completed) 	11
BV8	The Percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority	11
BV11a	The percentage of top 5% of earners that are women	12
BV11b	The percentage of top 5% earners from black and minority ethnic communities.	12
BV12	The number of working days/shifts lost due to sick absence per full time employee	13
BV14	The percentage of employees retiring early (excluding ill-health retirements) as a percentage of the total workforce	14
BV15	The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce	14
BV16	The percentage of employees declaring they meet the Disability Discrimination Act 1995 disability definition compared with the percentage of economically active disabled in the authority area	15
BV17	The percentage of employees from minority ethnic communities compared with the percentage of economically active minority ethnic community population in the authority area	16
BV156	The percentage of authority buildings open to the public in which all areas are suitable for and accessible to disabled people.	16
BV157	The percentage of interactions with the public, by type which are capable of electronic service delivery and which are being delivered using internet protocols or other paperless methods	17
Appendix	Transport for London Initial Performance Assessment – Areas for Improvement	18

Transport Best Value Performance Indicators

BV96		2003/04 Actual	2004/05		2005/06 Target
			Target	Actual	
Condition of principal roads (% in need of repair)(TLRN)	CVI	11.5%	11%	7%	n/a
	TTS			45%	

Comment on performance

DVI data for the TLRN has been collected to produce a BVPI 96 value which is comparable with previous years. In line with DfT guidance the DVI figure has been converted to a Coarse Visual Inspection (CVI) figure for the purposes of reporting BV96. The value for 2004/05 based on this survey data is 7%, which represents a substantial improvement both on 2003/04 and the target for 2004/05.

TfL's performance is better than the 2003/04 average of 10.7% for London boroughs, based on the DVI/CVI methodology.

SCANNER (TTS) surveys have also been carried out on the TLRN, to provide a value for BVPI 96 for 2004/05 as mandated by DfT, and show 45% of the road network in need of further investigation. TTS is a new road condition survey method using a vehicle instead of walked visual surveys. Experience of using TTS so far is that the results cannot be compared against the former method adopted of Detailed Visual Inspection survey (DVI). This is particularly the case on London's Principal Roads, where a high proportion of the Network is affected by vehicle parking/loading activity along the near side lane. In addition, the survey vehicles are affected by traffic flow with regular braking and accelerating. It also appears that the thresholds have not been optimally set and the higher scores do not indicate that the condition of the network has deteriorated, nor that a high proportion of the network needs attention. The DfT have also accepted that there is no proven correlation between DVI surveys and TTS, that this year's data is not comparable with 2003/04 actuals & the 2004/05 target, and the indication so far is that results to be published by local authorities also support this.

The Audit Commission did not require targets to be set for this indicator because of the above changes in survey requirements. For 2005/06, BVPI 96 has been replaced by a new indicator BVPI 223.

BV100	2003/04 Actual	2004/05		2005/06
		Target	Actual	Target
Number of days of temporary traffic controls or road closure on traffic sensitive roads caused by local authority road works per km of traffic sensitive roads	0.028	0.034	0.0017	0.017
Comment on performance				
<p>The target for 2004/05 performance is equivalent to 20 days of road closure of traffic sensitive roads on the TLRN. On the TLRN, all roads are treated as traffic sensitive. The total length of the TLRN is 580 kilometres.</p> <p>There was only 1 day of traffic closures on the TLRN in 2004/05 providing a total of 0.0017 days of temporary traffic closures or road closures per km of the TLRN. This is a significant improvement on the target of 0.034, and significantly better than 0.028 recorded in 2003/04 which represented a total of 16 days closure in that year.</p> <p>Works are programmed with a view to avoiding any road closure on the TLRN. However, if it becomes preferable for complete closures of a stretch of road to take place (for example, at a weekend), that is where an alternative route is available and this reduces the potential inconvenience from frequent lane closures (e.g. the Hammersmith Flyover in August 2003), then the TLRN may be on rare occasion be required to be closed. Currently the schemes scheduled for 2005/06 are not progressed sufficiently to determine if road closures will be required. Based on experience and recent annual results the target for 2005/06 has been halved from the target set for 2004/05 from 0.034 (equivalent to 20 days closure) to 0.017 (equivalent to 10 days closure). This allows TfL the flexibility if required to close the TLRN if it is demonstrated that any scheme for 2005/06 meets the criteria outlined above.</p> <p>TfL's performance for 2003/04 is better than the average of 1.0 for London boroughs, which is due to TfL avoiding road closures on the TLRN.</p>				

BV102	2003/04 Actual	2004/05		2005/06
		Target	Forecast	Target
Local bus services – passenger journeys per year (millions)	1,702	1,800	1,793	1,824
Comment on performance				
<p>Provisional figures show bus passenger journeys have again grown substantially in 2004/05, up 5.4% on 2003/04. While this growth was slightly behind original estimates (5.8%), this differential is insignificant. Growth rates in the budget and business plan (4.2%) have been exceeded, as have targets for revenue.</p> <p>During 2003/04 a significant milestone was achieved with over 6m passenger journeys in one day, the highest daily figure since the 1960s.</p> <p>Further growth of 1.7% is anticipated in 2005/06 with a target annual passenger journeys of 1,824, although this figure will be subject to review in light of final figures for passenger journey in 2004/05 and changes to the methodology for calculation of this figure in 2005/06.</p>				

BV165	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of pedestrian crossings with facilities for disabled people	54.02% ¹	55%	62.7%	75%
<p>Comment on Performance</p> <p>As at the end of 2004/05 the total number of controlled crossing on the TLRN was 1,280, of these 803 are BV165 compliant, making a total percentage of pedestrian crossings with facilities for disabled people of 62.7%. This is substantially ahead of target due to efficiencies and other budget adjustments enabling more work to be completed than originally planned.</p> <p>An extensive programme of civil and signals works is being identified with a view to achieving a target of 75% compliance in 2005/06. All new crossing facilities funded through Borough Spending Programmes (BSP) now have to meet the BV165 accessibility standards.</p> <p>TfL's 2003/04 performance however, is below the reported average of 77% for Metropolitan Authorities.</p>				

BV186	2003/04 Actual	2004/05		2005/06 Target
		Target	Forecast	
Roads not needing major repair (km of road network in a state of good repair per £1 million spent)	8.13	8.25	6.86	n/a
<p>Comment on performance</p> <p>The results for BV186 are at this stage only provisional. This figure cannot be confirmed until such time as the accounts have been scrutinised and finalised.</p> <p>Both elements of the financial data for financial expenditure for 2004/05 required to calculate this indicator have, therefore, been estimated. These forms are normally returned to the Office of the Deputy Prime Minister by 31st July each year, and end of year accounts, that normally supply this data have not been finalised.</p> <p>The provisional estimate for this indicator appears to be much lower than expected, at 6.86 against a target of 8.25 and last year's result of 8.13.</p> <p>At the end of 2004/05 the proportion of the TLRN in a state of good repair has been calculated to be 93% (100% - result for BV96). This is an improvement over the proportion of the TLRN in a state of good repair in 2003/04, calculated to be 88.5%. Overall the proportion of the TLRN in a state of good repair has improved.</p> <p>The construct of the performance indicator requires that average structural expenditure per kilometre spent on the TLRN is averaged over the past 3 years. One factor that may account for the reduction in kilometres in a state of good repair per £1 million is that an extremely low figure for structural expenditure in 2001/02 has dropped out of the 3 year average figure for structural expenditure.</p> <p>A target for 2005/06 is not required as BV186 has been deleted from the list of statutory best value indicators.</p>				

¹ Figure restated from 53.86% following corrected data received June 2004.

BV187	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
Condition of footways (% in need of repair) (TLRN)	23.6%	23%	29%	25%

Comment on performance

The target for this indicator was set in 2003/04 based on the result of the survey for the previous year. In 2004/05, within Street Management capital maintenance budgets, priority was given to improving the state of the TLRN carriageways - with the result that a lower percentage of budget than originally anticipated was spent on footways. This change in emphasis is reflected in the better than 'target' performance for BVPI 96, whilst the value for BVPI 187 is 29%, below target.

An increased proportion of the 2005/06 budget has been allocated to footway works and this has allowed us to put forward a revised target for 2005/06 of 25%.

TfL's performance is in line with the average of 29.2% for all authorities.

BV 99 Road Safety – Number of road accident casualties London-wide

Killed and Seriously Injured Road User Type	2004/05 (Based on 2003 data)		2004/05 as % of 2003/04	2004/05 as % of 1994-98 Average	2005/06 Target (For the 2004 data)
	Target	Actual			
Pedestrians	1,604	1,499	-9%	-30%	5,102
Pedal Cyclists	406	440	6%	-22%	
Powered two wheeler Riders or Passengers	1,126	1,152	-6%	23%	
Car Drivers or Passengers	See note*	1,710	-14%	-33%	
Other Vehicle Drivers or Passengers	See note*	363	-6%	-24%	
Total	5,438	5,164	-9%	-23%	

Children Killed and Seriously Injured Road User Type	2004/05 (Based on 2003 data)		2004/05 as % of 2003/04	2004/05 as % of 1994-98 Average	2005/06 Target (For the 2004 data)
	Target	Actual			
Child Pedestrians	See note*	324	-18%	-45%	539
Child Pedal Cyclists	See note*	62	22%	-44%	
Child Car Passenger's	See note*	109	-13%	-44%	
Other Child Casualties	See note*	48	17%	26%	
Total	589	543	-12%	-42%	

Slightly Injured Road User Type	2004/05 (Based on 2003 data)		2004/05 as % of 2003/04	2004/05 as % of 1994-98 Average	2005/06 Target (For the 2004 data)
	Target	Actual			
Pedestrians	See note*	5,628	-3%	-21%	33,365
Pedal Cyclists	See note*	2,616	-1%	-32%	
Powered two wheeler Riders or Passengers	See note*	5,317	-9%	3%	
Car Drivers or Passengers	See note*	16,326	-9%	-15%	
Other Vehicle Drivers or Passengers	See note*	3,379	-3%	-5%	
Total	37,372	33,266	-7%	-15%	

BV 99 Road Safety – Number of road accident casualties London-wide

Comment on performance

Total Killed and Seriously Injured (KSI)

The full year results for 2004/05 show that the reduction in the number of those Killed or Seriously Injured (KSI) London-wide was better than target. The total number of KSI London-wide recorded at 5,164 is 9% less than the 2003/04 total and 23% less than the 1994-98 average.

The target is for a 40% reduction in KSI casualties across all groups by 2010 compared to the 1994-98 base average. Overall the total number of killed and seriously injured is in line with bettering the target by 2010.

Children Killed and Seriously Injured (KSI)

The full year results for 2004/05 show that the reduction in the total numbers of Children Killed and Seriously Injured (KSI) London-wide was better than the annual target. The total number of Children KSI London-wide recorded at 543 is 12% less than the 2003/04 total and 42% less than the 1994-98 average.

The target is for a 50% reduction in Child KSI casualties across all groups by 2010 compared to the 1994-98 base average. Overall the total number of killed and seriously injured is in line with bettering the target by 2010.

Slightly Injured

The full year results for 2004/05 show that the reduction in the total number of those slightly injured London-wide was better than the annual target. The total number of slightly injured London-wide recorded at 33,266 is 7% less than the 2003/04 total and 15% less than the 1994-98 average.

The London-wide 2010 target in slightly injured across all groups is 35,097, which is a 10% reduction compared to the 1994-98 base average. Overall the total number of killed and seriously injured has already bettered the target for 2010.

Note * : National targets to be achieved by 2010, compared with the average for 1994-98, are for a 40% reduction in total KSI casualties, a 50% reduction in child KSI casualties, and a 10% reduction in the total slight casualty rate, (expressed as number of people slightly injured per 100 million vehicle kilometres). The 10% reduction target for slight casualties applies only to the total since there are no national targets for individual categories. However, TfL retains this information for internal guidance. In addition, TfL adopted the London-wide target of a 40% reduction in KSI casualties for pedestrians, pedal cyclists and powered two wheelers to ensure attention is focused on these vulnerable user groups.

Corporate Health Best Value Performance Indicators

BV2	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
a. The level (if any) of the Commission for Racial Equality's standard to which the authority conforms	Level 0	Level 3	Level 3	Level 4
b. The duty to promote race equality (% of Race Equality Scheme obligations completed)	42.5%	67.5%	47.5%	57.5%
<p>Comment on performance</p> <p>a) TfL has developed comprehensive equality policies addressing the key barrier for achieving Level one of the Local Government Equality Standard. In addition, with the development of robust policies supported by practices and procedures, TfL has confirmed, through independent assessment, an attainment of Level three of the Local Government Equality Standard. TfL's performance is above the average of Level 2 for both Metropolitan Authorities and London Boroughs.</p> <p>b) TfL has achieved a measured improvement upon performance in this area by reviewing the Race Equality Scheme and developing a clear strategy with priorities, targets and outcomes in order to fulfil the general duty to promote race equality. During 2004/05 TfL has implemented a process for delivering actions to meet the current year's target. In setting the target for 2004/05, TfL underestimated the breadth of activities required to meet this performance level and has adjusted to 2005/06 target accordingly.</p> <p>Although TfL's performance is below target it is in line with the average of 47.1% for all authorities.</p>				

BV8	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of invoices for commercial goods and services which were paid by the authority within 30 days of such invoices being received by the authority	77%	87%	80%	84%
<p>Comment on performance</p> <p>TfL Group has achieved the result of 80% of invoices paid within agreed terms for financial year 2004/05. The high level of blocked invoices and issues surrounding the alignment of processes within Accounts Payable (AP) following the formation of the Financial Shared Services Centre (FSC) resulted in a lower actual for 2004/05 than was originally targeted. The implementation in September of the FSC has enabled an alignment of common processes within Accounts Payable to provide consistency across modes in invoice processing alongside the introduction of workflow for invoices in November to improve invoice processing efficiency. This places TfL in a position to capitalise on the improvements implemented in the AP process and to achieve the target of 84% for 2005/06.</p> <p>TfL's performance is below the average of 90.7% for all authorities, but in line with the average for London Boroughs at 80.9%, reflecting the size of the organisation.</p>				

BV11a	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of top 5% of earners that are women	14.69%	15.5%	15.16%	15.5%
<p>Comment on performance</p> <p>TfL has made small but significant progress in increasing the number of women in senior positions. The continuing gap between the target and our progress reflects the historical under-representation of women in Transport.</p> <p>Through more creative advertising and targeted recruitment, TfL will continue to work to attract more women into senior posts. This is a significant challenge since women are considerably under-represented in the pool of talent from which TfL can recruit at this level. For example, the Capital Investment Programme's demand for high volumes of new skills in Programme and Project Management and Transport Planning could represent an opportunity to significantly influence this target, yet this is an area which has not historically attracted a high percentage of women.</p> <p>TfL will focus on its retention plans to ensure those recruited, and those already employed, are supported and provided with opportunities to develop and pursue careers within the organisation, aiming to remove any barriers to progress into senior roles.</p> <p>TfL's performance is below the average of 38.4% for London Boroughs.</p>				

BV11b	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of top 5% earners from black and minority ethnic communities.	7.81%	8.20%	7.88%	8.2%
<p>Comment on performance</p> <p>TfL has made a small but significant progress in this area compared to progress made in 2003/04. However, progress in this area remains a cause for concern as the gap between the current representation of BME staff in the top 5% does not reflect the profile of economically active BME population of London 26%.</p> <p>The difficulty in recruiting BME senior staff is compounded by the present shortage of key skill across the UK labour market, eg engineering, project management, transport planning. Through more creative and targeted advertising and by recruiting internationally as well as nationally TfL aims to improve its performance in this area by both attracting more senior staff from BME groups and acquiring the skills needed. For example, the Capital Investment programme's demand for high volumes of new skills in programme/project management and transport planning brings an opportunity to recruit externally and improve diversity.</p> <p>TfL's longer-term approach will include the coordinated development of employees from TfL's diverse pool to increase opportunities for promotion to more senior roles and career development. This approach will be trialled this year and is currently under development in Streets.</p> <p>TfL's performance is also significantly below the average of 11.6% for the London Boroughs.</p>				

BV12	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The number of working days / shifts lost due to sickness absence per full time employee All Staff	11.55	10.38	12.48	11.9
The number of working days / shifts lost due to sickness absence per full time employee Operational Staff	13.33	11.50	15.04	13.8
The number of working days / shifts lost due to sickness absence per full time employee Non-Operational Staff	8.26	7.50	7.79	7.5

Comment on performance

TfL is significantly better than average for other UK Metropolitan travel organisations, who average 13.8 days in 2003/04, but performance is worse than the average of 10.3 days for all authorities

Non-Operational:Operational

In non-operational areas sickness has fallen to 7.79 days, and TfL are in the top 25% of all authorities, where the average is 8.9 days. The increase in operational sickness to 15.04 days has resulted in an overall increase year on year.

Non-Operational Analysis

HR Services introduction in the last 2 periods was likely to have two conflicting impacts on reported figures. First, an improvement in ease of access to sickness reporting is likely to reduce under reporting of sickness, and increase figures. We did indeed see this trend, with figures increasing from 3% better to 3% over target. Second HRS has introduced proactive reminder of managers of action on return to work, improved discipline to long term sickness actions and linkage with Occupational Health, plus data analysis to give visibility of problem areas. These planned activities should provide downward pressure on sickness figures. We expect figures to remain close to target of top quartile.

Operational Analysis

In the operational areas two factors explain higher levels of recorded sickness than non-operational areas. First, positive time recording (clocked shift working) eliminates the issue of under recording of sickness. Second, stricter rules on work in relation to safety critical tasks drives up sick absence. Furthermore, in these areas HRS will have much lower impact because of positive time record, and the largest area (LUL) retains its local administration and management of sickness (although regular conferencing with HRS on long-term sickness cases will retain focus on this area). There is no obvious reason for the increase in recorded sickness, which only saw an increase in trend year on year during the final quarter. LUL, Surface, and Corporate breakdowns are 14.6, 18.5, and 3.2 days respectively. Action in LUL and Surface during 2005/6 to bring figures to target will concentrate on the new data services department's analysis to identify hot spots and then implementation of focused activity at a local management level to address issues. Focus on long term sickness, and a study to make LUL occupational health services more widely available will provide downward pressure. Initiatives such as 'flu jabs' have been implemented for all staff, with the aim of improving overall employee health. Target will be set to ensure that operational areas reduce sickness levels to better the average for UK metropolitan transport companies.

BV14	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of employees retiring early (excluding ill-health retirements) as a percentage of the total workforce	0.38% ²	0.50%	0.78%	0.80%
<p>Comment on performance TfL's performance in 2004/05 was worse than expected. This figure is driven by a high level of restructuring and downsizing, especially at the corporate centre. In all 53% of all early retirements relate to voluntary severance driven by efficiencies. If these factors were to be discounted, early retirement would be better than average.</p> <p>This restructuring is due to continue throughout 2005, hence the raised target.</p> <p>TfL's performance is worse than the 2003/04 average of 0.6% for all local authorities.</p>				

BV15	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce	0.82% ²	0.6%	0.52%	0.6%
The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce Operational Staff	1.07% ²	0.6%	0.51%	0.6%
The percentage of employees retiring on the grounds of ill-health as a percentage of the total workforce Non-Operational Staff	0.37% ²	0.6%	0.52%	0.6%
<p>Comment on performance TfL has achieved all targets, with a minimal number of employees retiring on the grounds of ill-health. TfL has also used redeployment to find suitable alternative work for employees not able to perform existing duties.</p> <p>TfL works pro-actively to support employees with ill-health whilst recognising the essential safety requirements for the operation of LU. Greater use has been made of the reasonable adjustment process.</p> <p>However, TfL's 2003/04 performance is worse than the average of 0.4% for all authorities, due to the predominance of operational staff and safety critical roles compared with the benchmark group.</p>				

² Figure restated following audit of 2003/04 Best Value Performance Plan

BV16	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of employees declaring they meet the Disability Discrimination Act 1995 disability definition compared with the percentage of economically active disabled in the authority area	0.43%	0.59%	0.44%	0.59%
<p>Comment on performance</p> <p>The percentage of economically active disabled people in London is 7.7%. TfL's 2004/05 performance is only slightly better than 2003/04, and was below target for 2004/05.</p> <p>TfL intends to focus on making significant changes to improve its performance in this area. During 2005/06 TfL will launch the new TfL brand and start a 'hire the customer' campaign. This will attract those who still do not see TfL as an employer of disabled people. TfL has already begun to implement its strategy for improving processes for recruiting, and is introducing better training on reasonable adjustments during recruitment. An adjustments register and improved access to information for managers has been implemented, with improvements being trialled in LUL. Improved recruitment processes and training will be supplemented by positive action initiatives to ensure that a representative section is attracted and selected. For example, TfL is already working with a number of organisations (The Camden Society, The Toucan Group, Job Base and Action for the Blind) that are assisting with finding suitably skilled disabled candidates. These and other initiatives will enable TfL to achieve its 2005/06 target.</p> <p>TfL's 2003/04 performance is below the average of 2.9% for the London Boroughs.</p>				

BV17	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of employees from minority ethnic communities compared with the percentage of economically active minority ethnic community population in the authority area	31.69%	26% or above	31.88%	26% or above
<p>Comment on performance</p> <p>TfL continues to maintain a workforce well above the percentage of economically active minority communities in the authority area, which currently stands at 26.0%,</p> <p>TfL's 2003/04 performance of 31.69% is above the average of 22.5% for London Boroughs.</p>				

BV156	2003/04 Actual	2004/05		2005/06 Target
		Target	Actual	
The percentage of authority buildings open to the public in which all areas are suitable for and accessible to disabled people	20% ³	30% ⁴	31%	33%
<p>Comment on performance</p> <p>This indicator includes TfL's portfolio of buildings within its control, all London Underground stations and Bus stations and Dockland Light Railway (DLR) stations. The target for 2004/05 has been adjusted from that previously published to take into account DLR stations which had not previously been reported.</p> <p>Since the end of 2003/04 five London Underground stations (Earls Court, Hammersmith, Hounslow East, East Ham and West Ham) and three bus stations (Vauxhall, Waterloo and West Croydon) have been made accessible, thus increasing the number of step free stations. Also work was carried out to increase the number of office building which are accessible by the end of 2004/5.</p> <p>TfL's performance in 2003/04 is below the average of 43.5% for all authorities, which is a reflection of the nature of buildings and structures which are unique to TfL.</p>				

³ Excluding DLR stations

⁴ Including DLR stations

BV157	2003/04	2004/05		2005/06
	Actual	Target	Actual	Target
The percentage of interactions with the public, by type which are capable of electronic service delivery and which are being delivered using internet protocols or other paperless methods	80.8% ⁵	90%	90%	100%
<p>Comment on performance</p> <p>Transport for London is expected to meet the target of 100% e-enabled customer interactions by April 2006 with over 80% of priority outcomes now being actively implemented. These implementations will eventually help TfL deliver service improvements for all its customers and efficiency benefits in line with DfT and government targets.</p> <p>TfL's 2003/04 performance is much better than the average of 63.4% for all authorities and is in the top 25% of authorities, who average 74%</p>				

⁵ Figure restated following audit of 2003/04 Best Value Performance Plan

Transport for London Initial Performance Assessment – Areas for Improvement

Areas for improvement	Themes (from report)
<ul style="list-style-type: none"> • Partnership working and shared priorities: <ul style="list-style-type: none"> ○ Ambition not fully supported by all stakeholders; for example, some London Boroughs ○ Some stakeholders do not see their influence on, or the rationale for, some important priorities ○ Balancing strategic and provider roles ○ Basis of allocation between projects not always transparent and difficulties prioritising between large and small projects 	Ambition, Prioritisation
<ul style="list-style-type: none"> • Achieving the benefits of ‘one TfL’: <ul style="list-style-type: none"> ○ Human resources and equalities are underdeveloped ○ Cannot demonstrate whether use of consultants has improved internal capacity ○ Procurement capacity underdeveloped ○ Some confusion lower in the organisation about decision-making framework ○ Co-ordination across GLA group less effective on corporate matters and efficiency, eg procurement ○ Performance appraisal processes not consistent ○ Not consistently demonstrating value for money across full range of activities – post implementation VFM reviews lacking ○ Inconsistent mechanisms for capturing customer feedback 	Capacity, Performance management
<ul style="list-style-type: none"> • Service quality improvements, including: <ul style="list-style-type: none"> ○ Capacity of transport systems ○ Structural condition of TLRN and footways ○ Customer care standards ○ Accessibility for people with mobility difficulties ○ Walking and cycling conditions and environmental quality 	Achievement in quality of service
<ul style="list-style-type: none"> • Challenge through scrutiny, transparency and learning: <ul style="list-style-type: none"> ○ External (London Assembly) scrutiny is not sufficiently aligned to Mayor’s priorities and TfL plans and has had limited impact ○ Panels and committees held in private – limits public accountability and transparency ○ Limited learning between the functional bodies and the GLA ○ Learning is not shared systematically across TfL ○ Some reticence to learn from others in UK 	Investment, Learning
<ul style="list-style-type: none"> • Reducing travel demand and PPP issues: <ul style="list-style-type: none"> ○ Progress with reducing travel demand (MTS produced before London Plan) ○ Uncertainties over ability of PPP to deliver improvements and maintain service quality 	Achievement of improvement, Future plans

**TRANSPORT FOR LONDON
TfL BOARD**

SUBJECT: MODAL SHARE TRENDS

MEETING DATE: 18 May 2005

1. PURPOSE

The purpose of this paper is to report to the Board on trends in mode shares in London from 1999 to 2004, updating the Board paper of February 11th 2004.

2. RECENT TRENDS: MODE SHARES FROM 1999 TO 2004

2.1 OVERVIEW

It is estimated that between 1999 and 2004:

- Total mechanised trips (public transport and car) increased by 8%.
- Public transport trips increased by 23%
- Bus travel in London increased by over 40% or by over 1.5 million trips daily from 3.5 to 5.0 million trips per day (approximately 8% per annum).
- Train and Tube travel both increased by roughly 8% each.

More recently between 2003 and 2004:

- Bus trips increased by 9%.
- Tube travel increased by 4%
- National Rail trips have remained roughly constant.
- Walking and cycling trips increased by 2% from 5.9 to 6.1 million trips per day.
- Car travel remained roughly constant.

As a result, the share of travel by public transport between 1999 and 2004 increased from around 30% to 35%¹. A third of this increase was between 2003 and 2004. Despite increased cycle trips, the modal share of walking and cycling combined remained constant due to the low overall cycling numbers. Car's share fell from 47% to 43% over the five years. Table 1 in the appendix shows the movement in daily trip making in London and modal shares in more detail.

¹ An increase of 4 percentage points, actual figures is 30.4% to 34.6%

2.2 REVIEW

The increase in total trips of 8% over the five years (1999-2004) is above the estimated 5% increase in London's population. This increase in trip making is consistent with a longer term trend, with the number of trips made per person per day in London increasing from 2.77 in 1993 to 2.92 in 2003 (Graph 1).

The 8% increase in both National Rail and Tube trips from 1999 to 2004 mainly reflects the growth of employment and other activity in central London and Docklands. The 40% increase in travel by bus can be attributed in part to the underlying population growth but mostly reflects gains in market share from car. This results from the fares and service improvements (network expansion, frequencies, vehicle investment, and bus priority), plus the introduction of the Congestion Charging scheme. This increase, together with growth on the DLR and trams, already exceeds the DfT's national target of a 12% change between 2000 and 2010 for light rail and bus usage. Public transport trips as a whole have increased by 23%.

Targets for cycling, as set out in the TfL Cycling Action Plan, also appear to have been exceeded with cycle counters on the TLRN indicating an increase in cycle flows of 40% since 2001, and an increase of 19% between 2003 and 2004.

By contrast car use, which increased throughout the 1990s, has levelled off since 2000. There is some apparent decline on major roads throughout London (see Table 3 (ii) in the appendix). However, over the whole of London on all roads there is little change. Across London as a whole, TfL is meeting traffic reduction targets as set out in the Mayor's Transport Strategy.

This recent growth in bus and decline in car travel in London is in marked contrast to the historic trend – still very evident in the UK outside London – for bus use to decline from an already quite low base, while car usage increases.

2.3 CURRENT TRENDS: 2004 AND 2005

Current trends suggest a continued growth in bus use and shift to public transport modes is likely to occur in 2005, with car share continuing to decline. Public transport trips are currently growing by approximately 5% year on year. Bus fare increases in January 2005 are likely to slightly slow this growth, though ongoing positive factors such as economic growth and improved service quality mean that even after the fares rise, bus journeys are continuing to rise. Public transport therefore is continuing to gain market share from the car.

3. RECOMMENDATIONS

The Board is asked to NOTE this paper.

Appendix: Statistical evidence

Table 1
Indicative London Travel Trends 1999 to 2004

	Bus	Tube	Train	Total public	Car / taxi	Walk / cycle	Total
	Trips per day (m)						
1999	3.5	2.5	1.3	7.5	11.4	5.7	24.6
2003	4.6	2.6	1.4	8.7	11.4	5.9	26.0
2004	5.0	2.7	1.4	9.2	11.4	6.1	26.6
	Percent Mode Shares						
1999	15	11	5	30	47	23	100
2003	18	10	5	33	44	23	100
2004	19	10	5	35	43	23	100

Notes:

1. Some rows do not sum to 100% due to rounding.
2. The changes in public transport use shown in Table 1 reflect detailed operator passenger statistics.
3. The walk figures for all years are indicative, with growth assumed in line with population.
4. The 2004 car traffic figure is consistent with data found in Table 4.
5. Figures represent main mode of trip only.

Table 2
Weekday AM peak travel to central London 1999 to 2004
(thousands of persons)

	Trips by			Total Trips
	Bus	Tube/Train	Car etc	
1999	68	822	135	1074
2000	73	848	137	1108
2001	81	844	122	1093
2002	88	831	105	1068
2003	104	794	86	1028
2004	116	830	86	1075
1999 to 2004	+71%	+1%	-36%	nil

Notes:

1. AM peak car travel to central London has fallen by around 40% since 1999, though since 2003 has remained constant.
2. Total trips into Central London have remained roughly constant.

Table 3 (i)
Trends in road traffic (annual vehicle kilometres) by area of London
(24 hr counts – all vehicles, ALL ROADS)

	Central area¹	Inner area	Outer area	All London
	index	Index	index	index
1999	100	100	100	100
2000	98.8	99.6	100.0	99.8
2001	96.3	99.9	100.2	100.0
2002	93.9	99.7	100.8	100.2
2003	93.5	99.8	100.8	100.2
<i>% change 1999-2003</i>	-7	-0.2	+1	+0.2

¹ City of London and Westminster

Table 3 (ii)
Trends in road traffic (annual vehicle kilometres) by area of London
(24 hr counts – all vehicles, MAJOR ROADS)

	Central area¹	Inner area	Outer area	All London
	index	Index	index	index
1999	100	100	100	100
2000	98.4	98.5	100.8	100.0
2001	95.0	99.2	101.0	100.2
2002	89.4	96.9	100.0	98.7
2003	88.5	95.8	99.1	97.7
<i>% change 1999-2003</i>	-12	-4	-1	-2

Notes:

1. Table 3(i) shows car traffic levels for all roads have seen a decline in central and inner areas of London and a 1% rise in outer London since 1999. Over the whole of London traffic levels are stable.
2. Table 3(ii) shows major road traffic has declined in all areas of London since 1999.
3. Central area relates to only City of London and Westminster.
4. Data are not yet available for 2004.

Table 4
Trends in road traffic crossing cordons
(24 hour counts – all vehicles, combined directions)

	Inner / Outer boundary	Greater London boundary
	Index	index
1999	100	100
2000	99.4	100.1
2001	98.8	100.3
2002	98.2	100.4
2003	97.0	100.4
2004	95.8	100.5
<i>% change 1999-2004</i>	-4.2%	+0.5%

Notes:

1. Table 4 shows a decline in traffic counts on the inner/outer boundary and a small increase (0.5%) for the Greater London boundary between 1999 and 2004.

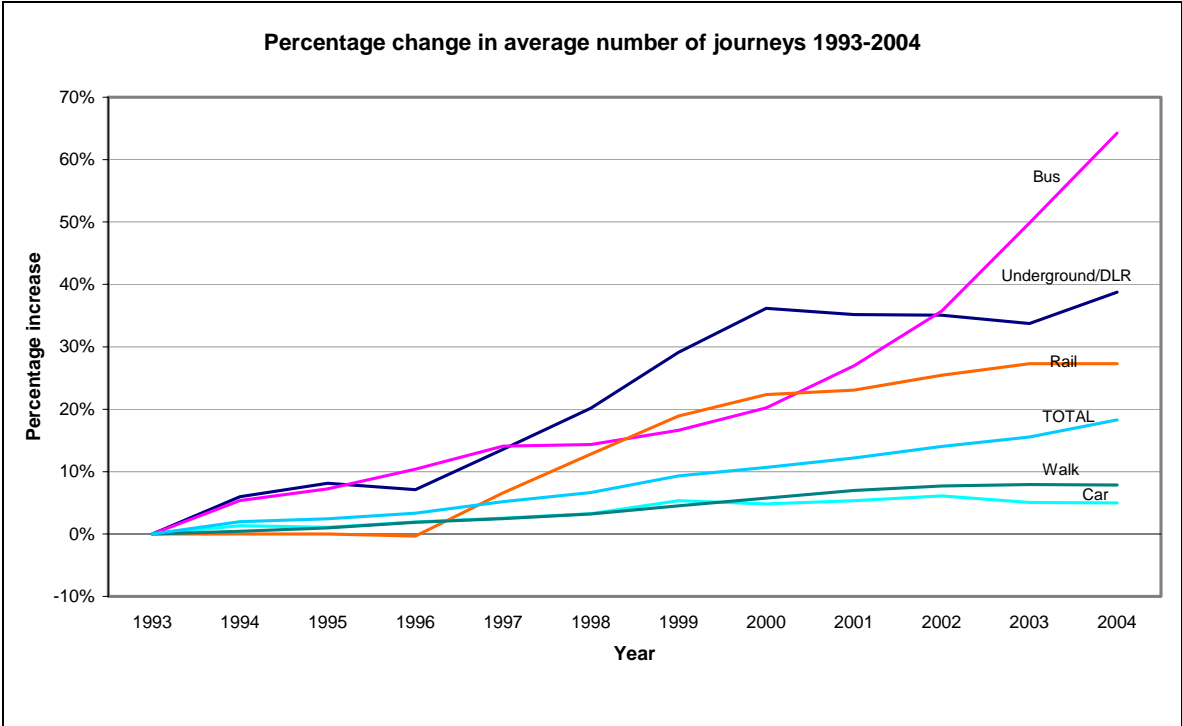
Graph 1: London trips per person per day



Notes:

1. Number of trips undertaken per person per day in London rose from 2.77 in 1993 to 2.92 in 2003
2. Data are not yet available for 2004.

Graph 2: Percentage change in number of journeys 1993-2004



AGENDA ITEM

TRANSPORT FOR LONDON BOARD MEETING

SUBJECT: 2004/05 TfL ANNUAL REPORT AND ACCOUNTS –
PROPOSED APPROACH

MEETING DATE: 23 May 2005

1. PURPOSE

The purpose of this paper is to agree the proposed approach to the publication of the 2004/05 TfL Annual Report and Accounts and to agree amended terms of reference for the Finance Committee and Audit Committee to reflect this.

2. BACKGROUND

TfL is legally bound under section 161 of the GLA Act 1999 to produce a report on its achievements and the performance of its functions during the year. It is also required to produce a Statement of Accounts under Section 7 of the Accounts & Audited Regulations 2003.

Historically these two documents have been produced as two separate self standing documents with only a very brief summary of the relevant finance information going into the Annual Report. The position has been reviewed over the last few months and the intent is to prepare a combined Report and Accounts where all of the information is contained within one published document. To do this will meet normal best practice, and indeed will be more suited to the expectations of investors in our bond issue.

3. PROPOSED APPROACH

- 3.1 The Director of Group Marketing will be responsible for the production of the 2004/05 TfL Annual Report and Accounts.
- 3.2 An outline of the proposed structure of the Annual Report and Accounts is set out at **Appendix A**. It is proposed that the Annual Report and Accounts will demonstrate the very real improvements being put in place to effect a substantial transformation in London's transport system. A print run of 2,000 hard copies will be produced for distribution to key stakeholders. The document will also be placed on the TfL website to allow for greater audience reach (last years' was visited by 12,500 users of the TfL website). The London Stock Exchange will be notified of the publication of the document pursuant to the Listing Rules, since TfL should comply with the Listing Rules as

best practice following our bond issue (although TfL is not currently bound by the relevant Listing Rules).

4. TIMETABLE

The timetable for the approvals process of this Annual Report & Accounts is as follows.

17 June	Draft Report and Accounts circulated to Audit Committee Members
23 June	Audit Committee Meeting
27 June	Statement of Accounts goes on public inspection
29 June	Draft Report & Accounts circulated to Board Members and Advisors
13 July	TfL Board Meeting approve Report & Accounts in principle subject to any issue on inspection
22 July	Inspection of Accounts closes
29 July	Annual Report & Accounts finally signed off

5. ROLE OF FINANCE COMMITTEE AND AUDIT COMMITTEE

Following discussions with the respective Chairs of the Finance Committee and Audit Committee, it is proposed that the terms of reference of these Committees be changed to remove the Finance Committee from having to review the Annual Report and Statement of Accounts and to enhance the role of the Audit Committee in reviewing these documents and monitoring the integrity of the information within them. The Finance Committee will focus on such areas as the TfL Business Plan, financing programme, treasury management, major projects, and e-money.

The Audit Committee's role with regard to the annual accounts should be expanded to enable it to take a view across the whole process, ie the arrangements to compile the accounts, the actual figures in the accounts and a review of the published accounts.

The current Terms of Reference of the Audit Committee include the provisions

- To satisfy itself with the arrangements put in place by management to ensure that the TfL Group prepares its

- annual accounts and reports in accordance with all relevant legislation and accounting standards;
- To review the Annual Report and Accounts, including any statements therein made by the TfL Board, and will monitor the accounting policies used in the preparation thereof.

The current Terms of Reference of the Finance Committee include the provisions that

That it will advise on and assist the TfL Board with issues relating to financial matters and, in particular, in providing advice in relation to inter alia:-

Annual Accounts
The Annual Report

To implement the changes:

- The provisions in the Finance Committee's terms of reference set out above needs to be deleted and
- The Audit Committee's terms of reference expanded to include the provision
 - To monitor the integrity of TfL's annual accounts and to review significant financial reporting judgements

The opportunity has been taken to clarify the role of the Audit Committee in relation to the assurance process for the newly combined TfL Annual Report and Accounts and to specify the officers charged with providing the information on which judgments will be based.

The Appendices B and C to this report sets out the proposed changes.

6. RECOMMENDATIONS

The TfL Board is asked to:

- (a) **APPROVE** the outline structure of the Annual Report and Accounts;
- (b) **APPROVE** the amended Terms of Reference of the Audit Committee and Finance Committee
- (c) **NOTE** the timetable.

APPENDICES:

Appendix A Annual Report & Accounts – Proposed structure

Appendix B Terms of Reference of Finance Committee

Appendix C Terms of Reference of Audit Committee

APPENDIX A

2004/05 ANNUAL REPORT – OUTLINE STRUCTURE (For discussion)

Theme: TfL's achievements in improving London's transport system

Tone: **Factual** and financially robust report which demonstrates where TfL has made real improvements across many areas of London's transport infrastructure which is also in keeping with the expectations of investors in our bond issue. Demonstration of greater organisational transparency by including more detailed financial performance and remuneration

Length: 118 pages

Visual feel: Clean, stylish, modern and progressive, featuring highly illustrative photography

1. Introduction from Mayor (London / GLA perspective)

- The continued expansion of London's economy needs to be supported by an integrated transport network
- Work underway: 5-Year Investment plan, Transport Strategy; congestion charge; LU integration one year on and our partnership and with infracos, Olympics – plans and outcome for Londoners if bid successful
- Looking to the future: Passenger numbers/modal achievements; consultation on new cross rail links, Thames River Crossings and consultation on light transit schemes

2. Commissioner's review

- Introduction examining key achievements in undertaking and delivering 5-Year Investment plan; Mayor's Transport Strategy over the past year. Also looking at the key challenges over past year.
- Highlight progress in delivering on the Mayor's Transport Strategy e.g. upgrades in vehicles/infrastructure eg buses, D-a-R, LU stations, TOCU
- Looking to the future of TfL: PPP and funding. Highlight activity on range of new transport measures and commitment to working with others to transform transport in London
- Employees
- Policing and Enforcement
- Sustainability
- Social Inclusion

3. LU section

- Report by Tim o'Toole on performance overview (including appropriate financial chart and information); PPP Review; Investment; Accessibility; MTS

4. Surface Transport section

- Report by Peter Hendy on performance overview (including appropriate financial chart and information); Buses; Street Management; TPED; PCO; Trams; VCS; LRS; D-a-R; MTS

5. Rail section

- Report by Ian Brown on performance overview (including appropriate financial chart and information); DLR (Service operations and extensions), working with TOCs, CCTV; Policing; Major projects (Crossrail and ELL); Freight; MTS

6. Finance and Planning

- Report by Jay Walder on performance overview (including appropriate financial chart and information); efficiencies
- Oyster; Journey Planner; Customer information; business information; MTS

7. Remuneration Committee Report

8. Statement of Accounts

Detailed breakdown of TfL's financial resources (income, expenditure and investment) including details required by the GLA Act 1999 e.g. financial assistance given under section 159

Statement of Accounts section to also include:

Financial Statement
Guarantees, arrangements and indemnities
Employee numbers

Appendices

Operating statistics
Performance statistics
Board members, committees panels, Chief Officers]

APPENDIX B

FINANCE COMMITTEE

Membership

- Chair : Mike Hodgkinson
- Members : Stephen Glaister
John Ormerod
Honor Chapman
- In attendance: Other Chief Officers (including the Managing Director of Finance and Planning and the Chief Finance Officer) or senior management as the Chair of the Committee shall require, shall attend all or any part of a meeting.
- Secretary : To be provided by TfL Company Secretariat
- Quorum : Three Members

Frequency of Meetings

The Finance Committee shall meet not less than 6 times a year or at such other frequency as determined from time to time by the Chair.

Terms of Reference

The Finance Committee will advise on and assist the TfL Board with issues relating to financial matters and, in particular, in providing advice in relation to:

- a) TfL's Budgets proposals for their submission to the Board;
- b) The Business Plan;
- c) Transactions over £100 million;
- d) Budgeted projects over £100 million and unbudgeted projects over £25 million;
- e) Delegation of financial functions;
- f) Formation of subsidiary companies of TfL and their subsidiaries and the disposal of subsidiary companies and their subsidiaries;

- g) Formation of any Associate or Joint Venture Company by TfL or its subsidiaries and the disposal of any such company;
- h) Acquisition of more than 25% of the shareholding of companies by TfL or its subsidiaries and the disposal of such shareholding;
- i) Disposal of a part of TfL's or its subsidiaries' undertaking;
- j) Making and amending TfL standing orders in relation to the Scheme of Delegation;
- k) Schemes for transferring property, rights and liabilities between TfL and its subsidiaries or between subsidiaries, including subsidiaries of subsidiaries;
- l) The programme of compulsory purchase orders and any amendments (including withdrawals) to the programme (by order confirmed by the Secretary of State and submitted to him/her with the consent of the Mayor);
- m) The general level and structure of fares for public passenger transport services and/or charges for other public passenger transport facilities and fares for hackney carriages;
- n) Establishment of, and keeping under review, a policy for TfL exercising its power to borrow;
- o) Establishment of, and keeping under review, a policy for TfL exercising its power to issue guarantees and indemnities associated with guarantees;
- p) Establishment of, and keeping under review, a policy for TfL exercising its power to give financial assistance; and
- q) Establishment of, and keeping under review, a Treasury Management Policy.

A Schedule will be submitted to each meeting, summarising any project approvals given by the Commissioner or the Managing Director, Finance and Planning, since the last meeting and project approvals likely to be sought under their authority prior to the next Committee meeting (where these are known of).

In carrying out its Terms of Reference the Finance Committee will give due regard to the principle of equal opportunity for all people.

AUDIT COMMITTEE

Membership

Chair : John Ormerod
Members : Mike Hodgkinson
Dave Wetzel
Patrick O'Keefe
Advisors : Bryan Heiser
Murziline Parchment

In attendance: Managing Director, Finance and Planning
Chief Finance Officer
Director of Internal Audit
General Counsel
External Auditors
Other Chief Officers or senior management as the Chair of the Committee shall require, shall attend all or any part of a meeting.

Secretary : To be provided by TfL Company Secretariat

Quorum : Three Members

Frequency of Meetings

The Audit Committee shall meet not less than four times a year or at such other frequency as determined from time to time by the Chair. As referred to in paragraphs 22, 23 and 46 of this Standing Order, meetings of the Committee shall be convened by the Meeting Secretary, and special meetings may be called at any time by the Chair or the Secretary in consultation with the Chair. Meetings of the Audit Committee may also be convened by the Managing Director, Finance and Planning, the Chief Finance Officer, Director of Internal Audit or the external auditors.

Terms of Reference

- a) To review the arrangements put in place by management to ensure that the TfL Group prepares its annual accounts and other published financial reports in accordance with all relevant legislation and accounting standards;

- b) To review the TfL Groups annual accounts and in particular to review the selection of appropriate accounting policies and significant financial reporting judgements.
- c) To review the Annual Report and Accounts, including any statements therein made by the TfL Board
- d) To review the effectiveness of the systems of internal control in place throughout the TfL Group, on the basis of reports from management, internal audit and the external auditors. Internal control is not restricted to financial control but includes, inter alia, the arrangements that management has put in place for: -
- the systematic identification of business risks and mitigating controls, and procedures for ensuring these are properly implemented and effective;
 - legal compliance;
 - budgetary control; and
 - ensuring a systematic approach to minimise the risk of fraud.
- e) To maintain an oversight of corporate governance throughout the TfL Group and receive, on an annual basis, reports from General Counsel and the Director of Internal Audit on the implementation, operation of and compliance with TfL's Code of Corporate Governance;
- f) To review the appropriateness of the response to reports under 'whistleblowing' procedures
- g) To review plans for Best Value (or equivalent) reviews; the Committee will be kept appraised of proposed Audit Commission inspections, will receive copies of any Audit Commission inspection reports and will receive internal reports on the implementation of procedures and controls to address issues raised therein;
- h) The Committee may call upon any Chief Officer or other TfL member of staff to provide it with information, either orally or in writing. The Audit Committee may also have access to all TfL Group records and documentation.

Relationship with Internal Audit

- i) The Audit Committee will review the audit plans and scope of Internal Audit and available resources and shall be able to require Internal Audit to carry out specific investigations;

- j) The Audit Committee will review and discuss audit findings and monitor management responses to these findings to ensure appropriate follow-up measures are taken;
- k) At least annually, Members of the Audit Committee shall meet with the Director of Internal Audit without any TfL officer being present.

Relationship with External Audit

- l) The Chief Finance Officer shall make available to the Audit Committee such information and explanations as it requires in order for it to carry out its review of the Annual Report and Accounts, Annual Audit Letter and other external audit reports and discuss with the External Auditors any issues arising from the audit;
- m) The Audit Committee will review the Annual Report and Accounts, including any statements therein made by the TfL Board, and will monitor the accounting policies used in the preparation thereof;
- n) The Audit Committee will meet with the External Auditors before their audit commences to communicate any matters of which it considers the External Auditors should be aware, and to review its audit plans and scope; the Committee will assist the External Auditors by providing communication with the TfL Board, and review External Audit Annual Audit Letters, together with management's responses;
- o) Following the completion of each statutory audit, the Audit Committee will review the performance of the External Auditors;
- p) At least annually the Members of the Audit Committee shall meet with the external auditors without any TfL officer being present.

In carrying out its Terms of Reference the Audit Committee will give due regard to the principle of equal opportunity for all people.

TRANSPORT FOR LONDON

STAFF SUMMARY

TfL BOARD

SUBJECT: EAST LONDON LINE

MEETING DATE: 18 MAY 2005

1. PURPOSE

- 1.1 This summary has been produced following the review of the Project at the Project Review Group (PRG) held on 28 January, with the aim of presenting the basis on which the Project is to be taken forward.
- 1.2 The TfL Board is asked to approve in principle the “package” of contracts (and other expenditure) required to be let (or otherwise incurred) in the financial year 2005/6.
- 1.3 After accounting for expenditure funded by the Department for Transport in 2004/5 and providing for inflation and cost escalation, the total funding provision for Phase 1 of the Project included within TfL’s 5-year Investment Programme is £886 million.

2. BACKGROUND

2.1 The East London Line Project

- 2.1.1 The East London Line Project involves work on three sections of existing or former railway infrastructure and putting links in place between them: the rehabilitation and upgrading of the existing London Underground East London Line, the re-instatement of disused National Rail routes to link Dalston in the north and some modifications to existing infrastructure to reach Croydon and Crystal Palace in the south. A diagram of the line is attached as Annex 1.
- 2.1.2 London Underground obtained Transport and Works Act orders in 1997 and 2001 to authorise the construction of, respectively, the northern and southern extensions to the line. The northern extension was to extend the line beyond Shoreditch, crossing over the Bishopsgate Goods Yard (BGY) and running on disused railway alignments until Dalston Junction after which it would run parallel to the North London Line to Highbury and Islington. The southern extension was intended to link the East London Line to the national rail network at two points with the possibility to run through services to Clapham

Junction in the west and West Croydon and Crystal Palace in the south. Sponsorship of the Project was transferred to the Strategic Rail Authority (SRA) in order to take the Project forward as part of the overall strategy for the national rail network. However, the East London Line Project did not find sufficient support from Government during the period of the SRA's sponsorship due to concerns about the procurement model and affordability against other Government investment objectives.

- 2.1.3 Following publication of the Government's White Paper entitled "The Future of Rail", the Government decided to transfer sponsorship of the Project from the Strategic Rail Authority to TfL. This was confirmed as part of the 5-year funding settlement agreed between the Department for Transport (DfT) and TfL in July 2004. Transfer of the Project took place on 13th November 2004.
- 2.1.4 Recognising the importance of the Project to London and the longer term transport and regeneration benefits, TfL reviewed the proposals for delivery of the line so as to simplify the delivery mechanism, moving away from the SRA's Design, Build, Finance and Transfer (DBFT) mechanism towards a more conventional procurement financed by prudential borrowing. Further review of the business case for the Project also showed that phasing the Project offered an opportunity to relieve the affordability pressures while still maintaining the benefit cost ratio of a reduced first phase.
- 2.1.5 The current proposal for the Project is based on two phases. Phase 1, currently funded in TfL's 5-year Investment Programme, will extend the existing line north to Dalston Junction and south to Crystal Palace and West Croydon. Phase 2, which is not currently funded in TfL's 5-year Investment Programme but can be implemented at a later date, will provide services operating to Clapham Junction in the south and extend the line in the north to run parallel to the North London Line, with stations at Canonbury and Highbury and Islington.
- 2.1.6 To enable safe and efficient running of trains, which will be operated as part of the National Rail Network, the works for the East London Line Project will be undertaken, where necessary, to Railway Group Standards and Network Rail (NR) Company Standards. It is currently planned that NR will act as Infrastructure Controller and Facility Owner.

2.2 The Objectives of the East London Line Project

- 2.2.1 The East London Line Project objectives are to further the Mayor's London Plan by providing better public transport for the growing number of people who live and work in London. Specifically it will:
 - provide a link to areas of Hackney which currently have poor rail access, enabling opportunities for regeneration in the area.

- enable provision of additional rail capacity without running into the operational constraints at London Bridge and making full use of a valuable existing river crossing in East London.
- consequently reduce congestion on the existing rail network, especially on journeys to London Bridge and the Northern Line (via Bank), and to Waterloo, Victoria and the Thameslink stations;
- reduce journey times from south London to Docklands, the City and other parts of inner London;
- improve accessibility by public transport to key areas that are poorly served, including parts of Docklands, Hackney, Lambeth, Lewisham and Southwark;
- better integrate the network in inner London and link with other modes of transport including buses and light rail;
- provide direct rail services between north, east and south London offering new journey opportunities and reducing the need to interchange.
- introduce the capability to provide an orbital rail route for London, when interfaced with other existing rail routes.

2.2.2 The Project will relieve congestion on the roads in and around central London, especially the South Circular Road, the roads through Lewisham and the Rotherhithe Tunnel, and the New North Road and Kingsland Road to Aldgate.

2.2.3 The Project also has wider socio-economic and environmental benefits, and is intended to:

- promote local economic regeneration in areas of significant deprivation, providing enhanced employment opportunities and greater social inclusion; and
- improve the environment in the area by improving air quality and reducing emissions of carbon dioxide.

2.2.4 To meet these objectives, certain criteria must be met. At the highest level, these criteria are set out as requirements for the enhanced East London Line to provide an operational service of 12 trains per hour ('tph') in each direction between Surrey Quays and Dalston Junction at the completion of Phase 1, with a 4 tph service each to New Cross, Crystal Palace and West Croydon. The ultimate planned operational capacity will be 18 tph, at the completion of Phase 2.

3.0 THE BUSINESS CASE REVIEW

3.1 Prior to taking over the Project from the SRA a Demand Analysis and Business Case Report was produced to confirm the data and that the option adopted by the Project produced the best Benefit Cost Ratio (BCR) of the possible options. This Business Case Report provided the basis for the inclusion into the TfL 5-year Business Plan.

- 3.2 This business case has been calculated in a manner compatible with TfL business planning guidelines and shows a benefit cost ratio of 1.59:1 for the first phase of the Project. This BCR can be compared with that for LUL only reduced option of 0.44:1.
- 3.3 The cost of Phase 1 of the Project was estimated at £754 million at 2nd quarter 2002 prices. After accounting for expenditure funded by the Department for Transport in 2004/5 and adding an allowance for inflation and cost escalation, this translates to a funding provision of £886 million included in TfL's 5-year Investment Programme. An additional sum of £10 million will be transferred to the Project from TfL's Interchange team to pay for an integrated bus/rail interchange at Dalston Junction that will be undertaken as part of the Project. In cash terms, the available budget for the Project is £914.5m (made up from the £886m within the 5 year Investment Plan, £10m in the TfL rail/bus link plus £18.5m residual from SRA (04/05 budget)). The construction cost estimates contain an identified risk sum equivalent to 17% of the base cost and further allowance of between 25% and 40% for unidentified risks depending on whether the works are on or off the live railway.
- 3.4 The existing East London Line is programmed to close in April 2008 with the reopening for service in 2010 and the appraisal period extending for 60 years from then.
- 3.5 The business case was calculated using demand data from the Railplan model. This estimated that in 2011 the ELLX would carry 35.4m passengers compared to 11.6m passengers on the existing ELL. The demand data from the 2001 Railplan model has been validated to show the extent to which Railplan replicates observed demand (using RODS 2001). This highlighted that Railplan may be underestimating demand on the ELLX.
- 3.6 The revenue impact across all transport modes calculated from the TfL Railplan model (including loss of revenue to LUL) shows a net positive change of £6.0m in 2011, 1 year after opening and £6.64m by 2016. This was included in the BCR.
- 3.7 Time saving, reduced crowding, road decongestion and accident savings benefits were calculated using appraisal parameters from the TfL Business Case Development Manual and were included in the BCR.

ELLX Scheme Analysis and the Benefit Cost Ratio are shown below:

	Through running Phase 1	LUL only reduced options (Non through running)
Service Frequency in central section	12tph	12tph
Number of stations	21	12
PV of Benefits	£1,539m	£221m
PV of Costs	£1,011m	£460m
TfL BCR	1.59 : 1	0.44 : 1

- 3.8 A key benefit that the ELLX offers is in the form of journey time savings from improved frequency and through running onto the network producing a reduction in the need to interchange on a journey, as shown in the table below.

ELLX Social Benefits in 2011		
£m	TfL Phase 1	LUL Option (Non through running)
Time Savings	56.83	6.34
Crowding Benefits	2.75	0.22
Road Decongestion	5.14	1.44
Accident Savings	1.41	0.20

- 3.9 An example of pre and post ELLX journey times is a journey from New Cross to Haggerston, the current time for the journey involving the existing ELL and interchange with bus is 58 minutes. This will become a journey on the completed ELLX with a reduced travel time to 28 minutes. The other benefits are from a reduction in crowding levels with the route allowing people to travel on less congested lines and avoid the centre of London. Further examples of time saving are provided below to indicate the range of savings which are expected to be achieved.

Journey	Existing pre ELLX		Post ELLX		Journey Time Saving (Up to)
	Time	Route	Time	Route	
New Cross to Haggerston	58 min.	East London Line to Whitechapel, Bus to Haggerston	28 min.	ELLX to Haggerston	30 min.
Dalston Jcn. To Canary Wharf	46 min.	Silverlink Trains to Canning Town, Jubilee Line to Canary Wharf	20 min.	ELLX to Canada Water, Jubilee Line to Canary Wharf	26 min.
Crystal Palace to Canary Wharf	55 min.	National Rail service to New Cross Gate, ELL to Canada Water, Jubilee Line to Canary Wharf	36 min.	ELLX to Canada Water, Jubilee Line to Canary Wharf	19 min.

Source: Rail Plan, a.m. peak

- 3.10 Analysis of benefits show a clear indication that the areas without rail services between Shoreditch and Dalston have the greatest time savings. This is due to quicker rail services replacing the only current public transport option in this area, which is bus.
- 3.11 In addition the Project is seeking ways to provide regeneration benefits in the Dalston area by the provision of an integrated bus/rail interchange plus 35,000 m² of mixed housing and retail over the station. This element of the Project has received widespread approval and is a priority bid for funding from the Office of Deputy Prime Minister within the Communities' Infrastructure Fund.
- 3.12 The integrated transport and air rights scheme at Dalston will be a catalyst which will attract outside investment by private developers. There is evidence to suggest this has already commenced with developers acquiring land options around the ELLP site in anticipation of the benefits the Project will deliver.
- 3.13 The extension from Shoreditch to Dalston serves some of the most deprived areas in London. When it is also considered that these areas have very poor or no National Rail service, the regeneration benefit potential becomes clear. Key out of London employment areas such as Croydon would be linked directly to deprived areas of East London.

4.0 PROCUREMENT

- 4.1 Before taking over the East London Line Project, TfL assessed a number of options for procurement and delivery, including using concession arrangements, entering into a major enhancement

agreement under the LUL PPP arrangements and using traditional procurement, each with and without private finance. Concession arrangements were problematic due to difficulties in transferring and managing risks in the Project, especially those emanating from existing assets. While there was a lot of work done under the SRA's stewardship of the Project to devise means for risk transfer to the private sector there was no evidence of any appetite for asset condition risk. Introducing another party into the operation of the assets was also deemed increasingly risky.

- 4.2 A major enhancement agreement under the PPP would have restricted competition and under those circumstances it would be difficult to ensure value for money in the Project. The Project is not integral to the operation of other LUL services and there is no requirement for the assets to be handed back for maintenance to an Infraco and therefore there is no value in restricting competition.
- 4.3 A traditional form of procurement provides the best means of managing risks in the Project with a choice over the form of contracts used for various types of risks. The use of TfL's own resources for funding the Project further allows simplification of the procurement process, reducing the cost of financing and the requirement has been included within TfL's 5 year programme.

5.0 PROJECT SCHEDULE

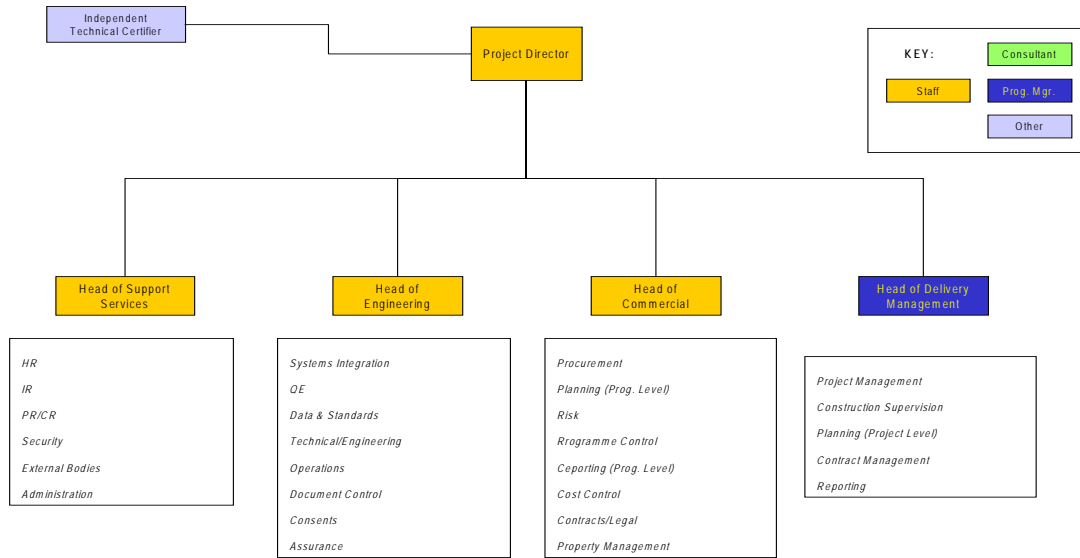
Tabled below is a selection of critical dates taken from the ELLX Level 1 Programme.

Baseline Milestone Activity	Date
Award Contract 2 nd Stage Enabling Works	June 05
Award Contract Programme Manager	May 05
Award Contract Main Works	June 06
Test Running Commences	Nov. 08
Line Opening	June 10

6.0 RESOURCE PLAN

- 6.1 TfL London Rail will manage the Project and it is planned to develop an integrated team including expertise drawn from a number of external sources including a Technical Advisor, a Programme Management Services Contractor and a Commercial Advisor. An organisation chart has been drawn up and is shown below. The senior posts are planned to be TfL staff with the possible exception of the Head of Delivery Management. This will be finalised once contracts for the above are in place and agreement has been reached as to the final requirements. This is planned for the 3rd quarter 2005.

EAST LONDON LINE ORGANISATION



6.2 Accommodation is currently at 1 Butler Place although shortly this will need to be expanded to accommodate the Fully resourced Project Team. At the end of August it is planned to relocate to an office building in Bonhill Street EC2 which is closer to the route of the Project.

6.3 In order to achieve the public opening of the East London Line in June 2010 the Project needs to move from undertaking feasibility studies and concept design work into implementation and specifically with the initiation and letting of contracts for the following work during the current financial year.

WORK ELEMENT	COST £'m
The appointment of a Programme Manager (PM)	17.0 to 40.0* **
The development of the design to "Approval in Principle" stage and the appointment to the Technical Advisor to the Project (TA3)	13.0 **
All necessary preparatory work and surveys required for the main works.	2.0
Enabling Works	48.0 **
Professional Advisors incl. Legal, insurance, estimating and safety for the year 2005/6 (provisionally £900K for legal costs)	2.0
Stakeholder Costs (LUL, NR, SRA) for the year 2005/6	6.0
Project Team for Financial Year 2005/6	7.0
TOTAL	95.0 – 118.0

* This figure is based on the current proposal for the structure of the Integrated Project Team. It is possible that the role of the Programme Manager will be extended to fill a number of the posts currently occupied by TfL or Agency staff. If this happens this figure could increase up to £40m. Further adjustments could arise based on any bonus/incentive arrangements that may be agreed with the Programme Manager as part of the contract. Appropriate approvals will be sought once these issues have been settled.

** These figures include allowances for risk and contingency and are expected to exceed the initial contract values.

7.0 RECOMMENDATIONS

The Meeting is recommended to:

NOTE the basis on which the Project is being taken forward:

NOTE that the aggregate value of the “package” of contracts (and other expenditure) to be let (or otherwise incurred) in 2005/06 may exceed £100million;

APPROVE in principle the entering into of the “packages” of contracts (and other expenditure) required to be let (or otherwise incurred) in 2005/06 to progress the East London Line Project and to note that such arrangements will be awarded in accordance with the applicable levels of procurement authority under Standing Order No.2, Appendix 2 (Procurement and Disposal Transactions).

NOTE that the total expenditure of budgeted funds in the amount limited to £886 million is forecast to be committed between 2005 and 2010, but that further approvals will be submitted to the Board as appropriate before further expenditure is committed.

TRANSPORT FOR LONDON

**STAFF SUMMARY
TFL BOARD**

**SUBJECT: DLR CANNING TOWN TO STRATFORD INTERNATIONAL
EXTENSION**

MEETING DATE: 18 MAY 2005

1.0 PURPOSE

- 1.1 To secure Board approval for DLR Limited to submit an application for an Order under the Transport & Works Act (TWA Order) in respect of the proposed extension of the DLR network from Canning Town to Stratford International (the Scheme).

2.0 BACKGROUND

- 2.1 This new DLR extension is included in the Mayor's Transport Strategy, London Plan and TfL Investment Programme. It is also included in the various master plans and policy documents for the redevelopment of the Lower Lea valley and referred to in the London Borough of Newham UDP as a key transport scheme. The proposed route is illustrated on Figure 1.
- 2.2 The development of this scheme dates back to 1998 when the Deputy Prime Minister requested that DLR investigate the potential for an extension of the DLR network to provide a connection between the existing station complex at Stratford with the proposed new CTRL station at Stratford International. Feasibility studies demonstrated that it was possible to provide this connection and the best performing scheme was one that utilised the North London Line (NLL) alignment under Stratford Station and included an extension and new stations on this line south to Canning Town as part of the emerging regeneration proposals for this area. This would involve terminating the existing NLL in new platforms at Stratford Station with the section between Stratford and North Woolwich ceasing to operate. Since then, the scheme has been incorporated in the Olympic Transport Strategy as a key requirement for the Olympics.
- 2.3 In 2004 DfT confirmed its acceptance of the Scheme in principle, subject to DLR reaching an agreement with Network Rail on the replacement of the NLL facilities. Since then, DLR has been

progressing with the planning and design of the Scheme towards submission of an application for a TWA Order.

3.0 DESCRIPTION OF THE SCHEME

- 3.1 The location of the extension is shown on Figure 1. The Scheme would involve a new 5km extension of the DLR network that connects with the existing network at Canning Town with connections to both DLR Beckton lines and the new City Airport extension. New stations would be built at Star Lane, Abbey Road and Stratford High Street to serve existing communities and major regeneration areas. The existing NLL stations at Canning Town, West Ham and Stratford would be modified to accommodate DLR trains. North of Stratford the line would continue through the Stratford City development to terminate at a new station at Stratford International. This would connect with the new CTRL station at Stratford International (due to open in 2007) and also serve the major commercial development zone of Stratford City.
- 3.2 NLL services would terminate in two new platforms to be constructed on the northern part of Stratford Station with sufficient capacity to accommodate existing NLL services and committed future improvements. These would be connected into existing subways and designed in a way to integrate with future proposals for the station.
- 3.3 The Scheme has discrete funding from but an integrated design with TfL's main scheme at Stratford, including the construction of a new Northern Ticket Hall. During the planning of the DLR extension, this has included regular meetings and joint working with the Stratford Station project team. It is important that for the purpose of a TWA submission DLR demonstrates that the DLR scheme can proceed (in terms of cost and delivery) in the absence of any improvements taking place at Stratford Station but is also fully consistent with these proposals if funding is secured.

4.0 KEY IMPACTS

- 4.1 As part of the design of this Scheme, DLR has undertaken an option evaluation exercise to ensure the best performing options for the scheme are being taken forward. Given the route of the extension is largely fixed to the existing NLL corridor, this option evaluation exercise has focused primarily on the location of new stations. A number of options have been considered, subject to public consultation with the best performing option going forward as part of the TWA application. A summary of the key impacts of the Scheme is given below.

Regeneration

- 4.2 The corridor between Stratford and Canning Town is part of the Lower Lea Valley where the LDA has produced a master plan that generates up to 30,000 new homes over the next 20 years. The Scheme also includes a new station at Stratford International that would serve the CTRL station but also the major commercial and housing development planned for the northern part of the Stratford City development.

Accessibility and Integration

- 4.3 The new DLR stations would radically improve accessibility in the local area and improve access to jobs and other facilities. As illustrated on Figure 3, this would include direct connections to Stratford, London City Airport and under the Thames to Woolwich. This is likely to lead to significant journey time savings and the creation of new journey opportunities, such as Stratford to Woolwich, that are not currently possible. DLR services would operate at high frequency, in the order of every 5 minutes and be fully accessible in terms of step free access.
- 4.4 The extension would also provide a direct rail link between Stratford International and Stratford Stations. This would enable passengers using domestic and international services from Stratford International to use the DLR as part of their onward journey to either Stratford Station or other destinations south of Stratford.

Equality and Inclusion

- 4.5 The scheme serves existing communities in the Lower Lea valley, which have high levels of social deprivation and a large proportion of black and minority ethnic residents. DLR will provide the opportunity for residents of these areas to have improved access to jobs elsewhere in the Docklands area and locations such as London City Airport and Woolwich Arsenal.

Environmental Considerations

- 4.6 The introduction of new station structures will have some impact on the local urban environment but through careful design and appropriate mitigation, new stations have the potential to be seen as a positive impact on the local area. As part of the TWA submission, the proposals will be subject to a full environmental impact assessment and appropriate mitigation.

Closure of the North London Line

- 4.7 The impact of this scheme on the operation of the NLL is illustrated on Figure 2. In parallel with the TWA process, DLR will be providing support to the statutory closure process, which Network Rail must initiate, relating to the NLL south of Stratford and stations at Custom

House, Silvertown and North Woolwich. This is not expected to generate significant problems or risks to the project because in all cases, the DLR will provide a viable (and much improved) alternative to the existing service.

- 4.8 The current assumption is that all of the NLL south of Stratford will be transferred to DLR. Some of this will be necessary for the Scheme but a part of this corridor (between Custom House and North Woolwich) is part of the Crossrail alignment. To facilitate this it will be necessary to obtain the appropriate exemption order(s) that currently apply to the rest of the DLR network in due course.
- 4.9 The main impact will be for those passengers who currently use the NLL to travel through Stratford, from say Canning Town to Camden Road. Surveys undertaken by DLR And Silverlink highlight this is a relatively small number (c500 during the AM peak period) but in the future these journeys will require a change between DLR and NLL at Stratford Station. DLR is seeking to provide as good an interchange as possible at Stratford Station between proposed new NLL platforms and future DLR services.

TfL Group Issues

- 4.10 DLR is working closely with other parts of the TfL Group, in particularly LUL, to ensure that the scheme is integrated with other TfL schemes and that where appropriate, the necessary protections or arrangements are put in place. This includes ensuring that emerging proposals for improving Stratford Station are fully integrated with the DLR scheme.

5.0 PUBLIC CONSULTATION

- 5.1 Public consultation has been extensive, including open days and leaflet drops to 70,000 residents along the line of route and the areas to the west of Stratford that are not directly affected by the scheme but may use the NLL service at present.
- 5.2 The response to the public consultation has been positive with the majority of respondents expressing support for the conversion of the line to DLR operation. Higher frequency services and more stations are seen as very positive along with the range of destinations that could be served by DLR, particularly the direct cross-river link to Woolwich.
- 5.3 More recent consultation has focused on station options where specific comments have been raised about the proposed station locations and access to stations. These comments have been reviewed as part of the on-going design process.

- 5.4 The London Borough of Newham has been actively engaged throughout the development of the scheme and support the principle of what is proposed.
- 5.5 A statement of consultation will be prepared and made available as part of the TWA submission.

6.0 ECONOMIC EVALUATION

- 6.1 DLR has undertaken a full cost benefit analysis of the Scheme using TfL's Business case Development Manual. The Scheme has a very healthy BCR reflecting the relative low cost of the scheme (conversion against new build) against the major benefits that are derived from the new stations and journey opportunities that are created. The high benefits are a combination of:
- the significant frequency increase on the North London Line corridor
 - improved accessibility generated by the new stations;
 - additional trips from new development in the lower Lea corridor; and
 - access to Stratford International and increased frequency on the Beckton branch.
- 6.2 A number of different scenarios have been considered including cost increases and a delay in development coming forward in the corridor. With a 20% increase in costs and a reduction in benefits of 40% between 2009 and 2020 to reflect a delay in development coming forward, the BCR is 8.1:1.

7.0 COST, PROCUREMENT AND FUNDING

- 7.1 The current capital cost estimate of the scheme is £1111m, which includes an allowance for the cost of the replacement North London Line facilities, new DLR rolling stock and other project costs. This project cost is included in the TfL Investment Programme on the basis that it would be funded through the prudential borrowing programme. On-going operating costs for the extension are expected to be covered by additional revenue.
- 7.2 This cost includes a simple "flat" junction arrangement between the proposed new DLR line and existing DLR lines to Beckton and City Airport. This junction has limitations in terms of capacity and DLR has designed a grade separated solution that provides much greater flexibility and capacity for future growth. However the cost of this enhanced junction (c£20m) is outside of the existing budget. DLR intends to include this as part of the TWA submission for securing the

necessary powers, but this does not commit DLR to delivering this part of this scheme if additional funding is not available.

- 7.3 The project will require 9 additional railcars to operate. DLR has a fixed price option to acquire these railcars as part of the rolling stock supply contract authorised for completion at the March 23 2005 Board. This option can be exercised up until Jan 2007.
- 7.4 Land acquisition for the scheme is small with minimal impact. Only one residential property is potentially affected through a small section of land take to the side of their property.
- 7.5 While the two most recent DLR Extensions (City Airport and Woolwich Arsenal Extensions) have been procured using concession arrangements, the smaller scale of this project in terms of capital costs, construction complexity and limited maintenance requirements may mean it is more efficient to procure the project under a design and build contract or programme manager approach with ongoing maintenance to be undertaken by the holder of the DLR operating franchise. Submission of the TWA application does not require a decision to have been made on the procurement method for the project and DLR is continuing to assess the optimal procurement approach.
- 7.6 Additional funding sources for the project will also be explored, including developer contributions through Section 106 Agreements and EU funding.

8.0 RISKS

- 8.1 The implementation of the Scheme is subject to obtaining the necessary TWA Order. This involves an element of risk in terms of third party objections. However, DLR has demonstrated its ability to manage these risks effectively with recent TWA schemes such as 3 car and Woolwich Arsenal. The Scheme is also dependant on securing approval to the closure of the NLL south of Stratford. This is separate to the TWA process and may generate objections. However, given the nature of the improvements proposed, this risk can be managed through effective consultation during the closure process.
- 8.2 The key risks relate to securing the necessary approvals from Network Rail and London & Continental Railways to the design of the DLR and replacement NLL facilities. There are also risks in terms of modifying and moving elements of Network Rail infrastructure. DLR is currently progressing with both parties to try and reach an agreement on an appropriate solution prior to TWA submission.

9.0 OVERALL PROGRAMME

9.1 The outline timetable for the project is summarised below:

- Detailed scheme development and Environmental Impact Assessment complete - May 2005
- TfL Project Review Group (22 April) and Finance Committee (3 May) support
- Transport & Works Act submission – early July 2005
- Public Inquiry – Early 2006 (Subject to DfT)
- Secretary of State Decision – Late 2006
- Construction start – April 2007
- Planned opening date –Late 2009

10.0 PROCESS AND TIMING TOWARDS A TWA SUBMISSION

10.1 The technical work with Network Rail is progressing and we are pressing for Network Rail in-principle approval to the design of the replacement NLL facilities by early June. However, this would still require a TfL Board approval at the May Board for DLR to progress a TWA application in early July.

10.2 The next steps in terms of approvals are as follows:

- Mayoral approval to deposit TWA application in July
- TWA submitted in July subject to Chief Officer sign-off to details of Network Rail solution.

11.0 RECOMMENDATION

11.1 That the Board:

- (a) **notes** the content of this paper;
- (b) **approves** the submission by DLR Limited of an application under the Transport & Works Act for powers to build an extension to the DLR from Canning Town to Stratford International ("the Scheme") subject to:
 - (i) the Managing Director London Rail agreeing the details of the final scheme and principles of station locations at Stratford and Stratford International; and

- (ii) the consent of the Mayor,
- and
- (c) delegates authority to either of the Managing Director London Rail or Chief Operating Officer of London Rail as Directors of DLR Limited to;
 - (i) agree the final terms of the application for an Order under the Transport & Works Act for the Scheme; and
 - (ii) do all such further things and sign and/or seal and deliver, or authorise DLR to sign and/or seal and deliver, such further documents, agreements or notices as are required in connection with the submission of the application for an Order under the Transport & Works Act for the Scheme, responding to any objections to the Scheme or in connection with responding to any public inquiry that may be held in relation the Scheme.

Attachments

- Figure 1 Proposed DLR Stratford International Extension
- Figure 2 Proposed changes to North London Line services
- Figure 3 London Thames Gateway connections and interchange points

Figure 1: Docklands Light Railway extension to Stratford International

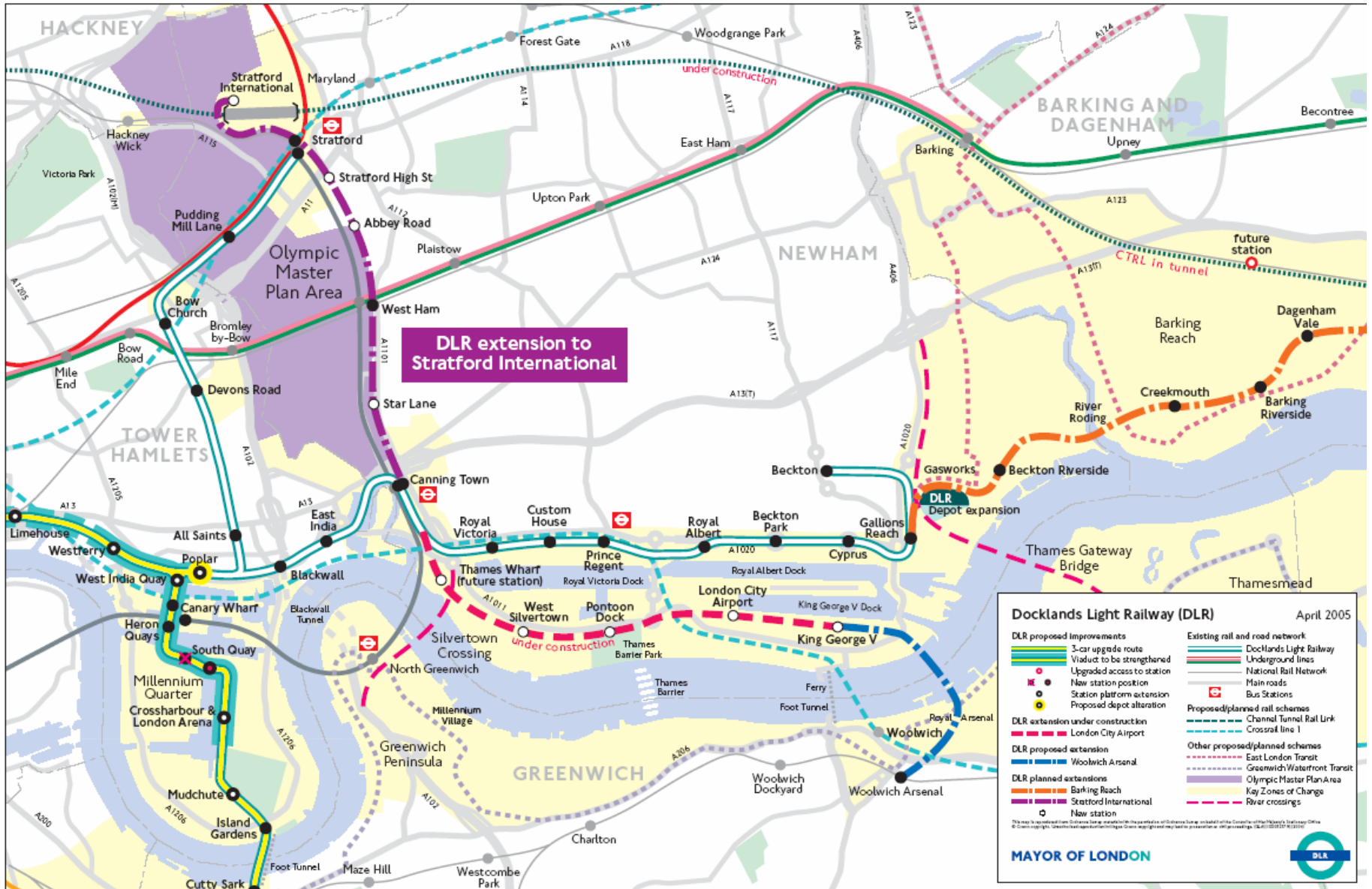


Figure 2: Proposed changes to the North London Line

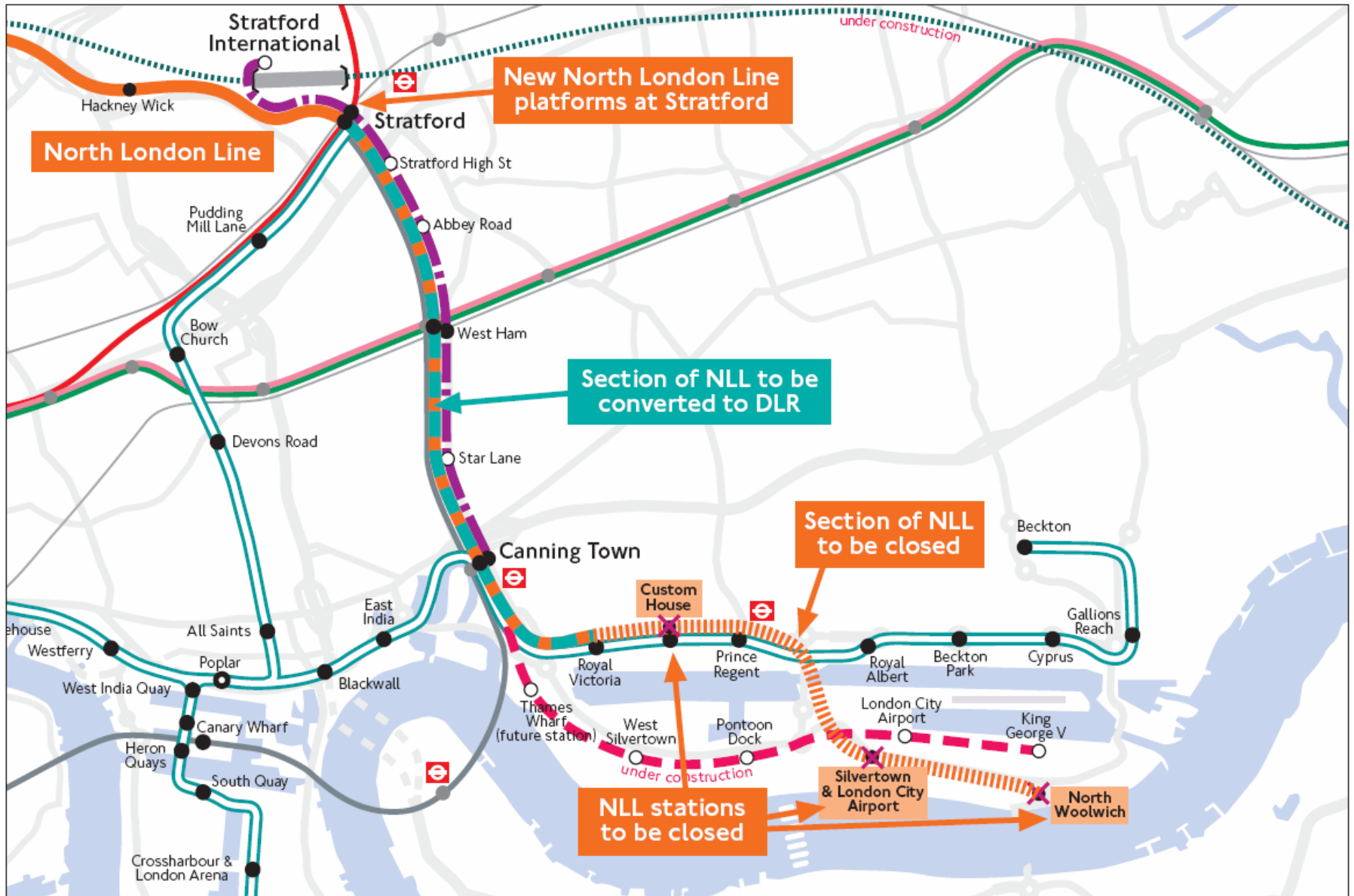
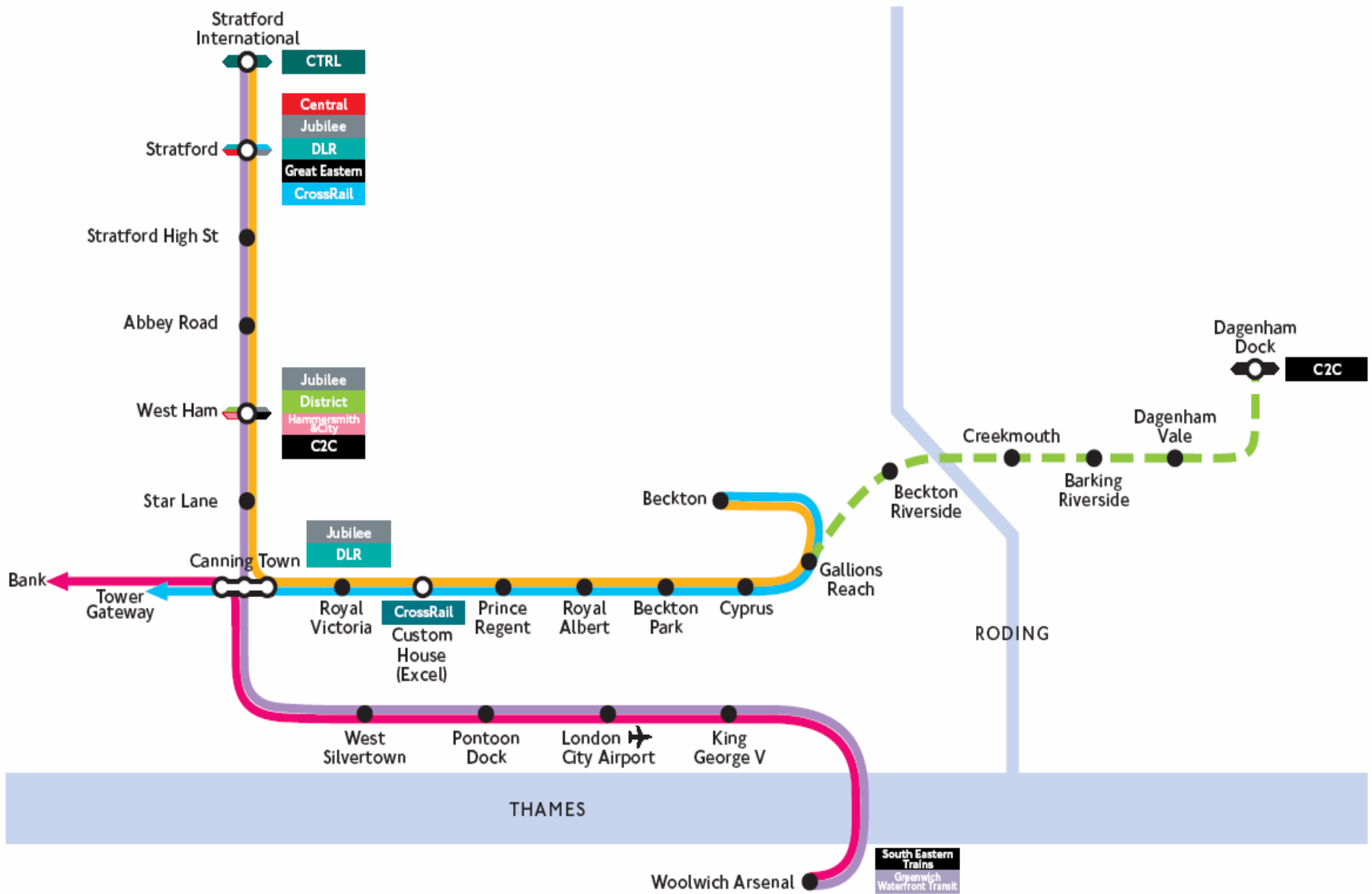


Figure 3: London Thames Gateway connections and interchange points



TRANSPORT FOR LONDON

STAFF SUMMARY

BOARD MEETING

SUBJECT: AUDIT COMMITTEE REPORT

MEETING DATE: 18 MAY 2005

1. PURPOSE

To update the Board on the meeting of the Audit Committee held on 18 March 2005.

2. BACKGROUND

The Audit Committee met for one of its regular meetings.

The Committee considered the Internal Audit Plan for 2005/06 and the resources needed to complete the plan. A separate paper was also presented on resourcing strategies for the internal audit function. The plan reflected the increasing importance of the capital investment programme. The Committee emphasised the importance of ensuring investment appraisal procedures were covered in the current year's audit plan and noted that the audit plan for 2006/07 would be fully risk based. The Committee approved the plan and the resources required to complete it.

The Committee also considered the indicative external audit plan for the public sector elements of TfL for the year ended the 31st March 2006. This was presented as a combined audit and inspection plan from the Audit Commission and KPMG and TfL's relationship manager at the Audit Commission, Ken Davis, attended the meeting to present the plan. Also presented was the Annual Audit and Inspection Letter for the year ended 31st March 2004. The comments from KPMG included in this letter had already been presented to the Audit Committee and the Audit Commission element consisted largely of the Initial Performance Assessment which had been fully considered at the previous meeting. In noting the letter, the Committee requested that the letter for the year ended 31st March 2005 be presented to the Audit Committee at its meeting in October 2005 so that it would be of more relevance.

Ken Davis then gave the Audit Committee further background to his role at the Audit Commission and his relationship with TfL. He also provided an update on the changes underway at the Audit Commission that would impact on TfL in the coming 12 – 18 months.

The Committee also noted KPMG's report on non-audit fees for the six months to 31st March 2005.

The Committee considered and approved TfL's Corporate Governance Policy subject to a number of amendments. A further report on Corporate Governance matters will be brought to the Committee at its October meeting.

The Committee received a presentation on the risk management process in London Underground Limited. The Committee will consider a similar presentation from a different business unit at each of its meetings going forward.

The Committee received a paper explaining how TfL has been benchmarking its implementation, usage and development of SAP with other major organisations.

Under any other business, KPMG reported on progress with the external audit for the year ended 31st March 2005. The main issues being considered in relation to presentation of the accounts were the claims under the Connect contract and environmental matters associated with PPP, in particular with regard to asbestos in LUL stations. Mary Hardy, Director of Internal Audit, advised that TfL had taken part in the National Fraud Initiative for the first time. This exercise is undertaken every two years by local authorities and seeks to identify individuals who appear on more than one payroll or who appear to be claiming benefits inappropriately. Progress reports on dealing with the issues raised will be presented to the Audit Committee through the course of the year.

The next scheduled meeting of the Audit Committee is 12 May 2005.

3. RECOMMENDATIONS

The Board is asked to NOTE the contents of this report.

TRANSPORT for LONDON

TfL BOARD

SUBJECT: FINANCE COMMITTEE REPORT

MEETING DATE: 18 MAY 2005

1. PURPOSE

To report to the Board on matters discussed at the Finance Committee on 3 May 2005.

2. BACKGROUND

The Committee received the Year End Quarter Finance Report, a report on project activity and its regular update on the efficiencies programme. These are summarised in the Finance and Performance report which is considered elsewhere in the agenda.

Reports on the East London Line Extension and the proposed extension of the Docklands Light Railway to Stratford International were considered. Papers seeking approval from the Board to progress these projects to their next stages appear elsewhere in the agenda.

The Committee reviewed the draft Best Value Performance Plan for 2006/7 and agreed to recommend its approval by the Board. This item also appears elsewhere in the agenda.

A paper was presented setting out the proposed process for the development of the 2006/7 Business Plan. Following the Awayday on 12 May, the Board will be updated on the progress in developing the plan at the late June/July Board and Panels meeting cycle, and will have the opportunity to give their view and input into the Business Plan and Investment programme at a briefing in September. The draft Business Plan will be brought to the Finance Committee on 12 October, prior to consideration and approval by the Board.

Finally, the Finance Committee noted a report on approvals expected to be given in 2005/6 by the Commissioner (or in his absence, the Managing Director, Finance and Planning) for projects budgeted to cost between £25m and £100m. No such projects had been approved since the Committee's previous meeting

The next regular meeting of the Finance Committee will take place on 23 June 2005.

3. RECOMMENDATION

The Board is asked to NOTE the contents of this report.

DOCUMENTS SEALED ON BEHALF OF TRANSPORT FOR LONDON
9 March – 6 May 2005

Property Transactions

- 1 Licence to Underlet
- 1 Licence for Alterations
- 1 Licence to Assign Lease
- 1 Agreement
- 1 Lease
- 1 Variation of existing Lease
- 1 Supplemental Underlease
- 1 Counterpart Lease
- 2 Underleases
- 1 Assignment re Leasehold premises
- 1 Purchase of Freehold property

Highway Agreements

- 1 Agreement, Section 8 of the Highway Act 1980
- 2 Licences, Section 177 of the Highway Act 1980
- 3 Agreements, Section 278 of the Highway Act 1980
- 1 Agreement, Section 3872 and 278 of the Highway Act 1980

Agreements with London Boroughs

- 3 Agreements, Section 106 of the Town and County Planning Act 1990
- 2 Service Level Agreements

Thames Gateway

- 1 Deed of Agreement re Variation of CPO on Thames Gateway Bridge

London Development Agency

- 1 Grant Agreement

Miscellaneous

- 1 Deed of Retirement and Appointment under the TfL Supplementary Scheme
- 2 Entitlements to erect Banners outside properties
- 1 Deed of Variation re Provision, Installation, Commissioning and Maintenance of mobile bus lane traffic enforcement systems fitted to in-service buses operating in London
- 1 Agreement re Financial Assistance

The TfL Seal Register will be available for inspection by Board Members at the meeting.