

TRANSPORT FOR LONDON

BOARD MEETING – OPEN SESSION TO BE HELD ON WEDNESDAY 28 SEPTEMBER 2005 IN THE CHAMBER, CITY HALL, THE QUEEN'S WALK, LONDON SE1 2AA COMMENCING AT 1500 HOURS

AGENDA

A Meeting of the Board will be held to deal with the following business:

Procedural Matters

- 1.1 Apologies for Absence
- 1.2 Minutes of the Previous Meeting held on 13 July 2005
- 1.3 Any Matters Arising from the Minutes

Business Items

Sponsor

- | | | |
|----|--|---|
| 2. | Proposed London Low Emission Zone Project - T(2005)06 | Peter Hendy, Director of Surface Transport |
| 3. | The Commissioner's Report – T(2005)01 | Bob Kiley, Commissioner of TfL |
| 4. | 1 st Quarter Finance and Performance Report - T(2005)02 | Jay Walder, Managing Director Finance & Planning |
| 5. | Annual Report – T(2005)03 | Ben Plowden, Managing Director Group Communications |
| 6. | Annual Workforce Composition Report - T(2005)04 | Valerie Todd, Director of Group Equality and Inclusion |
| 7. | Door to Door Strategy – T(2005)05 | Valerie Todd, Director of Group Equality and Inclusion & Peter Hendy, Director of Surface Transport |

Procedural Items

- | | | |
|-----|--|--|
| 8. | Mayoral Delegation and Direction re: Olympics – T(2005)07 | Jay Walder, Managing Director Finance & Planning |
| 9. | Finance Committee Report – T(2005)08 - Meetings 23 June & 14 Sept 2005 | Mike Hodgkinson, Chair of the Committee |
| 10. | Safety, Health & Environment Committee Report – T(2005)09 - Meetings 22 June & 8 Sept 2005 | Dave Wetzel, Chair of the Committee |

Items for Noting

- | | | |
|-----|---|------------------------------|
| 11. | Documents Sealed on Behalf of TfL - T(2005)10 | Fiona Smith, General Counsel |
| 12. | Any Other Business | |

TRANSPORT FOR LONDON

Minutes 43/07/05 – 50/07/05

MEETING OF MEMBERS OF THE BOARD – OPEN SESSION

MINUTES of the Board Meeting held in The Chamber, City Hall, The Queen's Walk, London, SE1 2AA at 10.00 am on Wednesday, 13 July 2005

Present:	Ken Livingstone Dave Wetzel David Begg Honor Chapman Stephen Glaister Kirsten Hearn Sir Mike Hodgkinson Paul Moore John Ormerod Tony West	Chair of the Board Vice Chair
In Attendance:	Lynn Sloman Bryan Heiser Murziline Parchment Bob Kiley Fiona Smith Jay Walder Stephen Critchley Mary Hardy Maggie Bellis Ben Plowden Tim O'Toole Peter Hendy Ian Brown Jeremy Rhodes	Special Adviser to the Board Special Adviser to the Board Special Adviser to the Board The Commissioner of TfL General Counsel Managing Director, Finance and Planning Chief Finance Officer Director of Internal Audit Managing Director, Group Services Managing Director, Group Communications Managing Director, London Underground Ltd Managing Director, Surface Transport Managing Director, London Rail For TfL Company Secretariat

The Chair welcomed everyone to the meeting.

43/07/05 Apologies for Absence

Apologies for absence were received from Patrick O'Keeffe, Lord Toby Harris and Sir Gulam Noon.

44/07/05 Declaration of Interests

There were no interests declared.

45/07/05 Minutes of the Last Meeting held on 18th May 2005

The minutes of the last meeting were approved as a correct record of the proceedings and signed by the Chair.

46/07/05 Matters Arising

There were no matters arising.

TRANSPORT FOR LONDON

47/07/05 Events of Thursday, 7th July 2005 – Oral Update

The Mayor reported that he and the Commissioner, Bob Kiley, had met to review the events of 07/07. He added that there had been substantial focus on the role of the emergency services, which tended to overlook the time prior to their arrival, during which time operational staff were in the “front line” dealing with hundreds of injured and frightened people. Many stories had and continued to emerge and consideration would be given to how best to acknowledge and recognise the response and significant acts of heroism of TfL staff. Proposals would be made in due course.

The Mayor stated that the emergency response had gone to plan and it provided a remarkable testament to the Disaster Planning work which had been carried out.

At this point the Commissioner explained that Tim O’Toole and Peter Hendy would provide the meeting with an account of events following the explosions.

The Commissioner emphasised the need to understand the heroism of many members of staff. He reported that he had visited Edgware Road and had met with 3 small groups, representing a cross section of staff, who had been willing to share their experiences.

At Edgware Road many individuals had acted intuitively and the interaction with emergency services represented a superb performance. The explosions were virtually simultaneous, employees had responded immediately and the evacuation was carried out without further injury.

The Commissioner stated that a debt of thanks was owed to all those staff who participated in the rescue and evacuation and he added that the response of staff underlined the clear benefit of training.

At this point the Commissioner introduced Tim O’Toole, Managing Director of London Underground Limited.

Tim O’Toole thanked the Mayor and Commissioner for going to site.

Tim O’Toole stated that TfL had distinguished itself in its reaction to the explosions and also in the resilience shown in returning to an almost full service by early the next day.

Tim O’Toole went on to explain the timescale of events, as follows:

The first report had reached NCC at 8.50am, with subsequent reports being logged shortly thereafter.

At 9.03am the ambulance service confirmed that they were en route. At 9.19am, TfL declared a ‘Code Amber’ for the entire network and in the next hour over 200,000 people were evacuated from the network.

TRANSPORT FOR LONDON

Tim O'Toole drew attention to the complete misunderstanding in parts of the media regarding 'Code Amber'. He emphasised that 'Code Amber' was completely irrelevant to getting assistance to the 3 sites – that was already happening. Calling 'Code Amber' had relevance to the remainder of the network and was irrelevant to the disaster sites.

Two streams of work were carried out, one focussing on delivery of emergency resources to the sites and one forward planning, in order to reinstate the network as soon as possible.

Trains were spread across the network and it was necessary to consider how to get drivers to the trains and return them to depots in readiness for the next day.

The emergency services performed a great service, but it was impossible for them to be there immediately in the aftermath of the explosions. It was TfL staff who took the initial burden of horrific scenes. The Emergency Response Unit, a division of Tube Lines was on hand at the same time as the emergency services and deserved great credit.

The support of the public and businesses had been superb.

Two branches of Marks & Spencer had provided food, water and clothes to passengers and staff and a letter has been sent to Stuart Rose, Chief Executive of Marks & Spencer thanking them for their generosity.

In conclusion, Tim O'Toole described Thursday 07/07 as "an awful day" and said that staff did "a magnificent job".

At this point Tim O'Toole handed over to Peter Hendy, Managing Director of Surface Transport. Peter Hendy opened with an expression of sympathy for the bereaved and the injured.

In the days prior to 07/07, TfL had successfully handled Live 8 and the Olympic celebrations.

On 7th July at 8.57am a radio message had been sent to buses to accept London Underground ticket holders as a result of reports of incidents. The correct emergency procedures were flowing immediately.

At 9.47am, as a result of a bomb on a Route 30 bus, all bus services in Zone 1 were withdrawn. Peter Hendy commended the extraordinary work of the bus driver, George Psaradakis who, contrary to press reports, stayed to assist injured passengers.

The excellent relationship with Transport Operational Command Unit and the Metropolitan Police greatly assisted all aspects of the day.

There were remarkable acts on the part of members of staff and certain bus drivers decided of their own volition to drive the injured direct to

TRANSPORT FOR LONDON

hospitals. The TGWU immediately offered help to staff and this gesture was extremely welcome.

- Following discussions with the Government, a full service was reinstated by around 4pm, although it was impossible to restore 100% of services as diversions were still in operation at incident sites. Subsequent security alerts continued throughout the day.
- The Transport Operational Command Unit was fully deployed during evening peak time and there was substantial assistance from the Police.
- At 11.00am London River Services were suspended for 30 minutes and all piers were checked. Thereafter, free boats operated throughout the day. In a number of reported cases, taxi drivers conveyed groups of passengers free of charge.
- The central London Congestion Charging was suspended for the day and there was an offer of Access Vehicles from Dial-a-Ride.

Additional buses were sourced and staff worked very long hours at all levels and contractors behaved as “a community”. In conclusion Peter Hendy stated that we should be very proud of the efforts of all concerned.

Tony West requested that a Board Statement be made expressing sympathy to the bereaved, the injured and their families and an expression of gratitude made towards the employees of TfL and the emergency services. In addition, he went on to thank the Mayor, Commissioner, Peter Hendy and Tim O’Toole for their leadership.

Nicky Gavron reported that the London Assembly had passed a motion of thanks to the Emergency Services and TfL.

48/07/05 Audit Committee Report

John Ormerod presented the Report.

The Committee had reviewed the preparation of the Statement of Accounts, which were submitted to the Board.

He highlighted the comments made on the Investment Programme.

He went on to highlight changes in accounting policies arising from the 2004 Statement of Recommended Practice. Overall, this would lead to a more comprehensive reporting regime in a standard consolidated form.

He drew attention to 3 provisions, namely:

- £217.7 m relating to contractor claims;

TRANSPORT FOR LONDON

- £960.7m for the combined deficit on the public sector section of the TfL Pension Fund;
- Transfer to earmarked reserves.

John Ormerod reported that KPMG, the Auditors, proposed to issue an unqualified audit report for the Statement of Accounts in respect of the year ended 31 March 2005

John Ormerod stated that the Audit Committee endorsed the recommendation of the Chief Finance Officer under Item 6 of the report.

49/07/05 Statement of Accounts for the year ended 31 March 2005

The Board approved the Statement of Accounts and authorised the Chief Finance Officer to make any adjustment arising from the ongoing work prior to the Auditors signing their opinion.

The Commissioner reported that the Annual Report would undergo rewriting following the successful outcome of the Olympic bid and the events of July 7th.

50/07/05 A406 Hanger Lane Bridge Replacement Scheme

After consideration, the Board granted its approval in principle to make a Compulsory Purchase Order, if it should become necessary, for the acquisition of all of the land interests, including those at 33 Hanger Lane and Ealing Village and any additional interests that might ultimately be identified, required for the purposes of A406 Bridges Replacement Scheme.

The Board noted that the final decision to make the Compulsory Purchase Order and what land interests were to be included in any such Order would be taken by the Managing Director, Surface Transport.

51/07/05 Any Other Business

There was no other business raised.

There being no further business, the meeting was declared closed at 12.05 pm.

TRANSPORT FOR LONDON

STAFF SUMMARY

TfL Board

SUBJECT: Proposed London Low Emission Zone – T(2005)06

MEETING DATE: 28 September 2005

1. PURPOSE

1.1 The purpose of this paper is to:

- Notify the Board of the delegation received from the Mayor to revise his Transport and Air Quality Strategies to enable a London Low Emission Zone to be introduced in London, subject to consultation, and the requirement to meet the costs in relation to this.
- Provide the Board with the latest information on the Low Emission Zone (LEZ) proposals, including the objectives of the scheme, how it is anticipated it would operate and its estimated impacts;

1.2 The paper describes the background to the London LEZ and how the proposed scheme was developed. The paper also provides an analysis of several alternative configurations for the proposed LEZ, as well as alternative implementation mechanisms. Alternative ways of addressing transport-related emissions other than via a LEZ are also considered.

1.3 The paper summarises the business case for the proposed LEZ and describes the key risks identified for implementing the scheme. Further detail is included as a series of annexes.

2. BACKGROUND

2.1 The Mayor of London has a statutory duty to take steps towards achieving the national air quality objectives in Greater London. Following an initial feasibility study, jointly sponsored by the GLA, ALG, TfL, Defra and DfT, which examined how these objectives could be best achieved, a London LEZ was considered to have the greatest potential. Based upon this, the Mayor included in his 2004 election manifesto his proposal to designate the whole of the Greater London area as a LEZ.

2.2 In 2004 TfL included the LEZ in its five year Business Plan and subsequently commenced a Strategic Review of the LEZ implementation options. The Review concluded that a basic scheme, covering the whole of the GLA area introduced through a Scheme Order under the GLA Act 1999, represented the best balance between costs and air quality and health benefits and could be introduced in late January 2008. A number of optional additions to the scheme were also identified for possible inclusion after further analysis and consultation. More details of the basic scheme and the optional additions are set out later in the paper.

- 2.3 The Mayor formally delegated to TfL on 22 June 2005 the responsibility for preparing and consulting upon revisions to his Air Quality and Transport Strategies to include a revised proposal for a London LEZ and the requirement that the costs for doing so were borne by TfL. The first part of this process - formal consultation with the London Assembly and GLA Functional Bodies - is currently scheduled to commence in October. Subject to the outcome of this consultation, it is proposed that formal public and stakeholder consultation on the draft Strategy revisions commence in February 2006. If the Mayor determines to publish revisions to the Strategies, TfL would have an obligation to implement the Transport Strategy and have regard to the Air Quality Strategy when exercising its functions, and consider making an Order for a LEZ. If TfL decided to make an Order, further public and stakeholder consultation would subsequently be carried out and the Mayor would need to decide whether to confirm the Order, with or without modifications, to allow the proposed LEZ to be implemented.
- 2.4 In its National Air Quality Strategy (NAQS) the government has set objectives for nine main air pollutants. Two of these pollutants (polycyclic aromatic hydrocarbons and ozone) are being tackled at the national and European level, but responsibility for addressing the remaining seven is devolved to the local level. The Mayor is legally required to take steps towards achieving in Greater London the national air quality objectives for the seven locally managed pollutants. London is expected to meet the objectives for five out of these seven pollutants but it is unlikely to meet its objectives for nitrogen dioxide (NO₂) and particulate matter (PM₁₀). Each year that the UK misses an EU air quality objective there is the risk of the EU taking infraction proceedings and the UK potentially paying daily fines based on percentage of GDP.
- 2.5 Road transport is responsible for an estimated 47% of the emissions of particulate matter (PM₁₀) in London and 47% of oxides of nitrogen (NO_x, which includes NO₂). The proposed LEZ scheme would discourage the entry into Greater London of the worst polluting diesel-engined vehicles (the primary emitters of NO_x and PM₁₀). The scheme would initially (from 2008 onwards) apply to Heavy Goods Vehicles (HGVs), buses and coaches based on their emissions. The scheme could be expanded to cover diesel-engined Light Goods Vehicles (LGVs) in 2010, subject to further analysis and decision. It is proposed that the LEZ would not apply to cars. Whilst they account for some 32% of road transport generated NO_x emissions in London and some 39% of road transport generated PM₁₀ emissions, the cost of administering and enforcing a scheme that included cars would be substantial and retrofitting several hundred thousand cars would be impractical. In addition, a scheme that would require the replacement or upgrade of the oldest cars would inevitably have the greatest economic impact on low-income households.
- 2.6 The objectives of the proposed LEZ are two-fold:
- i) to improve the health and quality of life of people who live and work in London, through improving air quality;
 - ii) to move London closer to achieving the Air Quality objectives (and EU limit values) for 2010, in support of the Government's NAQS and the EU's Air Quality Framework and Daughter Directives. At present, there are significant areas of London that would fail to meet the objectives for particulate matter (PM₁₀) and nitrogen dioxide (NO₂).

- 2.7 By reducing overall PM₁₀ and NO_x emissions emitted in London by diesel-engined heavy vehicles, the proposed LEZ would help to reduce the overall area of London that exceeds the NAQS and EU objectives and limit values. This in turn would have positive health benefits for the London community.
- 2.8 In addition to the proposed LEZ, the Mayor and TfL are taking other significant measures to improve air quality in London. From the end of 2005 all TfL contracted buses will meet the emission standard for PM₁₀ proposed for the LEZ in 2008. In July 2008, all licensed London taxis (black cabs) will meet the proposed LEZ emission standard for PM₁₀ in 2008.
- 2.9 A background briefing note on road transport and emissions in London is attached at Annex A for information.
- 2.10 The proposed London LEZ would displace some older diesel-engined heavy vehicles which would have operated within London to other parts of the country. TfL's analysis indicates that the impact of this displacement on air quality outside of London would be offset by the improvements generated by operators who fit abatement equipment or bring forward the purchase of new vehicles in order to comply with the proposed LEZ. The air quality modelling undertaken indicates a net positive health benefit outside of London resulting from the introduction of the proposed LEZ. More detail of the estimated health benefits derived from the proposed LEZ are included at Annex B

3. DEVELOPMENT OF LEZ PROPOSALS

- 3.1 The initial Feasibility Study conducted jointly by the GLA, ALG, TfL, Defra and DfT in 2002/3 examined some 25 options for a London LEZ based upon:
- Six geographical areas – Central (the congestion charging zone), Inner (out to, but not including, the north and south circulars), Outer (out to the GLA boundary), out to the M25, Heathrow and a stand-alone zone in an outer London town centre;
 - Date of introduction – 2007 with a further upgrading of standards in 2010;
 - Emission standard set – Euro II plus Reduced Pollution Certificate (RPC) or Euro III plus RPC;
 - Vehicle category – HGVs, buses, coaches, black cabs, LGVs and private cars.
- 3.2 The Feasibility Study modelled the PM₁₀ and NO_x emissions under each of these scenarios considering differing implementation options such as voluntary schemes, licensing and tendering agreements and mechanisms derived from a Traffic Regulation Order (TRO), together with differing enforcement options including Automatic Number Plate recognition (ANPR), electronic tags and manual operations.
- 3.3 The Feasibility Study concluded that a LEZ scheme should have the following characteristics:

- It should be London wide – the air quality modelling showed that a London wide scheme was necessary in order to achieve sufficient air quality benefits across all the areas that are predicted to exceed the air quality objectives. Introducing the LEZ to small areas was found to have extremely small benefits;
- It should exclude private cars – based upon the numbers involved and the potential inequality impacts;
- It should be progressive – the emission standards should be tightened in future years to capture the benefit of subsequent European emission legislation.

3.4 The Feasibility Study narrowed down the initial options to three final options for a London-wide scheme based on emissions criteria and vehicle types. These were:

- Euro II + RPC for heavy vehicles in 2007;
- Euro III + RPC for heavy vehicles in 2010;
- Euro III + RPC for heavy vehicles in 2010 plus a 10 year age limit for LGVs and taxis.

3.5 Based on the conclusions of the 2003 Feasibility Study the Mayor included the proposal for a London-wide LEZ in his manifesto for his 2004 election campaign. In 2004 TfL included the proposed LEZ in its five year Business Plan (FY 2005/6 to 2009/10) which the TfL Board subsequently approved. The costs included in the Business Plan were based on estimates from the Feasibility Study.

3.6 Further to the Business Plan approval, TfL undertook a Strategic Review of the LEZ implementation options in November 2004. The emissions criteria proposed in the Feasibility Study were adjusted to reflect discussions with stakeholders. The option of including NOx abatement was added although the mechanisms for certifying compliant retrofit equipment might not be available.

3.7 The TfL Strategic Review re-examined the legal framework for implementation of the LEZ under three main options: a Scheme Order using congestion charging powers; a TRO jointly undertaken on behalf of the London Boroughs and TfL; and, a Parliamentary Bill introduced by TfL. The study concluded that the Scheme Order route provided the earliest implementation time with the least risk of timetable slippage as the process would be within TfL's control. It was considered that a scheme introduced using a TRO would be too complex to implement given the requirement for each Borough to sign an agreement to delegate the discharge of its functions to another local authority (commonly referred to as a "section 101 agreement") and the possibility of multiple Public Inquiries. The Parliamentary Bill option would result in the longest implementation timetable given the time to take a Bill through Parliament and there would be significant risk of delay to the Bill during the process.

- 3.8 The Strategic Review identified that the costs of implementing and operating a LEZ scheme would be significantly higher than those projected in the Feasibility Study and included in the TfL Business Plan.
- 3.9 The Strategic Review concluded that a scheme should be introduced through a Scheme Order which required HGVs, buses and coaches entering the LEZ to meet an emission standard of Euro III for particulates (PM₁₀) in 2008 rising to Euro IV for PM₁₀ in 2010. This basic scheme should include the option of adding NO_x abatement in 2010 if the certification processes are available, and could be extended to LGVs over 10 years old in 2010 subject to further analysis and decision. Details of the basic scheme and the optional additions are described at Annex B. The estimated costs and health and environmental benefits of the basic scheme are summarised in Table 1 below.

Table 1 – Costs and benefits of the proposed scheme

Cost to TfL to FY 2015/16	Compliance Cost to Operators	Monetised Health Benefits	Earliest Likely Implementation Date
£(m)	£(m)	£(m)	
132 - 127	195 – 270	134 – 177	End of January 2008

4. COMPARISON OF PROPOSED SCHEME WITH OTHER LEZ OPTIONS

The proposed LEZ scheme emerged from a long list of options studied. For comparison, the analysis of three of the more feasible options considered is given below. These options are:

- A LEZ covering the GLA area but introduced through a TRO;
- The introduction of a charge on the basis of the emissions characteristics of HGVs, buses and coaches within the existing Central London Congestion Charging Scheme area and the area of the proposed western extension;
- A LEZ covering the TfL road network (TLRN) only.

4.1 LEZ Introduced through a TRO

4.1.1 A LEZ scheme enacted under a TRO would ban specific classes of vehicle that did not meet the proposed emission standards from entering the zone. A single TRO could be made by one party such as the ALG or TfL acting on behalf of the London highway authorities who would individually be required to sign up to section 101 agreements.

4.1.2 The earliest likely implementation date under a TRO is estimated as mid-2008, allowing for a nine month period for a Public Inquiry and the processing of the evidence. There is considerable risk associated with this timetable due to the need to co-ordinate the actions of some 36 parties, i.e. TfL, ALG, GLA and the London Boroughs and the risk that multiple Public Inquiries could be

called to hear objections to the proposed Order. For this reason implementation of a LEZ under a TRO is considered to carry a much higher implementation timescale risk than implementation via a Scheme Order.

- 4.1.3 The implementation costs for the introduction of a LEZ using a TRO are likely to be broadly similar to those for introducing a LEZ under a Scheme Order. As the TRO enables a ban on non-compliant vehicles, no payment process is required and there would be a small reduction in operating costs. Enforcement requirements would be the same irrespective of the enabling legislation. It is anticipated that there would be a small increase in operator compliance costs as a number of operators who would pay a charge for occasional entry to the LEZ if it were introduced under a Scheme Order would probably decide to upgrade their vehicles to comply with the TRO option.
- 4.1.4 There would be no significant difference in air quality and health benefits arising from a change in the enabling legislation. The overall costs and benefits of this option are summarised in Table 2 below.

Table 2 – Costs and Benefits of a LEZ introduced via a TRO

Cost to TfL to FY 2015/16	Compliance Cost to Operators	Monetised Health Benefits	Earliest Likely Implementation Date
£(m)	£(m)	£(m)	
129 - 124	205 - 280	134 – 177	Mid- 2008

4.2 Addition of an emissions element to the existing central London congestion charging scheme and the area of the proposed western extension

- 4.2.1 This smaller alternative scheme covering the existing and proposed western extension to the congestion charging scheme could potentially be introduced as a major variation to the Congestion Charging Scheme Order. This could speed implementation as it may not require a change to the Mayor’s Air Quality and Transport Strategies, although it would still require major consultation with the public and stakeholders. The enforcement infrastructure for the scheme would already be in place, if and once the proposed extended zone was introduced. In practice, this variation could only be introduced once the extended zone had stabilised and hence the earliest date for implementation is likely to be October 2007 (assuming no revisions are required to the Mayor’s Air Quality and Transport Strategies).
- 4.2.2 The costs of implementation and operation would be significantly reduced compared to a LEZ scheme covering the whole of the GLA area as the operation would be a low volume addition to existing processes and operations.
- 4.2.3 However, it is estimated that the air quality and health benefits gained from a scheme covering this small area of London would be very small and would not address a substantial number of the areas in London which currently exceed

(or are predicted to do so in the future) the air quality objectives for PM₁₀ and NO₂. A typical modelling scenario from the Strategic Review indicated that the total reduction in the tonnage of PM₁₀ achieved through the basic scheme would be distributed across the GLA area in the proportions shown below:

- Central area 3%
- Inner area (excluding Central zone) 24%
- Outer area (excluding Central and Inner zones) 73%

4.2.4 The vehicles targeted by the LEZ proposals contribute only a small proportion of the emissions in the Central area. The biggest emissions contributors in this area are buses and taxis whose emissions are being addressed by separate initiatives. The ratio of emissions by buses and taxis to HGVs and coaches in the Central areas is 2.4:1 for PM₁₀ and 1.5:1 for NO_x. This ratio is reversed in the Inner and Outer area where the ratio of emissions are 0.6:1 (Inner) and 0.3:1 (Outer) for PM₁₀ and 0.5:1 (Inner) and 0.3:1 (Outer) for NO_x.

4.2.5 The estimated costs and benefits of this option are shown in Table 3 below.

Table 3 – Costs and benefits for an emission related charge within the existing and proposed extension to the congestion charging area

Cost to TfL to FY 2015/16 £(m)	Compliance Cost to Operators £(m)	Monetised Health Benefits £(m)	Earliest Likely Implementation Date
28 – 26	18 – 32	7 – 10	October 2007

4.2.6 Limiting the LEZ scheme to the extended congestion charging area could enable delivery of a LEZ in October 2007 and would significantly reduce the costs of implementation and operation. However, such a proposal would deliver minimal air quality and health benefits. It is suggested that this approach should only be considered as the first stage of a phased implementation strategy that could ultimately cover the whole of the Greater London area.

4.2.7 If the emissions standard for the scheme were set at Euro IV for PM₁₀ in 2008 the cost of compliance to operators would increase by some 10% to 15% and would be likely to be strongly challenged by industry. There is also concern that there would not be sufficient capacity in the retrofitting industry to deal with the additional vehicles which would be required comply with the enhanced standards.

4.3 LEZ scheme on the TLRN

4.3.1 Although an option would be to have a scheme which covered the extended Central Area and the TLRN, this would not be practical as it would need to be introduced under two sets of powers:

- A Variation Order under the GLA Act 1999 for the extended congestion charging zone;
- A TRO under the Road Traffic Regulation Act 1984 for the TLRN.

This dual approach would make enforcement extremely complex and would be very confusing to vehicle operators.

4.3.2 However, a scheme covering the TLRN only would include the diversionary routes to the extended congestion charging zone and so, effectively, control entry of non-compliant vehicles into the extended Central zone. Limiting the area covered outside the congestion charging zone to the TLRN would allow TfL to introduce the scheme under a TRO on its own roads without the need to rely on co-ordinating the support of the London Boroughs. The earliest implementation date for a scheme introduced in this way would be December 2007 after making full allowance for a Public Inquiry on the TRO. This assumes that no revisions to the Mayor’s Transport and Air Quality Strategies are required.

4.3.3 There are two major drawbacks to applying the scheme to the TLRN only. Firstly, the amount of signage required would increase significantly; legal advice is that it would be necessary to sign each access point to the TLRN within the zone (that is, the whole of Greater London). Secondly, there would be a real risk that traffic would seek to avoid the ban by simply diverting to Borough roads. This would have significant dis-benefits in terms of increasing pollution and congestion in some areas, as well as having road safety and other environmental impacts. Even though some Boroughs might be encouraged to join TfL in implementing the LEZ to avoid the diversionary effect, it would seem highly likely that there could be objections from other London Boroughs.

4.3.4 Enforcement arrangements would be similar to those used for the proposed basic scheme which takes into account the incentive towards compliance created by the level of penalty charge relative to the one-off cost of compliance. However, there would be a reduced requirement for mobile units to patrol the “hot-spots” off the TLRN.

4.3.5 It is estimated that the monetised health benefits could be significantly reduced by vehicles seeking to avoid the LEZ by diverting off the TLRN. Currently an estimated 85 to 90% of heavy vehicles use the TLRN for journeys within the GLA area. Operators of older, dirtier vehicles would be the most likely to divert to avoid the LEZ and to continue to use non-compliant vehicles. This would have the effect of reducing the potential compliant vehicles with a London-wide LEZ and in turn, could reduce the health benefits by an estimated 10 to 20%. The estimated costs and benefits of this option are shown in Table 4 overleaf:

Table 4 – Costs and benefits of a LEZ covering the TLRN only

Cost to TfL to FY	Compliance Cost to	Monetised Health Benefit	Earliest Likely Implementation
-------------------	--------------------	--------------------------	--------------------------------

2015/16 £(m)	Operators £(m)	£(m)	Date
123 - 118	185 - 230	114 - 150	December 2007

4.4 Summary of alternative LEZ options

4.4.1 The analysis indicates that the basic scheme as recommended by the Strategic Review and described in paragraph 3.9 and Annex B maximises the benefits available whilst reducing the risk of timetable slippage. The scheme would be enabled by a Scheme Order and would cover the whole of the GLA area. The options analysed are summarised in Table 5 below:

Table 5 – Summary of costs, benefits and timetable risks for alternative configurations for the LEZ

Option	Cost to TfL to FY 2015/16 £(m)	Compliance Cost to Operators £(m)	Monetised Health Benefit £(m)	Earliest Likely Implementation Date	Timetable Risk
LEZ covering the GLA area introduced via a Scheme Order (The Proposed Scheme)	132 – 127	195 - 270	134 – 177	January 2008	Low unless a further consultation is required.
LEZ covering the GLA area introduced via a TRO	129 - 124	205 - 280	134 – 177	Mid- 2008	High due to the need to co-ordinate the input of multiple authorities.
An emission element linked to the congestion charge introduced by a variation to the Scheme Order	28 – 26	18 – 32	7 - 10	October 2007	Low unless further consultation is required.
A LEZ covering the TLRN only using a TRO	123 - 118	185 - 230	114 - 150	December 2007	High due to likely objections from Boroughs due to displaced traffic.

Note: Comparison is based on an emission standard of Euro III for PM₁₀ in 2008 and Euro IV for PM₁₀ only in 2010. NO_x abatement and LGVs are excluded.

5. ALTERNATIVES TO A LONDON LEZ

5.1 In developing the LEZ proposals over the last year TfL has also revisited alternative ways, at both the national and local levels, of addressing transport-

related emissions. The conclusion of this work in the context of current government initiatives is that the alternatives are unlikely to deliver the same level of benefits in the same timescale. The alternative ways of achieving transport-related emissions reductions that have been considered by TfL are summarised below.

- 5.2 **Reliance on natural vehicle replacement cycle and tighter Euro Standards.** Work undertaken by TfL to assess the potential benefits of the proposed LEZ estimates that its introduction would deliver in 2010 levels of PM₁₀ emissions that would only be achieved in 2014/15 under the natural vehicle replacement cycle.
- 5.3 **Higher levels of Vehicle Excise Duty for more polluting vehicles.** DfT ministers have indicated that the Government has no plans to support the introduction of differential VED rates depending on vehicle emission levels of PM₁₀ and NO_x.
- 5.4 **The introduction of Road User Charging (RUC) with higher charges for more polluting vehicles.** Whilst it is now on the political agenda because of the imperative to reduce congestion, planning for a national road user charging scheme is only in its infancy. DfT has no firm target date for its introduction and much debate on its form and development is still to be had. The same issues would apply to the development of a London-wide road user charging scheme.
- 5.5 **Grants for retro-fitting pollution reducing equipment.** DfT has indicated that the monies available for retro-fit equipment would be minimal in FY2006 and that it intends to phase out grants and, potentially, the RPC scheme which encourages operators to clean up their vehicles in exchange for a VED rebate. European Union rules limit any environment-related grant to 30% of the capital cost of the equipment. Funding grants to the level that would allow entry to the proposed LEZ is estimated to cost between £7 and £19 million in 2008 and between £13 and £30 million in 2010. The incentive value to the operator of grants at this level is questionable and is unlikely to alter operator behaviour. The likely reduction in scheme implementation and operation costs is estimated at only £2 - £3 million whereas costs could increase significantly if TfL were required to fund the grants.
- 5.6 **Scrapping older vehicles.** The issues relating to the provision of incentives for scrapping older vehicles are similar to those relating to grants.
- 5.7 On the basis of this analysis, and in the absence of national initiatives, the proposed LEZ scheme represents the most effective option for reducing the most harmful road transport generated emissions between 2008 and 2015, more quickly than the reduction that would be achieved through the natural vehicle replacement cycle.

6. IMPACT ON FUNDING

6.1. TfL Costs For The Proposed Scheme

- 6.1.1 TfL's implementation and operating costs for the proposed 'basic scheme' for HGVs, buses and coaches (Euro III for PM₁₀ in 2008 and Euro IV for PM₁₀ in 2010) have been estimated to FY2015/16, the date beyond which there are only small further benefits derived from the proposed 2010 standards. At that point the scheme could be wound down, or more rigorous standards applied. Annex C summarises the quantified analysis.
- 6.1.2 A number of uncertainties around the proposed scheme inevitably exist, primarily associated with operator behaviour and the scope and cost of services from DfT. A risk release schedule has therefore been created and built into the capital expenditure (capex) estimates to allow for contingency. No further optimism bias has been added in the capex estimates but an overall optimism bias of 30% has been applied to opex to cover contingency and risk.
- 6.1.3 To reflect the impact of these uncertainties on scheme costs, a number of scenarios have been analysed and costed to reflect the additions to the scheme. These reflect the proposed standards described in paragraph 3.4 and the possible optional additions for 2010, all of which are subject to further analysis and decision, including:
- All HGVs, buses and coaches to conform to Euro IV standard for particulates (PM₁₀) **and** NO_x;
 - LGVs over 10 years old are included in the scheme;
 - TfL contracted buses are further upgraded to meet Euro IV standard for NO_x.
- 6.1.4 The estimated total expenditure to 2009/10 is between £85 - £90 million (£76 - £81 million NPV). The estimated cost for the basic scheme to 2015/16 is £127 - £132 million (NPV).
- 6.1.5 The costs to TfL of enhancing the standard for 2010 to Euro IV for PM₁₀ and NO_x are not significantly different from the basic scheme. The cost to TfL of the option of including LGVs is estimated at an additional £4 million (NPV); however operator compliance costs are estimated to increase by some £55 - £110 million (NPV).
- 6.1.6 The additional cost to upgrade the TfL contracted bus fleet is discussed in section 5 of Annex B.

6.2 Benefit to Cost Ratios

- 6.2.1 The monetised health benefits have been estimated by AEA Technology using both the Department for Environment, Food and Rural Affairs (Defra) approved methodology and a European Union (EU) methodology which takes into account a wider range of health benefits. The benefit to cost ratio (BCR) of the proposed basic scheme is 0.4:1 using the Defra methodology to estimate health benefits, and between 0.6:1 and 0.7:1 using the EU methodology. The EU methodology recognises a wider range of health effects than the Defra approach. Effects such as restricted activity and respiratory symptoms are included in the EU methodology whilst the Defra

approach is limited to serious impacts such as premature deaths and respiratory hospital admissions. Inclusion of the optional additions to the basic scheme for LGVs over 10 years old in 2010 and/or NO_x abatement in 2010 has no significant impact on the BCR.

- 6.2.2 A sensitivity test has been applied to assess the impact of a 25% reduction in the estimated non-London health benefits. The impact is to reduce the BCR from 0.4 to 0.3 using the Defra methodology.

7. RISK ANALYSIS FOR THE PROPOSED SCHEME

The primary risks associated with the implementation of the proposed LEZ scheme are currently as follows:

- 7.1 **DfT support for continuation of RPC scheme.** The operation of the LEZ, with the emission standards proposed, would require operational services for the testing and certification of retro-fit abatement equipment. DfT is best placed to provide these services as they already have an established infrastructure through VOSA that currently supports the RPC scheme. The DfT's current proposals are to wind up the RPC scheme but TfL is in discussions with the Department to ensure its continuation to support the proposed London LEZ and other similar schemes that might be implemented nationally. This will require operational support from DfT's agencies, including VCA, VOSA and DVLA and will probably include a cost to TfL, which is included in the costs to TfL. DfT has not yet confirmed whether or not it will agree to extend the RPC scheme. If it does not, then TfL will have to bear the costs of developing an alternative service with other partners such as the Energy Saving Trust. Such alternative services, which by their very nature will be less stringent in terms of emissions testing, would increase costs to TfL by some £3 million to £5 million with a potential loss of health benefit of some £6 million to £20 million. In addition, such an approach could be perceived by operators to be more subjective than a nationally-recognised standard and potentially more open to challenge.
- 7.2 **Increased levels of direct NO₂.** Research into the causes of observed increases in levels of direct NO₂ at some roadside monitoring sites appears to be showing a link between the fitting of particulate traps and these increases. This link appears to be confirmed by the provisional results of vehicle emissions tests carried out for TfL at Millbrook. However, advice from Defra's Air Quality Expert Group recommends that a holistic view of air quality is taken, recognising that steps taken to reduce one pollutant may cause increases in another. NO₂ is less harmful to human health than PM₁₀.
- 7.3 **Engine performance during urban operation.** Some stakeholders are expressing concern that new Euro IV vehicles may emit higher levels of emissions during urban operation than had been predicted. This is potentially a concern for the proposed LEZ as the scheme would encourage the purchase of these vehicles for operation in London. Further analysis of this risk will be commissioned from technical specialists later this year.
- 7.4 **Abatement technology risk.** Setting a standard for the proposed LEZ that relies upon operators retro-fitting emissions abatement equipment to their vehicles leads to risks relating to the supply of that equipment. The primary risks are whether the industry would be able to supply sufficient equipment to meet the demand that would be generated by the proposed LEZ, and also

whether technology solutions can be found for all vehicle models. Currently, equipment manufacturers focus on specific market segments, e.g. buses and taxis and the heavier HGVs. The market is not well developed for the oldest vehicles, or for the smaller HGVs. TfL is working with the manufacturers to further understand their ability to supply the market and has allowed additional time for some vehicle types to comply so that abatement solutions can be developed.

- 7.5 **Significant objections from operators and other stakeholders.** There would be a cost to some operators of complying with the proposed LEZ and this cost may be significant in some cases. Operator margins are already being impacted by higher fuel costs and the impact of other EU directives such as restrictions on working hours and the disability access directive (for coach operators). There is a significant risk that operators, their representative associations and some Boroughs would lobby against the details of the proposed LEZ.
- 7.6 **Enforcement against foreign operators.** Local Authorities and other enforcement agencies currently experience difficulties in recovering penalty charges from foreign-registered vehicle owners. Work is progressing to tackle this issue through a number of agencies including TfL and congestion charging and bus lane enforcement have recently consolidated to a single European debt recovery service where work is ongoing to improve performance. Nevertheless, there remains a risk that UK operators would perceive a lack of a “level playing field” with respect to foreign-registered operators.

8. SUMMARY

- 8.1 The Mayor has a statutory duty to take steps towards achieving the national air quality objectives in Greater London and has delegated to TfL responsibility for preparing and consulting upon revisions to his Air Quality and Transport Strategies to include a revised proposal for a London LEZ.
- 8.2 The joint Feasibility Study considered a range of options for a London LEZ. The TfL Strategic Review refined the outcome of the Feasibility Study to produce the basic scheme with the inclusion of NO_x and LGVs as optional additions to be further considered. Analysis of three of the more favourable options to the proposed basic scheme is provided for comparison purposes in this paper together with a review of the alternatives, other than a LEZ, that could achieve the air quality objectives for London. The basic scheme, as defined in paragraph 3.9 and Annex B, is the recommended approach.
- 8.3 The table at Annex C shows the outcome of the financial assessment of the basic scheme and the three main scheme optional additions under consideration for 2010. These would be the inclusion of NO_x abatement, the inclusion of LGVs over 10 years old in the vehicles which would be discouraged from entering the LEZ and the further upgrading of the London bus fleet to achieve further reductions in NO_x emission levels. Annex C also shows the key risk indicator identified in relation to each of the optional additions. The extra gross cost for the basic scheme to TfL within the period of the current Business Plan is some £52 million to £57 million (£47 to £52 million NPV). However, with revenues of some £7 million to £18 million, the net cost to TfL is some £46 million to £38 million (£41 to £32 million NPV).

- 8.4 The basic scheme has a low benefit to cost ratio, however, in the absence of national initiatives introduced by Government, the proposed LEZ represents the best option available to the Mayor for delivering health benefits to Londoners through reductions in harmful traffic-generated emissions. The proposed LEZ would also move London closer towards meeting its air quality objectives for 2010 more rapidly than would occur through the natural vehicle replacement cycle and more effectively than other available options. Furthermore, it would deliver benefits in reducing the areas of London that exceed the annual objectives and limit values, although even with a LEZ, the objectives for NO₂ and PM₁₀ would not be met at all locations.
- 8.5 If DfT does support the certification of NO_x abatement equipment, it would be possible to derive improvements in NO_x levels by adding NO_x abatement to the proposed emission standard for 2010.
- 8.6 If TfL and the Mayor were minded to do more to address NO_x emissions there is the option of taking further steps to improve the TfL bus fleet by accelerating the fitting of NO_x abatement equipment to Euro III vehicles.

9. RECOMMENDATIONS

It is recommended that the Board:

- (1) Note the content of this paper;
- (2) Note the delegation from the Mayor of 22 June 2005 to revise the Transport and Air Quality Strategies to include a revised proposal for a LEZ; to carry out the associated consultation processes and report to him; and to meet the costs in relation to this.

Annex A

Road Transport and Emissions in London

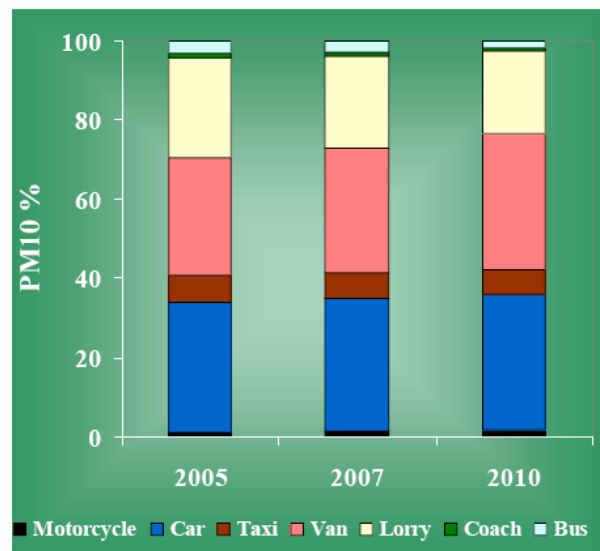
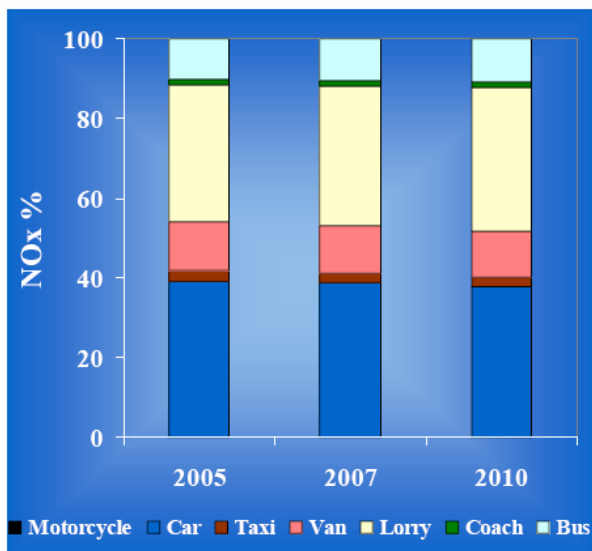
1. BACKGROUND

- Approximately 85% of vehicles travelling in London are petrol engined and the remainder are diesel engined.
- Diesel engines are generally found in heavier duty vehicles such as lorries, buses, coaches, taxis and vans.

2. EMISSIONS AND HEALTH EFFECTS

- Diesel engines emit a number of pollutants, the most dangerous of which are Fine Particulate Matter (PM₁₀) and Oxides of Nitrogen (NO_x).
- PM₁₀ exposure can worsen respiratory diseases (e.g. asthma) and can lead to cardiovascular problems.
- NO_x is primarily made up of NO and NO₂.
- NO does not have any related health issues.
- At high levels, NO₂ can cause inflammation of the airways and long term exposure at lower levels can increase susceptibility to lung infections and worsen allergies.
- Petrol engines typically emit a larger quantity of CO₂ than diesel engines.
- CO₂ does not cause any local health problems but does have a negative effect on the environment, i.e. it is a contributor to climate change.

The charts below show the relative proportions of NO_x and PM₁₀ emitted by each vehicle type, projected for 2005, 2007 and 2010.



3. EURO EMISSION STANDARDS

- All new vehicles sold in Europe are required to comply with emission standards set by the European Commission. These are known as Euro Standards.
- Euro standards address a range of vehicle features including emissions standards. Targets are set for a range of pollutants including PM₁₀ and NO_x. The aim is to make vehicles gradually cleaner. Euro standards are tightened approximately every 3-5 years.
- There are different standards for Cars, Light Duty Vehicles and Heavy Duty vehicles.
- For Heavy Duty Vehicles, Euro I was introduced in 1993, Euro II in 1996, Euro III in 2000 and Euro IV is due to be introduced in October 2005.
- Each progressive Euro standard is less polluting than the one preceding it – with the greatest gains being achieved in PM₁₀.

4. VEHICLE TECHNOLOGY IMPROVEMENTS

- Newly manufactured vehicles employ a range of different technologies to reduce NO_x and PM₁₀ emissions.
- If an operator wished to clean up an older vehicle it is possible to purchase devices (most often particulate traps or filters for PM₁₀) that can be retro-fitted to allow the vehicle to achieve a higher Euro standard on emissions.
- Technology to reduce PM₁₀ is very well developed and can reduce levels by up to 90%.
- Technologies to reduce NO_x are much less developed but have the potential to reduce emissions from 45 to 85%.
- In order to be able to comply with Euro IV and Euro V standards new technologies are being developed by manufacturers.

Annex B

1. OUTLINE OF THE PROPOSED SCHEME

- 1.1 It is proposed that the LEZ should cover the whole of the Greater London area, excluding motorways (over which TfL has no jurisdiction, but which would benefit from the scheme).
- 1.2 From 2008 the LEZ would apply to HGVs over 3.5 tonnes, buses and coaches. The scheme could be extended to apply to diesel-engined Light Goods Vehicles (LGVs) over 10 years old from 2010, but this option is subject to further analysis and decision. The scheme launch would be staggered to start from late January 2008 with HGVs over 7.5 tonnes. Buses, coaches and HGVs between 3.5 and 7.5 tonnes would be included from July 2008. This would allow more time for vehicle abatement technology solutions to be developed for these latter vehicle types. All London-licensed taxis will be compliant with the proposed 2008 LEZ emission standard for PM₁₀ by July 2008.
- 1.3 Based on current projections of fleet replacement, it is estimated that approximately 60,000 HGVs, buses or coaches which currently operate in London would have to be upgraded or replaced to meet the requirements of the proposed 2008 standard. A further 100,000 vehicles could be affected by the proposed 2010 standard, although this number is likely to be greatly reduced taking into account the compliance measures that operators take in 2008 (i.e. their upgrade decisions in 2008 would take into account the 2010 scheme requirements). If a decision were taken to extend the scheme to include diesel-engined LGVs in 2010, some 50,000 – 80,000 additional vehicles could be affected.
- 1.4 All vehicles are manufactured to meet a specified Euro standard. These are Europe-wide vehicle standards that require vehicles to achieve set emission limits which get progressively tighter. The Euro IV standard will be mandatory for all new models of HGV manufactured from October this year.
- 1.5 The proposed scheme emission standards for diesel-engined vehicles which could be used within the LEZ without the payment of a charge are:
 - For 2008, a standard of Euro III for particulates (PM₁₀) only;
 - For 2010 a standard of Euro IV for particulates (PM₁₀) or, in the event that NO_x certification capability is available (see below), a standard of Euro IV for PM₁₀ and NO_x.
- 1.6 The overall scheme is dependent upon the Department for Transport (DfT) retaining the Reduced Pollution Certificate (RPC) scheme or replacing it with a similar scheme if the linkage to Vehicle Excise Duty (VED) is discontinued. An RPC can currently be issued for a vehicle that has been fitted with a DfT-approved emissions abatement device, and the operator will receive a VED rebate for the vehicle. The inclusion of a NO_x standard for the proposed LEZ in 2010 is further dependent upon DfT developing and introducing an appropriate certification scheme for NO_x abatement equipment.
- 1.7 The scheme would be legally enabled by a Scheme Order made by TfL and confirmed by the Mayor under the GLA Act 1999. This would allow operators

wishing to operate vehicles within the zone that were not compliant with the proposed LEZ emission standards to pay a charge. The proposed charge and penalties for non-compliance would be set at a level which would represent a clear economic incentive to operators to make their vehicles compliant. At the same time they would allow infrequent visitors operating non-compliant vehicles to enter the zone if needs be, albeit at a cost.

- 1.8 Initially the scheme would be enforced using existing TfL camera infrastructure similar to that used for bus lane and yellow box junction enforcement. The cameras would be supplemented by mobile units and mobile ANPR (Automatic Number Plate Recognition) vehicles.

2. SCHEME IMPLEMENTATION PLAN

- 2.1 The earliest a scheme could be implemented is late January 2008. This takes into account the time required to undertake the statutory consultations and to complete the legal processes required to make and confirm a Scheme Order, as well as the time to put in place the required business systems and processes.
- 2.2 A high level programme strategy chart is attached at Annex D. The draft schedule represents the tasks and activities that could enable a scheme to be launched in late January 2008.
- 2.3 The late January 2008 start date assumes that:
 - There are two rounds of public consultation: one at the Transport and Air Quality Strategy revision stage and one at the Scheme Order stage;
 - No public inquiry is needed and no legal challenges are made to the decisions taken;
 - The full co-operation of key partners such as the DfT, DVLA, the Vehicle and Operator Services Agency (VOSA) and the Association of London Government (ALG) is achieved;
 - The Mayor revises his Air Quality and Transport Strategies and confirms the Scheme Order, with or without modifications, following consultation.
- 2.4 This programme, which minimises expenditure in advance of the Mayor's possible confirmation of a LEZ Scheme Order, allows a total of nine months after confirmation of the Order for operators of the heaviest HGVs to upgrade or replace their vehicles. Operators of buses, coaches and the smaller HGVs would have an additional six months to comply.

3. FINANCIAL IMPACTS

3.1 Estimated TfL Revenues From The Proposed Scheme

- 3.1.1 The proposed LEZ is not designed to be a revenue generating scheme so the revenues would not offset the costs; furthermore, air quality improvements would be maximised by high levels of operator compliance. There would, however, be some revenues from the LEZ scheme through charge and penalty charge payments. These are not included in the benefit to cost

analysis in line with TfL Business Planning guidance. The NPV of the estimated gross revenues to 2015/16 of the basic scheme are estimated at some £25 to £50 million. The revenues for the inclusion of NO_x in the 2010 standards for HGVs, buses and coaches would be similar.

- 3.1.2 The additional revenues, if the decision were taken to include LGVs from 2010, are estimated to be some £10 - £15 million.

3.2 Funding Implications for TfL

- 3.2.1 The overall net funding requirements for TfL are estimated at £83 - £100 million for the basic scheme up to FY2015/16.

3.3 Compliance Costs to Operators

- 3.3.1 There would be a cost to operators of complying with the proposed LEZ resulting from the requirement to upgrade older, non-compliant vehicles or to replace them with compliant vehicles.
- 3.3.2 The total compliance cost to operators with a 2010 standard of Euro IV for PM₁₀ only is estimated to be some £195 - £270 million. If the standard in 2010 were Euro IV for PM₁₀ and NO_x, and a decision were taken to include LGVs, the total cost to operators are estimated to increase to some £250 - £390 million. Further work is being undertaken to assess the impact on compliance costs of differing operator strategies for vehicle replacement but the results are unlikely materially to alter the benefit to cost ratio for the scheme.

3.4 Estimated Health and Other Benefits

- 3.4.1 The primary benefits of the proposed LEZ would be the health and other improvements achieved both inside and outside Greater London through reductions in PM₁₀ (and potentially NO_x emissions) from road traffic. The benefits fall into three categories:
- Primary health benefits derived from reductions in PM₁₀ emissions. Benefits achieved include reductions in deaths brought forward, reductions in years of life lost and reductions in hospital admissions for respiratory illness;
 - Secondary health benefits for people with pre-existing respiratory conditions achieved through reductions in NO₂;
 - Non-health benefits achieved through a reduction in materials damage, primarily building soiling associated with PM₁₀.
- 3.4.2 The monetised health benefits have been estimated by AEA Technology using both the Department for Environment, Food and Rural Affairs (Defra) approved methodology and a European Union (EU) methodology which takes into account a wider range of health benefits.
- 3.4.3 The Defra methodology for estimating health benefits is more 'conservative' and is consistent with the guidance given by the UK Department of Health's

Committee on the Medical Effects of Air Pollutants (COMEAP). This method captures only the serious health impacts of air pollution e.g. premature deaths and respiratory hospital admissions. It is generally accepted that other, more minor health effects are caused by air pollution and would be reduced by schemes such as the proposed LEZ. However, these health effects are not quantified by COMEAP due to concerns about the reliability of quantifying them. Using the Defra methodology the NPV of the estimated benefits is between £130 - £180 million for a 2010 standard of Euro IV for PM₁₀ only, and between £150 - £210 million for a 2010 standard of Euro IV for PM₁₀ and NO_x including LGVs.

- 3.4.4 The EU methodology attempts to take into account a wider range of health effects e.g. restricted activity days and respiratory symptoms, whilst recognising the increased uncertainty of some of the estimates. This approach focuses more on sensitivity and uncertainty analysis. Using this methodology, the NPV of the estimated benefits is between £190 - £260 million for a 2010 standard of Euro IV for PM₁₀ only, and between £230 - £310 million for a 2010 standard of Euro IV for PM₁₀ and NO_x including LGVs.
- 3.4.5 The benefits outside London estimate the health impacts of lower emission vehicles operating outside London as a result of the proposed LEZ and also allow for the dis-benefit of older vehicles being moved out of the zone. These estimates carry a greater degree of uncertainty than the estimated London benefits due to a number of factors, including the response of non-London operators to the proposed LEZ and the journey patterns of their vehicles and this has been reflected in a sensitivity analysis for the scheme benefit to cost ratio.

4. PROGRESS TOWARDS EU & NATIONAL AIR QUALITY OBJECTIVES AND LIMIT VALUES

- 4.1 The proposed LEZ would deliver a reduction in the tonnes of PM₁₀ (and potentially NO_x) emitted by diesel-engined HGVs, buses and coaches. This in turn would result in a reduction in the concentrations of these pollutants measured in the atmosphere and it is these concentrations that are targeted by the EU and NAQS.
- 4.2 The base case figures in the analysis estimate the area of Greater London in km² that is predicted to exceed the London annual mean limit value and objectives for PM₁₀ and NO₂ in 2008 and 2010 without a LEZ. These estimates include the impact of TfL's taxi and bus initiatives as these initiatives are going ahead independently of the LEZ. The 2010 objectives are 23µg/m³ for PM₁₀ and 40µg/m³ for NO₂ as annual mean concentrations.
- 4.3 Modelling of the impacts of the proposed LEZ indicates that in 2008 the basic scheme would deliver a reduction of between 4% and 6% of the area of Greater London exceeding the annual mean NO₂ objective, and between 4% and 6% reduction in the area exceeding the annual mean PM₁₀ objective. In 2010 the proposed basic scheme would deliver equivalent reductions of between 8% and 11% for NO₂ and between 8% and 11% for PM₁₀. The inclusion of NO_x abatement and LGVs would increase the reductions to some 18% for NO₂ and 14% for PM₁₀.
- 4.4 In addition to the annual mean objectives, there is a UK objective for the number of days an area is allowed to exceed the daily mean limit value for

PM₁₀. This objective is 35 days which some areas of London currently exceed. The proposed LEZ would reduce the area exceeding the 35 day limit for daily PM₁₀ exceedences by between 7% and 11% in 2008 and between 16% and 20% in 2010 for the basic scheme. This could increase to 23% with the inclusion of LGVs.

5. OPTION OF FURTHER UPGRADING THE TFL BUS FLEET

- 5.1 The option of investing further in the TfL contracted bus fleet has been assessed. This would deliver substantial further reductions in NO_x emissions but very little additional reduction in PM₁₀ emissions which generate the majority of the monetised health benefits of the scheme. This is because the current bus initiatives will remove the majority of the particulate emissions generated by TfL contracted buses.
- 5.2 Further bus upgrades could complement the LEZ proposals by providing an effective means of helping London to move closer towards meeting its air quality objectives for NO₂.
- 5.3 However, TfL has also considered investing in upgrading the TfL contracted bus fleet as an *alternative* means of achieving a reduction in NO_x emissions in the event that DfT does not support retrofitting of NO_x technology.
- 5.4 The LEZ base case already assumes some upgrades to the TfL bus fleet as follows:
 - All buses to be minimum standard of Euro II + particulate trap by December 2005;
 - All 1,300 Euro II buses to be fitted with NO_x abatement equipment by March 2010.
- 5.5 These measures give a reduction of approximately 550 tonnes of NO_x emissions and 72 tonnes of PM₁₀ emissions over the life of the scheme which is already accounted for in the LEZ base case (i.e. the LEZ modelling assumes these benefits would be delivered without the LEZ being implemented).
- 5.6 The TfL bus fleet could be further upgraded by accelerating the retro-fitting of NO_x abatement equipment to cover all Euro III vehicles by 2010 at a cost of some £40m.
- 5.7 This measure, plus the measures already planned are estimated to deliver a reduction of 2,350 tonnes per annum of NO_x emissions, i.e. an additional 1,800 tonnes over the base case. However they would only deliver 73 tonnes reduction of PM₁₀ emissions, i.e. an additional 1 tonne over the base case. The estimated health benefits associated with a 1,800 tonne reduction in NO_x emissions and a 1 tonne reduction in PM₁₀ emissions is approximately £6 million.
- 5.8 The BCR for an emission standard of Euro IV for particulates only in 2010 for HGVs, buses and coaches, plus the upgrade to TfL contracted buses to tackle NO_x emissions remains at 0.4 : 1 (0.7 : 1 using EU methodology). This is because the most significant health benefits are derived from reductions in PM₁₀ emissions rather than NO_x (and hence NO₂) and TfL has already planned to minimise PM₁₀ emissions from TfL contracted buses. However the reduction of NO_x emissions from road traffic is still important if London is to

make progress towards meeting its air quality objectives. If DfT does not provide a NO_x retro-fit certification service then this may be the best option available to the Mayor for addressing NO_x emissions in London.

- 5.9 As this option has only been considered very recently it has not been possible to do the associated air quality modelling of the reduction in areas of exceedence. This would need to be done to assess how far this option goes towards helping London to meet its air quality objectives. Further tests and trials are required to confirm the viability of this option.

ANNEX C – Summary of Quantified Analysis

	Impacts (£m) Present Values			Area exceeding AQ Objectives (% improvement over 2010 baseline)	BCR ²	Risk ³
	Cost to TfL	Health Benefits ¹ – Defra and [European] method	Cost of Operator Compliance			
Basic Scheme (HGVs, buses and coaches): 2008 (Euro III for PM ₁₀) + 2010 Scheme with Euro IV (PM ₁₀ only)	132.1 – 127.6	133.4 – 176.8 [197.7 – 262.4]	195.2 – 270.0	NO _x : 27.8km ² (8.7%) – 27.2km ² (10.6%) PM ₁₀ : 44.7km ² (8.8%) – 44.4km ² (11.4%)	0.4:1 to 0.4:1 [0.6:1 to 0.7:1]	Low. But does not address NO _x emissions.
Option 1 (HGVs, buses and coaches): 2008 (Euro III for PM ₁₀) + 2010 Scheme with Euro IV (PM ₁₀ and NO _x) ⁴	132.1 – 127.6	134.4 – 179.0 [207.0 – 276.2] ⁵	202.0 – 279.1	NO _x : 26.6km ² (12.6%) – 25.6km ² (15.9%) PM ₁₀ : 44.7km ² (8.9%) – 43.6km ² (11.0%)	0.4:1 to 0.4:1 [0.6:1 to 0.7:1]	High. Strong probability that DfT would not support NO _x certification.
Option 2 (HGVs, buses and coaches): 2008 (Euro III for PM ₁₀) + 2010 Scheme with Euro IV (PM ₁₀ only), plus Bus Upgrade to address NO _x emissions	163.6 – 158.1	139.2 – 182.6 [207.5 – 272.2]	195.2 – 270.0	As No. 2 with additional 1,800 tonnes of NO _x reduction and 1 tonne of PM ₁₀	0.4:1 to 0.4:1 [0.6:1 to 0.6:1]	Low. Bus scheme is within the control of TfL.
Option 3: Adding in LGV's from 2010	3.7 – 4.1	24.9 ⁶ [31.5]	55.7 – 109.3	NO _x : 0.58km ² (2%) PM ₁₀ : 1.0km ² (2%)	0.4:1 to 0.4:1 [0.6:1 to 0.6:1]	Medium. Scheme could be opposed because of possible impact on small businesses.

¹ The health benefits shown are the sum of those calculated for inside the GLA area and for the rest of the UK. The estimates for outside the GLA area have a lower level of confidence than those within the area.

² BCR is based on the ratio of Health Benefits (Defra methodology, values in brackets [] using EU methodology): Costs to TfL (excluding revenues) plus operator compliance costs.

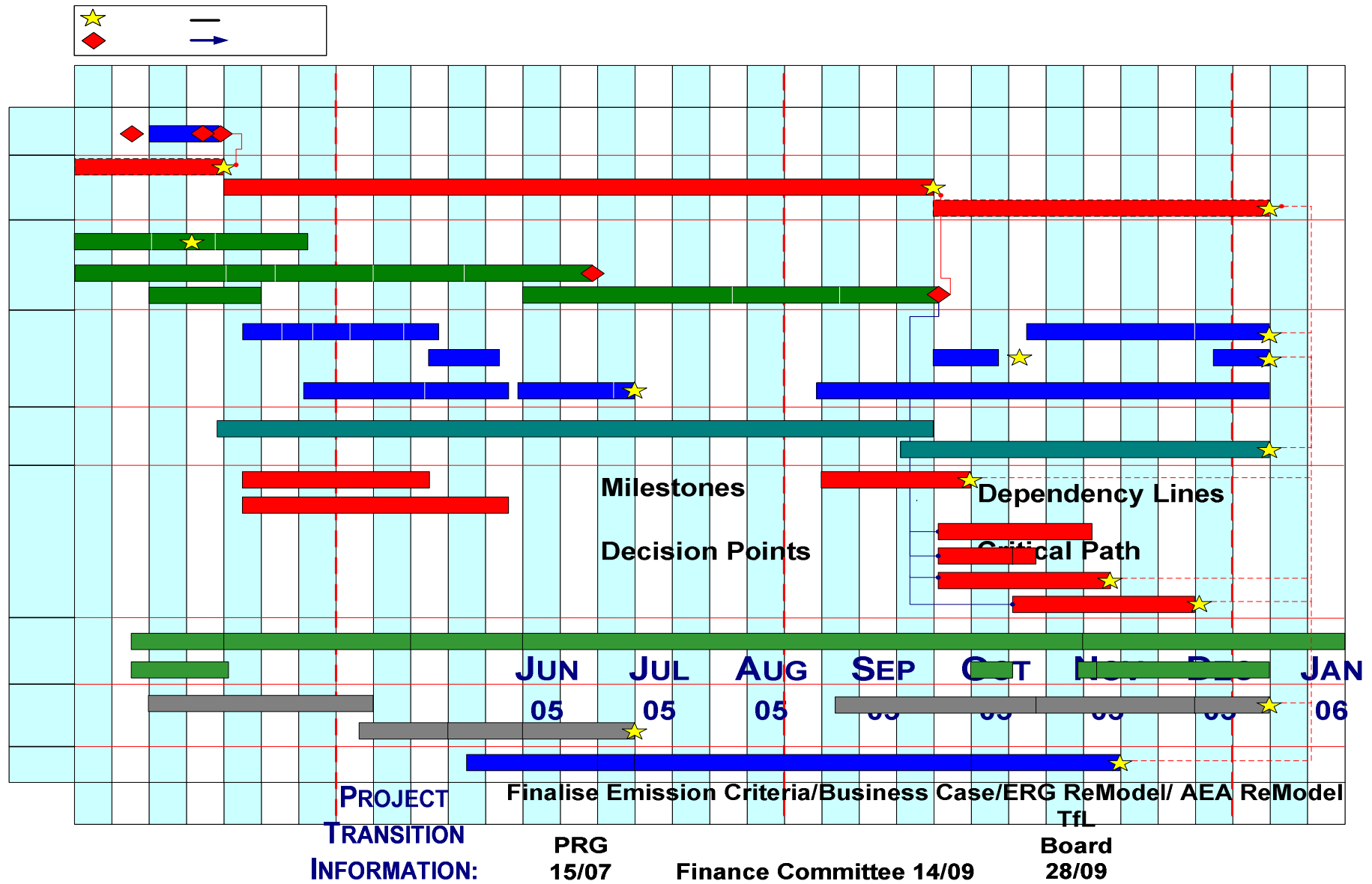
³ With all scenarios there is a risk that DfT will not provide a certification scheme for particulate abatement equipment.

⁴ Options 1, 2 & 3 include a standard of Euro III for PM₁₀ is introduced in January 2008.

⁵ The figures in brackets for health benefits and BCRs illustrate the impact of using the EU method of estimating health benefits.

⁶ Compliance rate for LGVs has been assumed to be 62% based on the July 2003 Feasibility Study and a 10 yr age limit has been assumed.

ANNEX D – Proposed LEZ High Level Strategy



COMMISSIONER'S REPORT FOR SEPTEMBER 2005

1. PURPOSE

This is the Commissioner's written report for September 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. INTRODUCTION

At the time of the last Board meeting, less than a week after the tragic events of 7 July, Underground services were suspended on the Circle line and on parts of the Piccadilly, Hammersmith & City, Metropolitan and District lines.

Just four weeks after the attacks underground services were fully restored and those stations affected in the attacks were once again in operation.

There were significant short term changes in travel behaviour in the immediate aftermath of the terrorist attacks on 7 July. This was reflected in falling passenger numbers on the underground by 10-15% on weekdays and 20-25% at weekends; and increases in bus demand of 1-2% immediately after the attacks. Passenger volumes on the Underground have now returned to the levels experienced in September last year. Overall bus passenger numbers have not been affected significantly.

3. OPERATIONS

3.1 Surface Transport

3.1.1 Increase in Congestion Charge

The increase of the charge to £8 was implemented on 4 July. Early indications are that overall traffic volumes appear to have decreased by approximately 2%. Residents and fleet volumes do not appear to have been significantly affected at this stage.

3.2 London Underground

3.2.1 Customer service and performance

The July attacks and their aftermath have overshadowed the improved train service performance on the Underground. For the first quarter up to 6 July the percentage of schedule operated was being consistently maintained at an eight-year high of 96.5%. However a loss of over 1 million train kilometres as a result of the terrorist attacks will have a significant impact on LU's ability to meet its 2005/06 train service performance targets.

3.2.2 PPP Annual Report

On 27 July London Underground published its second annual report on the performance of the PPP, for the year to 31 March 2005. The report recognises that while there have been some improvements, in many areas the rate of delivery has been slower than expected based on the Infracos' bids. The report focuses attention on the need for Tube Lines to improve

performance of the Northern line and for Metronet to recover its renewal programme. The report is available from the TfL website at www.tfl.gov.uk/pppreport.

4. FINANCIAL AND PLANNING ISSUES

4.1 London 2012 Olympic and Paralympic Games

Following London's successful bid for the 2012 Olympic and Paralympic Games, the London Olympic Bill received its second reading prior to recess. The key purpose of the Bill is to create the Olympic Delivery Authority which will construct the venues, the Olympic Park and co-ordinate and deliver transport.

The Bill will not be enacted until early 2006. In the meantime, the LDA and TfL have been directed by the Mayor to progress venues and transport respectively. To this end an Olympic Transport team is being recruited. It will transfer to the Olympic Delivery Authority on its creation. TfL will be reimbursed for all costs incurred.

4.2 Fares – free travel for Under 16s

The issuing of Child Oyster photocards giving free bus travel to 14/15 year-olds started as planned on 1 August. The target of 40,000 applications by the end of August was achieved a week early. Free bus travel for 11-13 year-olds launched as scheduled on 1 September.

5. MAJOR PROJECTS AND INITIATIVES

5.1 Thames Gateway Bridge

The second stage of the Public Inquiry started on 13 September 2005 and is scheduled to complete by the end of December 2005. "Proof of evidence" from the objectors have been received and responses are being prepared. As a result of the extended, two phased inquiry, the Secretary of State's decision on the Inspectors report is not expected before September 2006. This is likely to delay the project completion by 6 months to the end of 2012.

5.2 Crossrail

The second reading of the Crossrail Bill took place on 19 July. During the reading, the Secretary of State confirmed the delay in announcing funding proposals for Crossrail. DfT have therefore agreed to provide approximately £240m of additional interim funding for Crossrail to cover work on the Bill and preparation of plans and programmes for taking forward the main works. Keith Berryman has been confirmed as interim Chief Executive following the departure of Norman Haste.

5.3 DLR Major Projects

London City Airport Extension - The Extension is scheduled to open on 15 December 2005 as planned. Work has already started on the extension to

Woolwich Arsenal with site clearance and excavation of the tunnel boring machine launch chamber well underway.

Franchise Renewal - Four bidders tendered for the 7-year year franchise to operate the DLR from 1 April 2006. Two of the bidders have been selected to submit a 'Best and Final Offer' and it is anticipated that the selection of the preferred bidder will be made at the end of October 2005.

5.4 Rail Vision (Rail 2025)

The first phase of our study into the long-term vision for expanding rail capacity in London is complete. Presentations on this subject are scheduled for the Rail Panel on 12 October and the Board Away-Day on 17 November.

6. GROUP COMMUNICATIONS

6.1 Borough Spending Plans

Submissions seeking 2006/7 Borough Spending Plan funding were received from all boroughs and their transport partnerships on 22 July. The submissions are now being assessed against the criteria published by TfL and an announcement of 2006/7 allocations is currently programmed for late November.

**Robert R. Kiley
Commissioner for Transport
September 2005**

BOARD**SUBJECT: TfL OPERATIONAL AND FINANCIAL REPORT – 1ST QUARTER****MEETING DATE: 28 SEPTEMBER 2005**

1. PURPOSE

- 1.1 To inform the Board of TfL's financial position and highlight related performance issues arising during the first Quarter of 2005/06 (1 April 2005 to 25 June 2005).

2 KEY HIGHLIGHTS

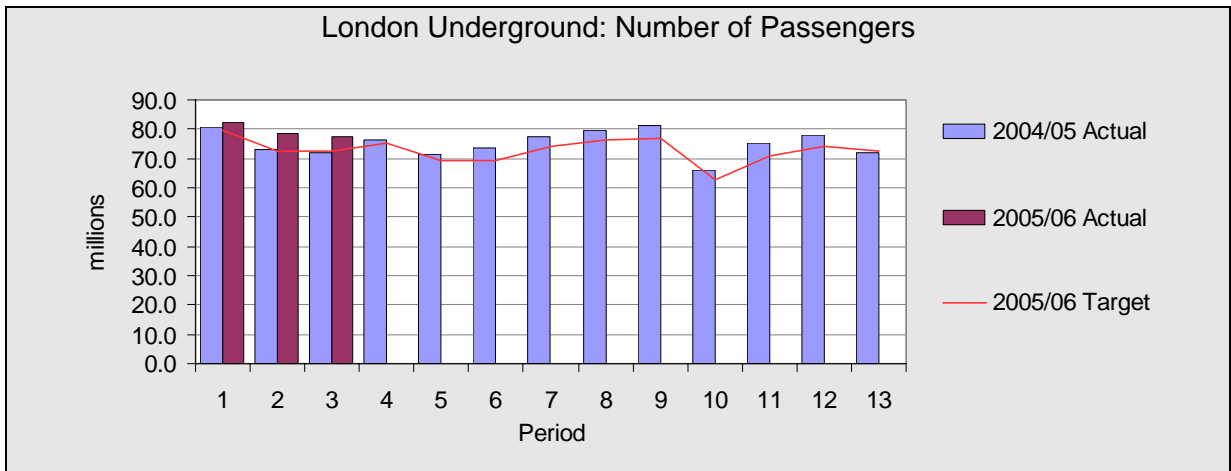
- 2.1 The principal highlights arising over the first Quarter of 2005/06 are as follows:

- Performance across TfL was better than budget. The full year net expenditure forecast has only been marginally increased to take into account the events of 7 and 21 July 2005. The full effect of the events will be better reflected in the second Quarter report.
- Income was 2% better than budget. Strong growth was recorded across most areas in TfL.
- Demand was particularly strong on London Underground with journeys up by 13m or 6% from last year.
- TfL is forecasting a small underspend in operating expenditure of £13m, despite increased costs that London Underground expects to incur as a result of the July bombings.
- TfL saw its best ever quarterly performance delivery (particularly in respect to Percentage of Schedule Operated). This included record levels of performance for DLR and London Buses while London Underground was at an eight year high.
- The growth in Oyster use has also had an effect on sales by ticket type. There are now over 3 million Oyster cards in circulation and Pre-Pay sales have increased to represent 5% of tube and 2% of bus trips.
- Cash flow is forecast to map closely to budget with the forecast year end balance of £668m against a budgeted balance of £726m.

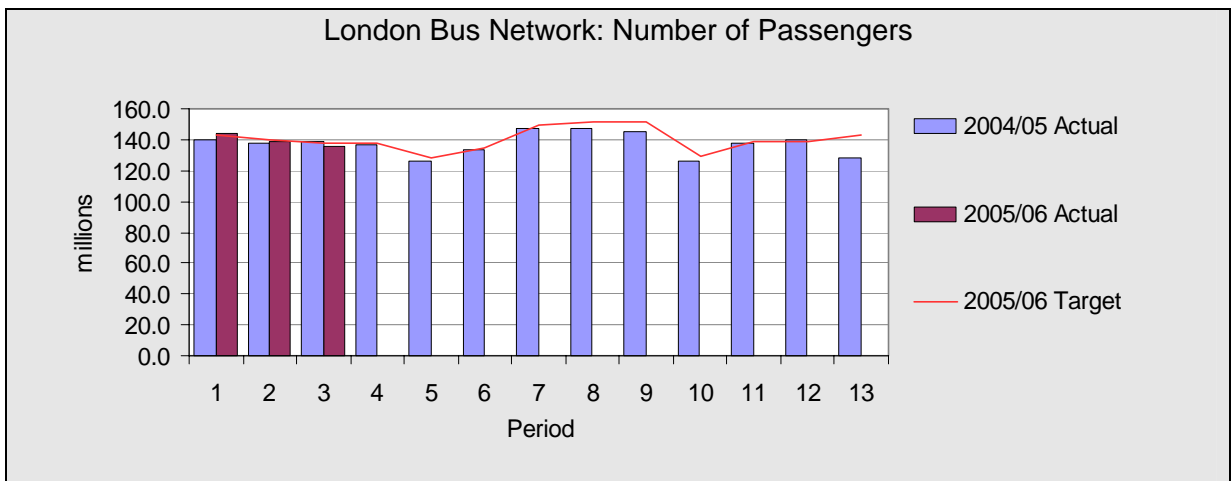
3 DELIVERY

3.1 Demand growth continued across TfL, though at a slower rate than in 2004/05. Key reasons for the 2.3% growth compared to budget included growth in Central London Employment and the strength of the tourism in London.

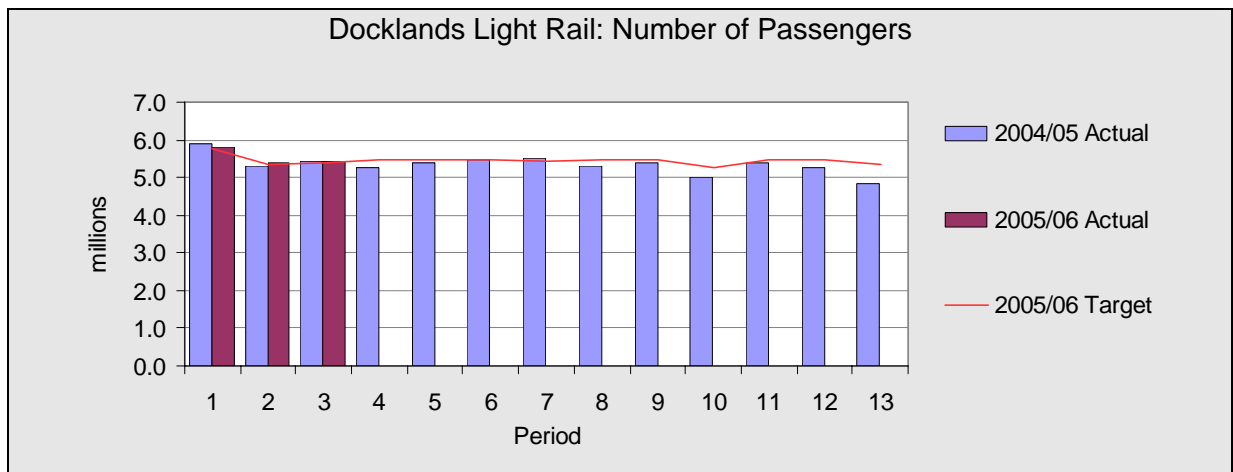
3.2 Demand was particularly strong on London Underground with journeys up by 13 million compared with budget and 5.5% above the first Quarter of last year. However, in view of the incidents on the 7 and 21 July 2005, the forecast for the year has not been significantly revised from budget.



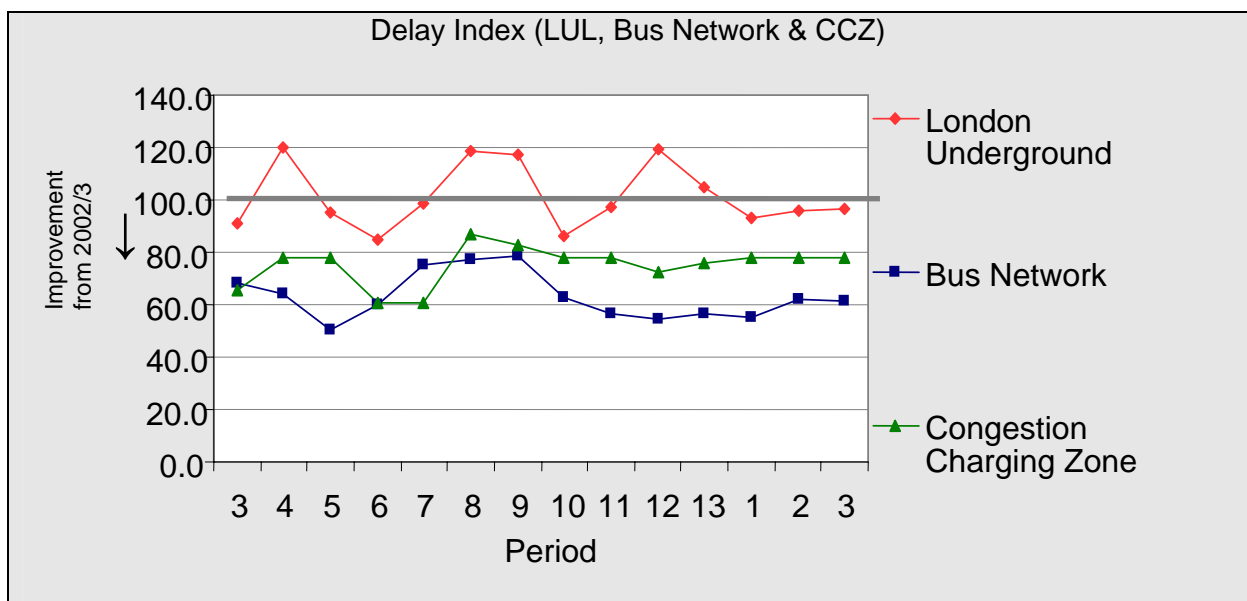
3.3 On the bus network demand has increased by around 1% compared to last year: the effects of the fares increase in January have been countered by a small rise in journeys due mainly to background economic effects and service reliability improvements. The budgeted journeys of 1,824m still looks achievable, particularly given the introduction of free travel for under 16 year olds in September 2005.



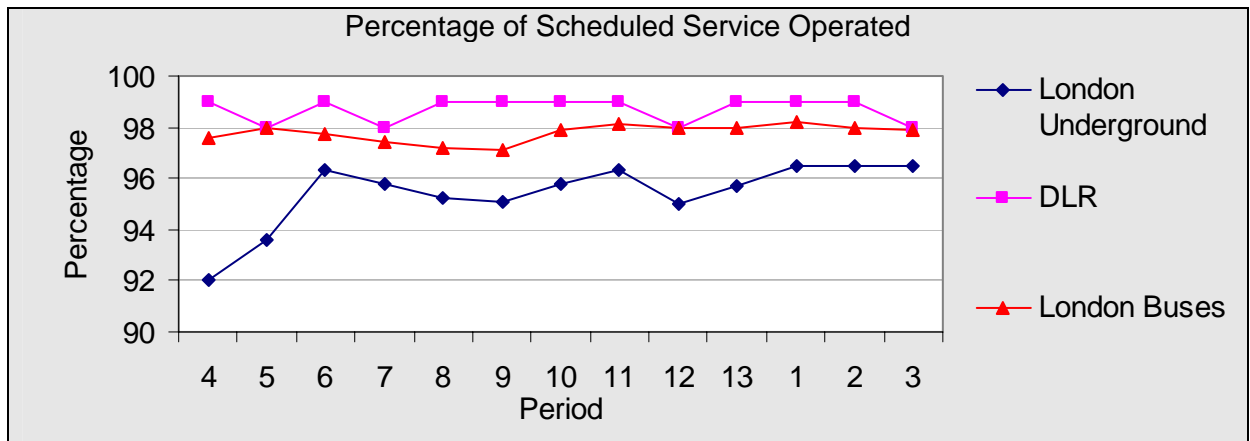
3.4 DLR demand grew by 9.3% from last year and was 0.2m above budget. Particularly strong growth was recorded on the Lewisham extension with an increase of 11% compared to last year.



- 3.5 It is too early to assess the demand impact of the incidents on the 7 and 21 July 2005. Full year forecasts for London Underground, Bus and DLR will be reviewed during the second Quarter once the effects are clearer. An updated position will be verbally presented at the Board meeting.
- 3.6 The overall Delay Index was better than budget in the first Quarter. This measure reflects Excess Journey Time indicators for the Underground and Buses and the National Delay Measurement for the Central London Congestion Zone. A score below 100 represents a reduction in delay minutes against the 2002/03 base.



- 3.7 London Underground's Delay Index reflects an improvement in train service performance in the first quarter, which is ahead of target and prior year.
- 3.8 The Bus Network Delay Index shows consistent improvement against prior year. This mainly reflects the effect of Quality Incentive Contracts, better service control and bus priority measures.
- 3.9 The London-Wide congestion flow rate (CCZ Delay Index) remained stable over the first Quarter. Although the rate was seen to fall after the introduction of Congestion Charging it has increased from the same Quarter last year. It is anticipated that the second Quarter results will see an improvement reflecting the lower traffic flow during the summer months.



3.10 London Underground achieved a Percentage of Scheduled Kilometres Operated in Quarter 1 of 96.5% against a target of 95%. This is the best performance on the tube for 8 years.

3.11 DLR's Percentage of Scheduled Kilometres are at a record level. The drop in Period 3 at the close of a good Quarter's performance is a normal fluctuation at the current high levels.

3.12 London Buses experienced an improvement in the Percentage of Scheduled Kilometres operated, reflecting improved management, better bus priority and the effects of the Congestion Charge. This resulted in the current historically high levels (97.9% in Period 3) experienced.

3.13 For information on capital delivery please refer to the **Investment Programme Paper**.

4 CUSTOMER IMPACTS

4.1 London Underground first Quarter Customer Satisfaction Scores (CSS) were in line with budget and remained unchanged compared to the same Quarter last year. London Buses overall satisfaction was down 1 point against target and the same Quarter last year. Significant improvements were recorded in safety, staff availability and cleanliness indicators. DLR CSS results were either on or above target with the highest ever score achieved for service information.

5 QUARTER RESULTS

5.1 Income year to date was £12m (or 2%) better than budget. Year on year income growth has slowed in part due to London Buses, attributable to the January 2005 fares increase. Journeys grew by 1% with some passengers switching to London Underground. This was offset by London Underground's income year to date continuing its strong growth, up by 11% compared to the same Quarter last year and up 8% from budget. DLR fares income remained in line with budget.

5.2 Operating Expenditure year to date of £1,102m was £13m below budget. The result reflects lower spend of £14m in London Underground, mainly due to lower than budgeted performance payments and other variances relating to the PPP contracts, and £15m in Corporate Directories relating to differences in the phasing of property activity across the year. These were offset by an overspend of £6m in London Rail

and £9m in Surface Transport, both of which are due to work being ahead of schedule.

- 5.3 Capital Budget Expenditure of £129m year to date was £54m below budget. Capital Receipts & Reimbursed Expenses at £29m year to date was below budget reflecting lower reimbursements in line with lower expenditure on externally funded projects. For further detail on capital expenditure please refer to the **Investment Programme paper**.

£'millions	Year to Date		Full Year	
	Outturn	Variance to Budget	Forecast	Variance to Budget
Operating Budget				
Revenue income	(657)	(12)	(2,775)	-
Revenue expenditure	1,102	(13)	4,985	(12)
Overprogramming (operating)	-	5	-	20
Gross margin	445	(20)	2,210	8
Capital Budget				
Capital expenditure	129	(54)	875	(125)
Capital receipts/reimbursements	(29)	14	(150)	35
Property sales	(5)	-	(12)	-
Overprogramming (capital)	-	36	(32)	108
Total capital expenditure	95	(4)	681	18
Contingency	-	-	8	(18)
Net expenditure	540	(24)	2,899	8

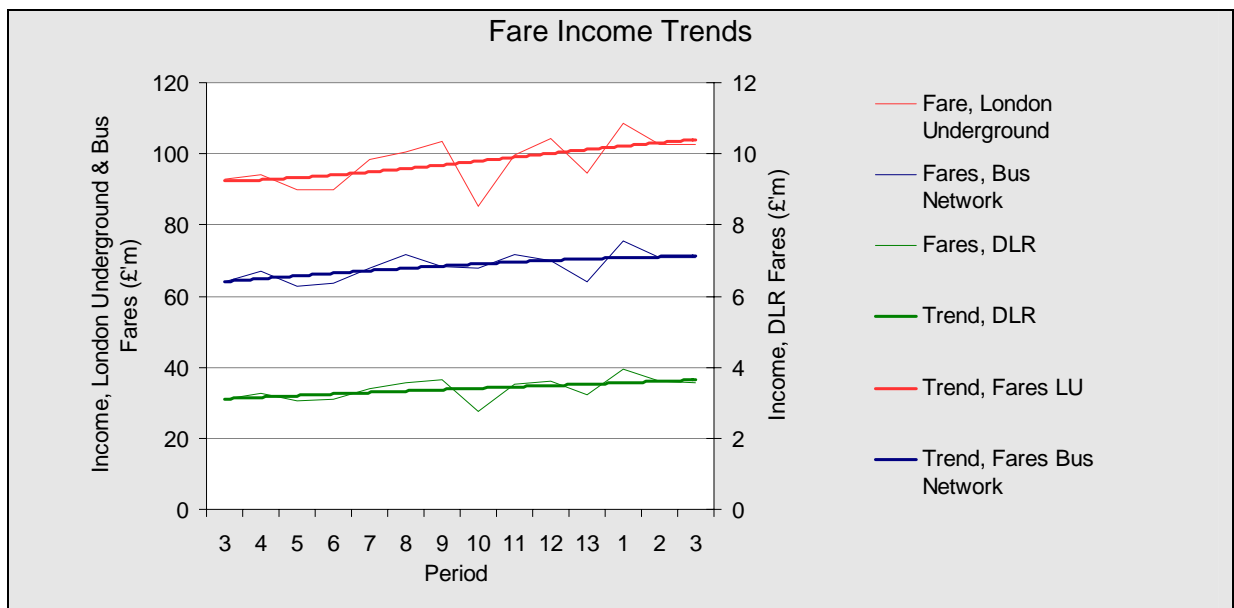
6 INCOME

- 6.1 TfL Group income was £12m (2%) better than budget. Strong growth was recorded across most areas of the business.

Income (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	(337)	(26)	(1,348)	(4)
Surface Transport	(295)	(1)	(1,252)	6
London Rail	(13)	(1)	(49)	-
Group Directorates	(12)	16	(126)	(2)
Group	(657)	(12)	(2,775)	-

- 6.2 London Underground income recorded strong growth, up by £26m compared to budget and 11% from the same period last year. Strong passenger demand growth along with an increase in advertising and Metro income were the primary factors. Despite this, given the incidents of 7 and 21 July 2005, the full year forecast has been only marginally increased to £1,348m, up £4m from budget. The full effect will be better reflected in the second Quarter report. It is important to note that these trends are before the effects of the incidents of 7 July.

- 6.3 In Surface Transport, income at £295m was broadly in line with budget. The result reflects lower revenue from cash fares. This was partially offset by increases in non-cash fare revenue and Congestion Charging income. The increase of the Congestion Charge to £8 was successfully implemented on 4 July 2005. Customer behaviour is being closely monitored.
- 6.4 DLR revenues also grew strongly, up by 8% compared to budget. In TfL Group, property income was £16m lower than budget as property sales are now expected later in the financial year than was originally planned.
- 6.5 The growth in Oyster use has also had an effect on sales by ticket type. There are now over 3 million Oyster cards in circulation and Pre-Pay sales have increased to represent 5% of tube and 2% of bus trips. The growth of Oyster has been at the expense of cash single, Carnet/Savers and Weekend/Tourist Travelcards. The introduction of Pre-Pay capping has speeded up the growth in Oyster take-up.
- 6.6 Fare income trends are showing an increase across all modes. The Bus Network shows a flattening in the first Quarter, reflecting the slower growth in passenger journeys, in part linked to the January 2005 fares increase. It is important to note that these trends are before the effects of the incidents of 7 July.



7 OPERATING EXPENDITURE

Operating Expenditure (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	557	(14)	2,487	13
Surface Transport	476	9	2,089	(29)
London Rail	31	6	114	(2)
Group Directorates	38	(14)	295	6
Group	1,102	(13)	4,985	(12)

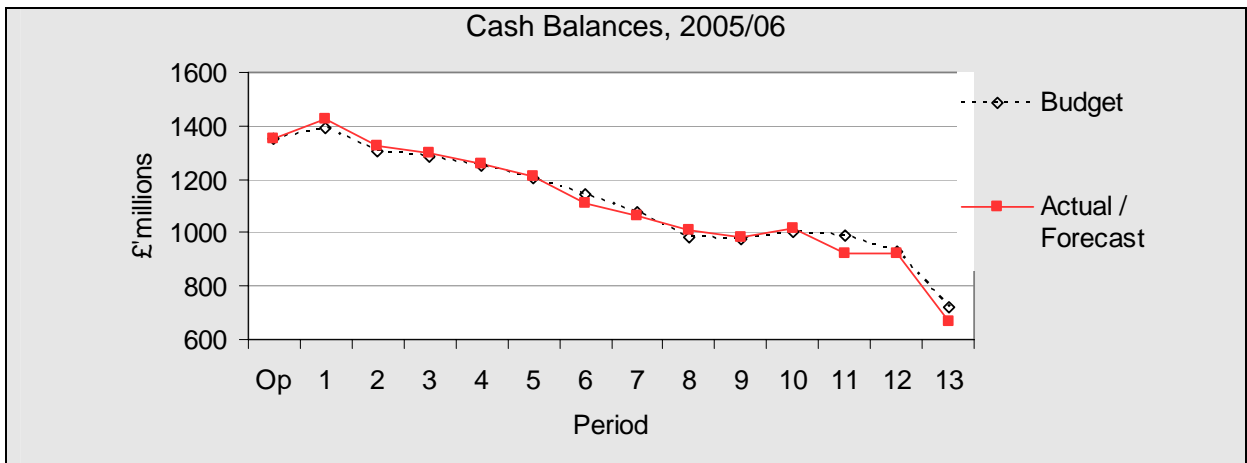
- 7.1 Operating expenditure year to date is £13m under budget and the full year is forecast to underspend by £12m.
- 7.2 London Underground operating expenditure is currently £14m below budget, mainly reflecting lower than budgeted performance payments and other variances relating to the PPP contracts. Full year expenditure is however forecast to exceed budget as additional costs including security, replacement bus services and insurance excess are anticipated as a result of the July bomb attacks.
- 7.3 Total lost customer hours attributed to Infracos for the first Quarter were better than target and 11% less than in the first Quarter of last year. Both Metronet BCV and Metronet SSL earned availability bonuses in the Quarter, with only the Waterloo and City line performance giving rise to abatements in each of the three periods. Tube Lines suffered availability abatement over the Quarter, as Northern line performance remained worse than the contract benchmark. In financial terms this more than offset the continued good performance of the Piccadilly line, where availability in the first Quarter was over 60% better than the contract benchmark.
- 7.4 Surface Transport's first Quarter operating expenditure was £9m above budget including additional spend on TLRN maintenance and renewals which will be contained within existing resources for the full year outturn. The full year forecast under-spend reflects the expected effect of improved contract positions in bus operations and a forecast re-phasing of the congestion charge zone extension programme.
- 7.5 London Rail first Quarter position shows an over-spend of £6m relating to work being ahead of schedule. It is anticipated that the full year position will remain in line with budget.
- 7.6 Group Directorates show an under-spend of £14m. This is within Group Services Property costs, where the variance has been caused by timing differences between actual and budgeted spend. Full year spend is expected to be slightly over budget.

8 CAPITAL EXPENDITURE

Capital Expenditure (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	79	(20)	348	(10)
Surface Transport	40	(14)	355	(83)
London Rail	8	(11)	98	4
Group Directorates	2	(9)	74	(36)
Group	129	(54)	875	(125)

- 8.1 Capital Expenditure before capital receipts and reimbursement for the first Quarter of £129m was £54m below budget. This result reflects under-spend of £20m within London Underground, £14m within Surface Transport, £11m in London Rail and £9m within the Group Directorates. For further detail on capital expenditure please refer to the **Investment Programme** paper.

9 BALANCE SHEET



- 9.1 Cash flow is forecast to map closely to budget with the forecast year end balance of £668m against a budgeted balance of £726m. The cash balances shown above exclude any borrowings, which have yet to be approved by the Board.
- 9.2 The main factor that has driven the movement in the cash figure is the forecast shortfall in expenditure against project activity. However, this has been mitigated by a reduction in funding relating to Crossrail, which is in line with lower expenditure on this project. It is expected that the 2005/06 outturn for Crossrail will match the £25m budget.

10 CASH

- 10.1 Annex 5 shows a Cash analysis. This includes the variance of actual cash versus budget and the profile of cash and investments. Cash balances at the close of Period 3 and the Quarter to 25 June, of £1,301m, were £16m below budget of £1,317m. Cash balance forecast to 31 March 2006 is £668m compared to budget of £726m.

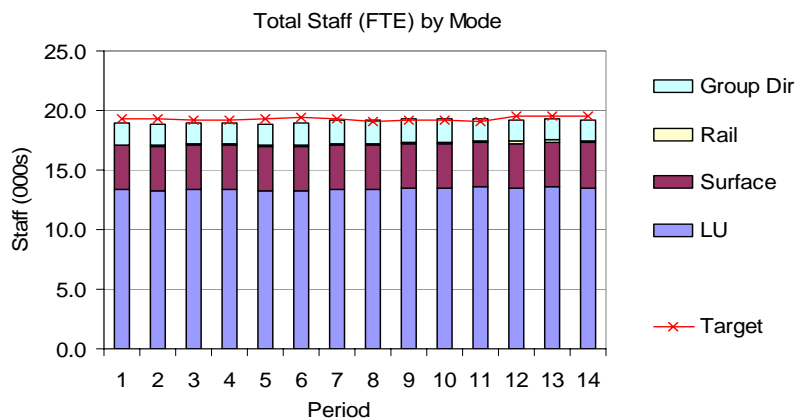
10.2 In July the TfL Board adopted the Committee’s recommended amended Treasury Management Strategy. This set a new earnings benchmark of average 3 month’s LIBOR minus 15 basis points. TfL continues to perform 4 – 6 basis points above this benchmark. The average yield for the year to date is 4.85%.

Treasury Management Yield (%)	Period 1	Period 2	Period 3
Benchmark	4.80	4.81	4.79
Average Rate of Return	4.85	4.85	4.85
Excess over Benchmark	0.05	0.04	0.06
Interest Earned	£5.4m	£5.0m	£4.7m

10.3 The Bank of England base rate has fallen from the budgeted 5% to 4.5% with the possibility of a further fall by the end of the calendar year. At the end of Quarter 1 the forecast shows reduced interest income forecast of £57m compared to £62m in the budget.

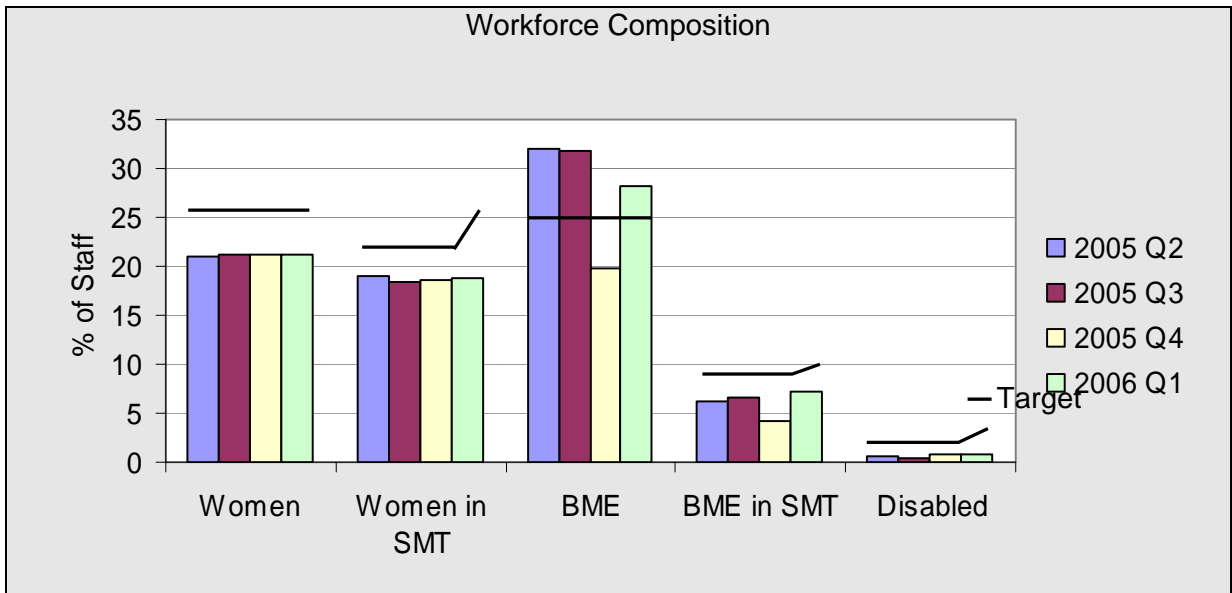
11 STAFF

11.1 There has been a slight fall in the reported FTE across the Group from 19,340 in Period 13 to 19,257 FTE in Period 3. The reported proportion of temporary staff dropped to 7.3% by the end of the first Quarter.

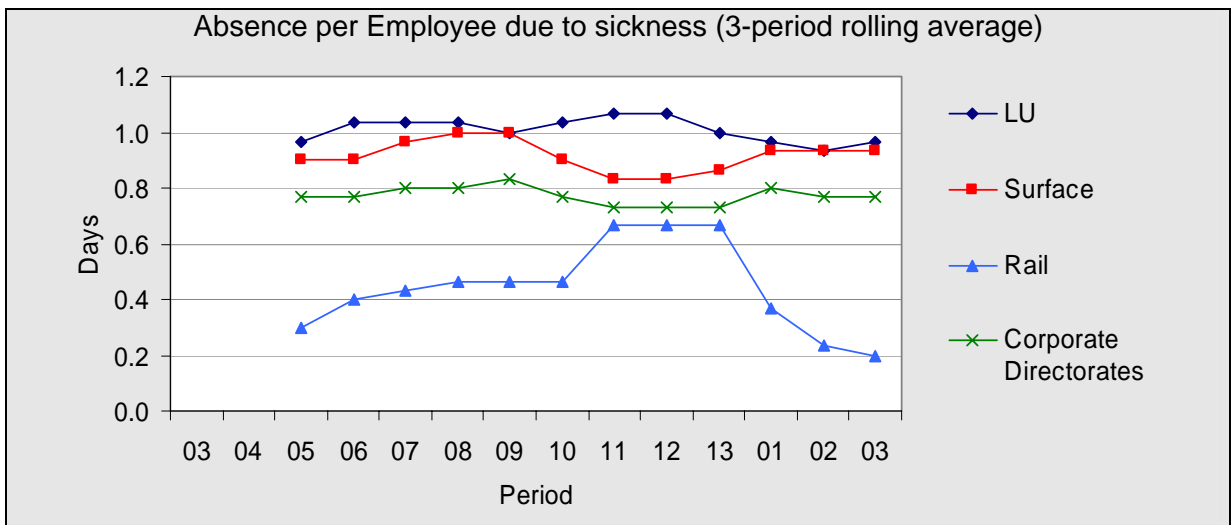


Group Dir	1.9	1.8	1.8	1.8	1.8	1.9	1.9	2.0	2.0	1.9	1.8	1.8	1.8
Rail	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Surface	3.6	3.7	3.7	3.7	3.6	3.7	3.7	3.8	3.7	3.7	3.7	3.8	3.8
LU	13.4	13.3	13.4	13.4	13.3	13.3	13.4	13.4	13.5	13.5	13.6	13.5	13.6
Total	19.0	18.9	19.0	18.9	18.8	19.0	19.2	19.2	19.3	19.3	19.3	19.2	19.3
Target	19.3	19.3	19.2	19.2	19.3	19.4	19.3	19.1	19.2	19.2	19.1	19.5	19.5

11.2 In terms of workforce composition, the percentage of women staff employed by TfL has remained at around 21% since Period 3 last year. At 21.5%, the proportion is currently at the highest it has been since then. Targeted recruitment campaigns are expected, over time to increase the number of women employees at TfL.



11.3 Total sick leave increased by 9% in the first Quarter. Total absence days at the end of first Quarter were 59,611, out of which 27% was for sickness. The largest part of the rest of total absence was annual leave although 'Other' forms of leave accounted for a small amount of absence. This latter category covers a variety of types of absence including maternity and funeral leave. Annualised sickness at the end of first Quarter was 12.2 days, above the target of 11.9 days. HR is bringing an increasing focus on measurement and management of this issue.



12 EFFICIENCIES

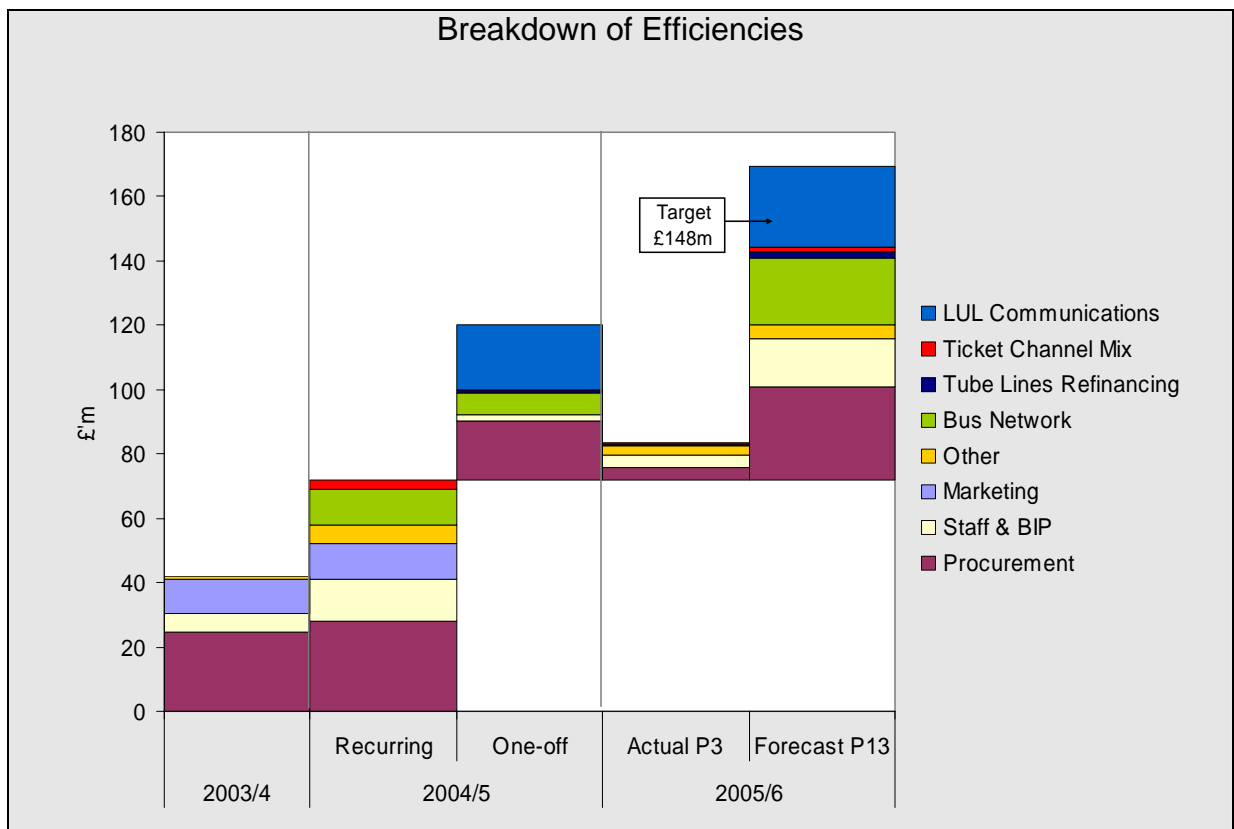
12.1 The efficiencies programme full year target is £148m, including £72m of savings achieved in previous years, and £76m to be delivered within this current financial year. As the end of Quarter 1, £11.6m of these savings had been delivered, with forecast full year savings at £97.4m, £21.4m above target.

12.2 This is mainly due to forecast bus contract savings of £20.6m against a target of zero, due to continuing favourable operating conditions partly enabled by the declining usage of cash fares on buses, and increased savings in London

Underground due to better staff rostering and an agreed Infraco rebate for PPP special projects. This offsets lower than forecast ticket channel mix savings, due to a re-profiling of the benefits from the ticket channel strategy.

12.3 The overall full year procurement savings target is £58m, of which £28m is sustained from previous years. Of the remaining £30m to be delivered in 2005/06, £29m have been identified, but only £4m have been delivered. Experience from prior years shows that a greater proportion of savings are delivered in the last three Quarters of the year, however to be confident of hitting the year end target, the level of identified savings should be 10 to 15% higher than the target.

12.3 The table below shows the 'themes' of the 2005/06 efficiency savings. The Period 13 forecast for 2005/06 represents the current full year forecast for new efficiency gains that need to be found by saving type during the year to achieve the overall target of £148m. The Period 3 actual for 2005/06 shows those new efficiency gains delivered to date.



ANNEX 1: SUMMARY OF TfL's FINANCIAL PERFORMANCE

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Operating Budget					
Revenue income	(657)	(12)	(2,775)	(2,775)	-
Revenue expenditure	1,102	(13)	4,985	4,997	(12)
Overprogramming (operating)	-	5	-	(20)	20
Gross margin	445	(20)	2,210	2,202	8
Capital Budget					
Capital expenditure	129	(54)	875	1,000	(125)
Capital receipts/reimbursements	(29)	14	(150)	(184)	34
Property sales	(5)	-	(12)	(12)	-
Overprogramming (capital)	-	36	(32)	(141)	109
Net capital expenditure	95	(4)	681	663	18
Contingency	-	-	8	26	(18)
Net expenditure	540	(24)	2,899	2,891	8

ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
OPERATING BUDGET					
London Underground					
Revenue income	(337)	(26)	(1,348)	(1,344)	(4)
Revenue expenditure	557	(14)	2,487	2,474	13
Gross margin	220	(39)	1,139	1,130	9
Surface Transport					
Revenue income	(295)	(1)	(1,252)	(1,258)	6
Revenue expenditure	476	9	2,089	2,118	(29)
Gross margin	181	8	837	860	(23)
London Rail					
Revenue income	(13)	(1)	(49)	(49)	-
Revenue expenditure	31	6	114	116	(2)
Gross margin	18	5	65	67	(2)
Group Directorates					
Revenue income	(12)	16	(126)	(124)	(2)
Revenue expenditure	38	(14)	295	289	6
Gross margin	26	1	169	165	4
Total					
Revenue income	(657)	(12)	(2,775)	(2,775)	-
Revenue expenditure	1,102	(13)	4,985	4,997	(12)
Overprogramming (operating)	-	5	-	(20)	20
Gross margin	445	(20)	2,210	2,202	8

ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE (CONTINUED)

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
CAPITAL BUDGET					
London Underground					
Capital expenditure	79	(20)	348	358	(10)
Capital receipts/reimbursements	(24)	5	(108)	(124)	16
Property sales	(5)	-	(12)	(12)	-
Total Capital Expenditure	50	(15)	228	222	6
Surface Transport					
Capital expenditure	40	(14)	355	438	(83)
Capital receipts/reimbursements	(2)	-	(13)	(12)	(1)
Total Capital Expenditure	38	(14)	342	426	(84)
London Rail					
Capital expenditure	8	(11)	98	94	4
Capital receipts/reimbursements	(2)	(1)	(2)	-	(2)
Total Capital Expenditure	6	(12)	96	94	2
Group Directorates					
Capital expenditure	2	(9)	74	110	(36)
Capital receipts/reimbursements	(1)	10	(27)	(49)	22
Total Capital Expenditure	1	1	47	61	(14)
Total					
Capital expenditure	129	(54)	875	1,000	(125)
Capital receipts/reimbursements	(29)	14	(150)	(185)	35
Property sales	(5)	-	(12)	(12)	-
Overprogramming (capital)	-	36	(32)	(140)	108
Net Capital Expenditure	95	(4)	681	663	18

NET EXPENDITURE					
London Underground	270	(54)	1,367	1,352	15
Surface Transport	219	(6)	1,179	1,286	(107)
London Rail	24	(7)	161	161	-
Group Directorates	27	2	216	226	(10)
Central Overprogramming	-	41	(32)	(160)	128
Contingency	-	-	8	26	(18)
Total Position	540	(24)	2,899	2,891	8

ANNEX 3: BALANCE SHEET

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Fixed assets					
Tangible assets	12,991	16	13,723	13,886	162
	12,991	16	13,723	13,886	162
Current assets					
Stocks	6	(1)	5	5	-
Debtors	470	(124)	308	290	(18)
Cash at bank and in hand	1,301	(16)	668	726	59
	1,777	(141)	981	1,021	41
Current liabilities					
Revenue	(986)	(96)	(1,046)	(1,182)	(136)
Capital	(204)	25	(208)	(222)	(14)
	(1,190)	(71)	(1,254)	(1,404)	(150)
Long term liabilities					
Balances with Infracos	(936)	11	(1,216)	(1,177)	39
Prudential loans	(196)	-	(196)	(196)	-
Creditors due after one year	(232)	-	(375)	(380)	(5)
Capital grants	(6,725)	86	(6,923)	(6,993)	(70)
Pension liabilities	(992)	3	(992)	(989)	3
Provisions for liabilities and charges	(224)	39	(224)	(185)	39
Total net assets	4,273	(57)	3,524	3,583	59
Capital and reserves					
Capital and reserves	3,134	(47)	2,921	2,994	73
Earmarked reserves	973		430	430	
General fund/retained earnings	166	(10)	173	159	(14)
Total capital employed	4,273	(57)	3,524	3,583	59

ANNEX 4: CASH FLOW STATEMENT

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Net revenue expenditure	(445)	(20)	(2,218)	(2,228)	(10)
Working capital movements	(78)	185	133	365	232
Cash Spend on operating activities	(523)	165	(2,085)	(1,863)	222
Net capital expenditure	(95)	(4)	(681)	(663)	18
Working capital movements	65	(189)	(229)	(429)	(200)
Cash Spend on capital activities	(30)	(193)	(910)	(1,092)	(182)
Funded by:					
Transport grant	476	-	2,161	2,161	-
Precept funding	4	-	20	20	-
Other grants	-	2	7	7	-
Third party contributions	22	10	124	143	19
Total funding	502	12	2,312	2,331	19
Net Movement in cash	(51)	(16)	(683)	(624)	59

ANNEX 5: CASH ANALYSIS

Approved Investments and Cash (£m)	Period 1	Period 2	Period 3
Budget	1,390	1,307	1,285
Cash Balances	1,428	1,326	1,301
Variance	38	19	16

Net Cash Balances comprise:			
Investments	1,367	1,268	1,240
Investments-Guernsey	41	38	40
Cash & Credits in Transit	20	20	21

Investment Profile			
Up to 1 Month	225	149	63
1-2 Months	33	5	72
2-3 Months	302	212	265
3-4 Months	197	267	313
4-5 Months	63	46	46
5-6 Months	129	129	116
>6 Months	418	460	365
Total	1,367	1,268	1,240

ANNEX 6: PERFORMANCE SUMMARY

2005/06 PERFORMANCE INDICATOR SUMMARY (FIRST QUARTER)

Performance Indicators		First Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
TfL GROUP									
Total passenger journeys	Millions	675.5	660.0	15.5	659.0	2,875.7	2,876.0	(0.3)	2,720.8
Operating cost per passenger journey	£	1.6	1.7	(0.1)	1.6	n/a	1.8		1.2
Reliability of service (Delay Index)	#	79.0	77.9	1.1	74.9	80.0	80.0	0.0	79.8
CSS: Overall satisfaction	Score	77.8	78.2	(0.4)	78.4	78.0	78.0	0.0	79.0
Major Fatalities and Injuries	#	150.0	n/a		220.0	n/a	n/a		898.0
Number of Staff	#	19,257	19,485	(228)	18,977	19,673	19,485	188	19,340
Absence per Employee	#	0.9	n/a		0.9	n/a	n/a		0.9
LONDON UNDERGROUND									
Passenger Journeys	Millions	238.1	225.1	13.0	225.7	950.0	947.0	3.0	975.9
Train Kilometres Operated	Millions	16.6	16.5	0.1	16.6	70.0	70.8	(0.8)	69.4
Percentage of Scheduled Service Operated	%	96.5			95.9	94.2	95.1	(0.9)	95.3
Peak Hour Trains Cancelled due to ONA	%	0.1	0.6	0.5	0.1	n/a	0.6		0.1
Excess Journey Time - Unweighted	Minutes	2.9	3.3	0.3	3.2	n/a	3.3		3.2
CSS: Overall Satisfaction	Score	78.0	78.0	0.0	78.0	n/a	78.0		78.0
CSS: Personal Safety and Security	Score	82.0	80.0	2.0	81.0	n/a	80.0		81.0
CSS: Crowding	Score	73.0	68.0	5.0	75.0	n/a	68.0		74.0
CSS: Information	Score	79.0	77.0	2.0	78.0	n/a	77.0		78.0
Lost Customer Hours	M Hours	3.6	3.8	0.2	4.0	n/a	16.2		14.2
LONDON BUSES									
Passenger Journeys	Millions	419.3	421.3	(2.0)	413.2	1,871.7	1,824.0	47.7	1,793.4
Bus Kilometres Operated	Millions	106.1	106.9	(0.8)	105.9	457.6	461.2	(3.6)	449.6
Percentage of Scheduled Service Operated	%	98.4	98.1	0.3	97.7	97.8	97.8	0.0	97.7
Excess Wait Time - High Frequency Routes	Mins	1.1	1.1	0.0	1.2	1.2	1.2	0.0	1.1
On Time Performance - Low Frequency Routes	%	77.9	77.0	0.9	76.7	77.1	77.0	0.1	77.1
On Time Performance - Night Buses	%	82.5	83.0	(0.5)	81.4	81.8	82.0	(0.2)	81.9
CSS: Overall Satisfaction	Score	77.0	78.0	(1.0)	78.0	78.0	78.0	0.0	78.0
CSS: Personal Safety and Security	Score	83.0	81.0	2.0	82.0	82.0	81.0	1.0	n/a
CSS: Crowding	Score	77.0	77.0	0.0	78.0	77.0	77.0	0.0	78.0
CSS: Reliability - Journey/Wait Time	Score	81.0	79.0	2.0	80.0	79.0	79.0	0.0	80.0
CSS: Information	Score	74.0	75.0	(1.0)	73.0	75.0	75.0	0.0	73.0
Percentage of 'Low Floor' Buses	%	96.0	96.0	0.0	91.0	100.0	100.0	0.0	95.0
LONDON TRAMS									
Passenger Journeys	Millions	4.8	n/a		4.3	n/a	n/a		19.3
Percentage of Scheduled Service Operated	%	96.0	98.0	(2.0)	98.8	n/a	98.0		95.4
CSS: Overall Satisfaction	Score	86.0	86.0	0.0	89.0	n/a	86.0		86.0
PUBLIC CARRIAGE OFFICE									
Number of Taxi Drivers Licensed	'000	24.7	24.7	0.0	24.8	24.7	24.7	0.0	24.7
Number of Private Hire Drivers Licensed	'000	18.0	18.2	(0.2)	6.1	30.0	30.0	0.0	16.0

Notes/Key:

Target achieved/ exceeded
 Less than 5% worse than target
 More than 5% worse than target

n/a = KPI data not available / not measured.

ANNEX 6: PERFORMANCE SUMMARY (CONTINUED)

2005/06 PERFORMANCE INDICATOR SUMMARY (FIRST QUARTER)

Performance Indicators		First Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
LONDON RIVER SERVICES									
Passenger Journeys (Multi stop)	'000	88.3	80.0	8.3	85.0	358.0	350.0	8.0	371.0
Passenger journeys (Excluding Multi Stop)	'000	587.0	485.0	102.0	554.0	1,852.0	1,750.0	102.0	1,887.0
Percentage of Scheduled Service Operated	%	98.3	98.0	0.3	97.4	98.5	98.0	0.5	98.0
VICTORIA COACH STATION									
Number of Coach Departures	'000	49.7	30.1	19.6	51.0	219.9	192.0	27.9	211.2
CSS: Overall Satisfaction	Score	n/a	n/a		n/a	n/a	72.0		72.0
DIAL-A-RIDE									
Total Costs per Trip	£	17.7	14.1	3.6	15.8	17.0	13.9	3.1	17.0
CSS: Overall Satisfaction	Score	93.0	93.0	0.0	92.0	93.0	93.0	0.0	93.0
ROAD NETWORK									
No. of Major Injuries and Fatalities (TLRN)	#	168.0	226.0	(58.0)	282.0	885.0	1,058.0	(173.0)	1,093.0
No. of Major Injuries and Fatalities (Londonwide)	#	589.0	1,002.0	(413.0)	1,101.0	2,310.0	4,031.2	(1,721.2)	4,169.0
Cycling on TLRN (Index April 2000 = 100)	#	168.3	149.0	19.3	148.5	167.7	150.0	17.7	141.8
Journey Time Reliability (TLRN)*	%	n/a	n/a		n/a	16.0	19.7	(3.7)	18.7
Traffic Signals Operating Effectively (Londonwide)	%	98.4	97.0	1.4	97.4	98.0	97.0	1.0	97.4
DOCKLANDS LIGHT RAILWAY									
Passenger Journeys	Millions	12.7	12.6	0.2	11.7	53.8	53.8	0.0	50.1
Train Kilometres Operated	Millions	0.8	0.8	(0.0)	0.8	3.4	3.4	0.0	3.3
Percentage of Scheduled Service Operated	%	99.0	98.0	1.0	98.1	98.0	98.0	0.0	98.5
On-Time Performance - Adherence to Schedule	%	98.2	96.0	2.2	96.7	96.0	96.0	0.0	97.1
CSS: Overall Satisfaction	Score	94.7	83.5	11.2	94.3	83.5	83.5	0.0	95.0
CSS: Personal Safety and Security	Score	90.1	86.0	4.1	86.9	86.3	86.0	0.3	90.7
CSS: Information	Score	96.2	86.0	10.2	95.3	86.0	86.0	0.0	95.6
Percentage of System Accessible	%	100.0	100.0	0.0	100.0	100.0	100.0	0.0	100.0

Notes/Key:

Target achieved/ exceeded
 Less than 5% worse than target
 More than 5% worse than target

n/a = KPI data not available / not measured.

BOARD

SUBJECT: TfL FIVE YEAR INVESTMENT PROGRAMME REPORT

MEETING DATE: 28 SEPTEMBER 2005

1 PURPOSE

- 1.1 To inform the Board on the performance of the Investment Programme in the first quarter of 2005/06. This first TfL 5 year Investment Programme will continue until 2009/10 and this report will be published quarterly. This is the first Investment Programme performance report.

2 KEY HIGHLIGHTS

- 2.1 The £10bn Investment Programme is the cornerstone of TfL's work to upgrade London's transport system in order to support the growth and prosperity of London.
- 2.2 The principal highlights arising over the first quarter of 2005/06 are as follows:
- TfL has established a programme oversight function for the effective delivery of the Investment Programme. An interim head of Oversight was appointed in May 2005 to establish a permanent TfL Oversight group to facilitate the risk management process.
 - Rigorous and challenging management of capital projects has meant that milestones have been met on a number of projects, including the East London Line extension, DLR 3-car upgrade, the beginning of construction work on the DLR extension to Woolwich and the refurbishment of London Underground escalators and renewal of track. However, though progress has been made, the effective delivery of the PPP is still a concern.
 - The VOWD (Value of Work Done) in the first quarter at £129m was £54m below budget, but it was always appreciated that there would be delays in this aggressive programme. Hence a central overprogramming provision was made of £140m for the year.
 - Across TfL, numerous projects including Camden Town, Bus Garages and A406 Hanger Lane have been subject to delays in receiving planning approval. If not mitigated, this has the potential to severely delay the effective delivery of the investment programme.
 - Challenges remain, not least with the PPP and ensuring that project management is strengthened to enable delivery of the full programme of capital works.

3 BASELINE

- 3.1 The Baseline is the Investment Programme published in 2004 against which TfL will continue to compare and monitor performance. In subsequent years TfL will also be required to monitor against the latest update which will be published following the most recent Business Plan.
- 3.2 The Baseline consists of a separate directly managed capital budget for investment on transport infrastructure and a capital budget for further capital investment that is delivered indirectly through payments made to Boroughs, PPP, PFI and bus contracts.
- 3.3 The Baseline represents the gross value of work to be done (VOWD) to deliver the Investment Programme. For the purpose of performance this includes items of PFI/PPP spend plus payments made to operators and boroughs for work which is of a capital nature. The table below sets out the Baseline VOWD by Mode as set in last year's Business Plan.

Baseline Plan Value of Work Done VOWD (£m)	2005/06	2006/07	2007/08	2008/09	2009/10	Total
London Underground	1,063	1,051	1,124	1,076	1,139	5,453
Surface Transport	558	520	545	486	448	2,557
London Rail	101	198	337	437	237	1,310
Group Directorates	221	155	171	132	133	812
Group	1,943	1,924	2,177	2,131	1,957	10,132

- 3.4 Following the ground breaking SR2004/05 year settlement announced in July 2004, TfL produced a balanced 5 year Business Plan agreed by the Board. Prior to the start of the current financial year in April actions already achieved include the Bond issue in December 2004.
- 3.5 Surface Transport has implemented a new management control process called Spearmint to enhance control over project expenditure approvals. London Underground are refining the use of "earned-value". This will allow them to assess project progress more accurately. The plan includes an aggressive programme where achievement is dependent on TfL's ability to recruit and maintain world class Project Management capability.

4 DELIVERY

- 4.1 TfL has established a programme oversight function to assure the effective delivery of the Investment Programme. An Interim Head of Oversight was appointed in May 2005 to establish a permanent TfL Oversight Group. The Oversight Group will support the risk management process and will facilitate regular progress reporting. It will also assist the modes in adopting best practice. This will include carrying out independent reviews of high priority projects and programmes on a periodic basis.
- 4.2 A summary of delivery for projects over the first quarter is provided in **Annex 3**.

London Underground

- 4.3 Within the PPP we are only showing indicative progress against schedule until the reporting position is finalised with the Infraco's. Progress on track and station renewal works by the Infracos remains behind schedule. Track renewal works were some 3% short of the revised plan over the first two years. Metronet (BCV and SSL) have failed to complete any station enhancements to date, with projects currently between 19 to 36 weeks delayed. There has been significant work with the Infracos in the development of their Annual Asset Management Plans (AAMPS) in order to develop more robust and clear programmes of work which means that the approval of their plans has been delayed to the second quarter.
- 4.4 In regards to London Underground station works, the TWA application for Camden Town station upgrade was refused approval and while final design for the phase 2 CTRL works at Kings Cross is on-going, a lack of DfT funding approval has delayed implementation. Station capacity and access enhancement works at Wembley Park are progressing well.
- 4.5 Jubilee and Northern Line Connect Enabling Works were transferred from Citylink to Tube Lines to ensure completion of works. The remaining Connect enabling works are nearing 90% completion. Discussions are underway to accelerate and re-phase the delivery of Connect and other communications and security related projects.

Surface Transport

- 4.6 Works on Bus Garages have been subject to numerous delays due to difficulties in securing planning permissions at Hanworth Road and North Acton. Planning delays are also being experienced at Hanger Lane/Western Bridges.
- 4.7 The Congestion Charging Western Extension project has been delayed compared to the baseline plan. However, overall the three Programmes (WEZ Traffic & Technology, WEZ Setup Costs and Trials) remain on schedule for the revised go-live date.

London Rail

- 4.8 An additional £45m has been awarded to acquire 24 vehicles for the Woolwich/3 car railcars project. Commissioning of the London City Airport extension is progressing with line trials commencing in mid-August. The Stratford International DLR Extension Transport and Works Act (TWA) order application was submitted on 31 August 2005. The project remains 6 months behind schedule largely due to the amount of time taken to reach agreement with Network Rail on the upgrade of platforms at Stratford. Construction of the Woolwich Arsenal extension is forecast to commence later this year which is ahead of schedule.

Group Directorates

- 4.9 TfL's proposal to further integrate Oyster pre-pay on the National Rail Network has been subject to continuing negotiations with Train Operating Companies (TOC's) and DfT. The work is not on schedule and implementation in 2007 is no longer achievable.

- 4.10 Thames Gateway Bridge submission of Proofs of Evidence to the Public Inquiry completed on schedule on 10 May. The Public Inquiry commenced 7 June and is a two stage process. The impact of the split process is being reviewed but it is likely to add 6 months to the project programme. The delay is expected to result in a £2m underspend for the year.

5 FINANCIAL POSITION

VOWD £'millions	Year to Date		Full Year	
	Outturn	Variance to Budget	Forecast	Variance to Budget
London Underground	79	(20)	348	(10)
Surface Transport	40	(14)	355	(83)
London Rail	8	(11)	98	4
Group Directorates	2	(9)	74	(36)
Gross Capital Expenditure	129	(54)	875	(125)
Capital receipts/reimbursements	(29)	14	(150)	35
Property sales	(5)	0	(12)	0
Overprogramming (capital)	0	36	(32)	108
Net Capital Expenditure	95	(4)	681	18

- 5.1 The VOWD in the first quarter at £129m was £54m below budget, but it was always appreciated that there would be delays in this aggressive programme. Hence a central overprogramming provision was made. After capital receipts, reimbursements and overprogramming, net capital expenditure was £4m below budget. TfL's own directly managed projects net capital expenditure forecast a marginal overspend of £18m for the full year.

- 5.2 A detailed modal breakdown of capital expenditure is provided in **Annex 1**.

London Underground

- 5.3 Gross underspend within London Underground's own managed works of £20m included a £5m under-spend for reimbursable CTRL works at Kings Cross, reflecting delays to phase 2 pending resolution of funding issues.
- 5.4 Despite the current under-spend position, London Underground forecasts to be broadly on budget by the end of the year after taking into account the overprogramming provision. This is as a result of expenditure being brought forward from 2006/07 including Tunnel Cooling.

Surface Transport

- 5.5 Expenditure for the year to date of £40m is £14m below budget. This result reflects under-spend of £8m on capital renewal works on the TLRN largely due to delays in awarding the contract for Hanger Lane/Western Bridges and a change to the spend profile on Fore Street Tunnel as a result of the need to co-ordinate the works with the Highways Agency's safety improvement to the M25 tunnels. Also an under-spend of £3m on the Western Extension Congestion Charging project as a result of

the timing of the decision making and consultation process. This was partially offset by a £3m before time spend against new Bus Radio / Countdown / AVL project (new title iBus) due to the revised payment profile which now aligns to achievement of project milestones.

- 5.6 Full year capital forecast indicates that Surface Transport will underspend by some £83m against its budget.

London Rail

- 5.7 London Rail capital expenditure is £11m below budget. A one off issue which is causing some delays to Woolwich Arsenal Extension is land acquisition. However, as land transfer is now underway and construction is expected in early 2006, it should not delay the planned completion date. The DLR Stratford International TWA order application is currently expected in August 2005, 6 months later than expected, due to delays in reaching agreement with Network Rail over the takeover of North London Line.

6 STAFF

- 6.1 The right quantity and quality of staff must be recruited as projects progress to implementation to meet the demands of the Investment Programme. A People Capability Steering Group, consisting of representatives from the modes and TfL Group will oversee and monitor the progress of all resourcing channels. This Group will report in to the Project Programme Management Capability Review Group, and will also work closely with the Human Resources.
- 6.2 Current Investment Programme resource requirements identify 63 positions within London Underground, DLR and Group Directorates. The forecast (which is currently being refined) is for approximately 500 positions before the 5 Year Programme is completed. To deliver this TfL are actively recruiting both nationally and internationally.
- 6.3 The proposed workforce planning initiative will require that all Project staff be assigned to specific Investment Programme projects. The current estimated total percentage of staff assigned to Investment Programme projects is 20% (3,827 FTE out of a total of 19,429 FTE). This is currently under review and subject to change. Surface and Rail are also forecasting an increase in the percentage of staff working on Investment Programme projects.

7 PROCUREMENT AND EFFICIENCY

- 7.1 The procurement of Investment Programme contracts, goods and services will become an area which will provide an opportunity to find savings. This will allow procurement to demonstrate their contribution to the efficient delivery of major projects.

- 7.2 Highlights to date include:

- The Value Engineering exercise on the Westminster Bridge Facia Replacement project is expected to save £11.8m (25%) whilst maintaining safety, quality and environmental standards.
- On A40 Bridge Works, following tender discussions and a revised method statement for construction, savings are estimated to be £12.1m (15%) against the 2002 project baseline.
- On DLR Woolwich Extension, by altering the financing arrangements upon completion and acceptance of works, the cost of financing the project reduced by £5m (2%) against the baseline.
- Savings were also made on the procurement of 24 additional DLR railcars following the use of a finance leasing structure and change in payment streams resulting in a £5m (10%) saving.

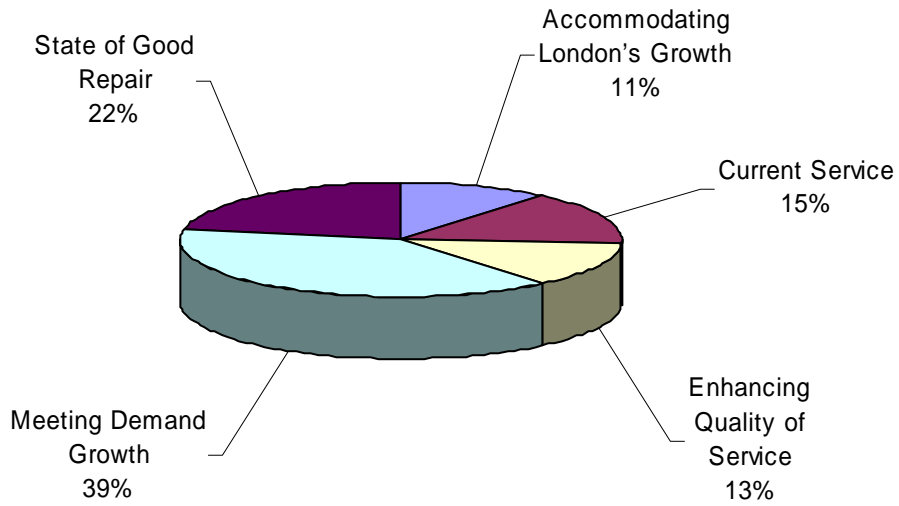
ANNEX 1: Modal Summary of Capital Expenditure

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
London Underground					
Capital expenditure	79	(20)	348	358	(10)
Capital receipts/reimbursements	(24)	5	(108)	(124)	16
Property sales	(5)	0	(12)	(12)	0
Net Capital Expenditure	50	(15)	228	222	6
Surface Transport					
Capital expenditure	40	(14)	355	438	(83)
Capital receipts/reimbursements	(2)	(0)	(13)	(12)	(1)
Net Capital Expenditure	38	(14)	342	426	(84)
London Rail					
Capital expenditure	8	(11)	98	94	4
Capital receipts/reimbursements	(2)	(1)	(2)	(0)	(2)
Net Capital Expenditure	6	(12)	96	94	2
Group Directorates					
Capital expenditure	2	(9)	74	110	(36)
Capital receipts/reimbursements	(1)	10	(27)	(49)	22
Net Capital Expenditure	1	1	47	61	(14)
Total					
Capital expenditure	129	(54)	875	1,000	(125)
Capital receipts/reimbursements	(29)	14	(150)	(185)	35
Property sales	(5)	0	(12)	(12)	0
Overprogramming (capital)	0	36	(32)	(140)	108
Total Net Capital Expenditure	95	(4)	681	663	18

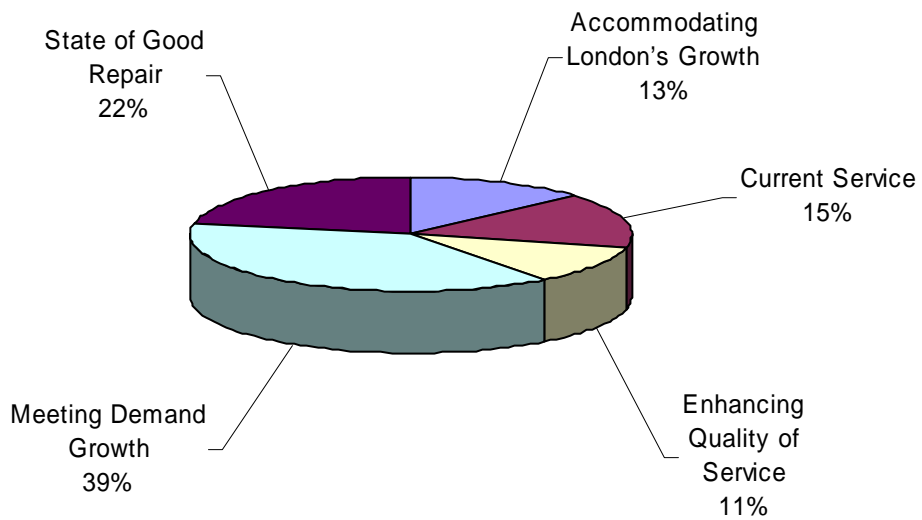
() variance is an underspend against budget for capital expenditure but not for capital receipts/reimbursements

ANNEX 2: MOVEMENT IN INVESTMENT PROGRAMME OBJECTIVES

Graph 1: Baseline



Graph 2: Current Position



ANNEX 3: Summary of Delivery

London Underground delivery

Project ID	Name	Delivery	Delivery Date
LU-PR01	Track	Infraco performance - 5.5km of track renewed against Annual Asset Plan of 6.5km in Quarter 1	Jun-05
LU-PR03	Rolling Stock D Stock Refurbishment (Specified Right):	First 2 refurbished trains entered into service.	Jun-05
LU-PJ04	Jubilee Line Works Implementation of 7th Car and Tidal Flow:	First new 6 car train delivered for dynamic testing.	Jun-05
LU-PR09	PPP-Stations Modernisation & Refurbishment	Tube Lines delivered seven of nine stations due by 31/03/05 . Subsequently Tufnell Park and Kennington, plus, Sudbury Town, (practical completion) were delivered in the first quarter.	Jun-05
LU-PR09	PPP-Stations Modernisation & Refurbishment	Tube Lines completed the refurbishment of the two lift cars at Stratford and also undertook improvements and modifications to the lifts at Hampstead and Covent Garden stations.	Jun-05
LU-PR09	PPP-Stations Modernisation & Refurbishment	A total of 47 escalator refurbishments or replacements had been completed under the PPP by 31/03/05 and a further 4 machines were completed in the first quarter.	Jun-05

Surface Transport delivery

Project ID	Name	Delivery	Delivery Date
ST-PJ011	Westminster Bridge	Value Engineering exercise carried out	Apr-05
ST-PR06	Radio/AVL/Countdown & Ticketing: Now iBus	Contract Awarded . This is 10 year capital and operational contract awarded to Siemens.	May-05

London Rail delivery

Project ID	Name	Delivery	Delivery Date
LR-PJ004	DLR Woolwich/3 Car Railcars	Contract signed for supply of 24 new railcars with an option for a further 9.	Apr-05
LR-PF006	DLR Railcar Refurbishment project	15 cars delivered into passenger service making a total of 38 out of 94 being refurbished.	Jun-05
LR-PJ007	Stratford Regional Station	The contract was signed with construction due to commence	Jul-05
LR-PJ009	The Woolwich Arsenal extension	Concession awarded , with construction work due to commence later in the year.	May-05
LR-PJ001	East London Line Extension	The Programme Manager was appointed . Second stage enabling works commenced.	Jun-05

Group Directorates delivery

Project ID	Name	Delivery	Delivery Date
FP-PJ010	Thames Gateway Bridge	First stage of the Public Inquiry completed including submission of Proof of Evidence.	July-05
FP- PJ008	East London Transit	Phase 3 Invitations to Tender were issued for engineering feasibility study	Jun-05
FP-PJ001	Finsbury Park	Phase 4a - completion	Jul-05

TRANSPORT FOR LONDON

STAFF SUMMARY

BOARD

SUBJECT : THE TfL OPERATIONAL, FINANCIAL AND INVESTMENT PROGRAMME REPORTS FIRST QUARTER 2005

MEETING DATE: 28 SEPTEMBER 2005

1 PURPOSE

- 2.1 To inform the Board of TfL's financial position and highlight related project and performance issues.

3 INTRODUCTION

- 3.6 Following the SR 2004 five year settlement and, in particular the issue of £196m of Bonds to support the five year Investment Programme, it is important that TfL is seen to be open and transparent in respect of its financial position and that there is clarity of TfL's performance in delivering the Programme.

- 3.7 Accordingly two summary paper are attached to fulfil the foregoing obligation :

- The TfL Operational and Financial Report First Quarter – Appendix 1
- The TfL five Year Investment Programme Report – Appendix 2

4 RECOMMENDATION

The Board is asked to note :

- The Operational and Financial Performance for the First Quarter 2005/06 including the cash position and the continued progress in delivering the efficiency target for 2005/06.
- The progress of the Investment Programme during the First Quarter 2005/06.

5 CONTACTS

For detailed enquiries on the content of these reports, please contact:

Name: Richard Browning – Director, Group Business Planning and Performance
Telephone: (0207) 941-4740 or email richard.browning@tfl.gov.uk

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: 2004/05 TfL ANNUAL REPORT

MEETING DATE: 28 SEPTEMBER 2005

1. PURPOSE

- 1.1 The purpose of this paper is to ask Board members to agree the publication of the 2004/05 TfL Annual Report.

2. BACKGROUND

- 2.1 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.
- 2.2 A copy of the draft 2004/05 TfL Annual Report has been sent to all Board members in preparation for this Board meeting. The Audit Committee met on 14 September 2005 to review the draft version of the Annual Report. The Committee approved the draft Annual Report subject to comments, which have been incorporated as appropriate.

3. RECOMMENDATIONS

- 3.1 Board members are asked to AGREE the proposed 2004/05 Annual Report.
- 3.2 Board members are also asked to DELEGATE authority to Ben Plowden, Managing Director, Group Communications for final approval of the Annual Report following the submission of any final comments from Board members.

For queries contact:
Alicia Griffiths
Group New Media & Publishing
020 7941 4378

04/05

Transport for London Annual report

Contents

Message from the Mayor	2
Message from the Commissioner	4
Continued improvement	6
Resources and investment	20
People and partnerships	28
Financial review	32
Appendices	38



Message from the Mayor

London is on the move as never before, resilient, thriving and optimistic. In July 2005, the world watched as Londoners lived out triumph and grief in a way that should fill us all with deepest pride. We went from rejoicing at Olympic win to the horror of terrorist bombings in less than 24 hours. On both occasions, London's irrepressible spirit was to the fore. And London's transport system played a central role in both stories.

**‘TfL is revitalising London’s transport system,
central to the continuing prosperity of our great
world city’**

Ken Livingstone, Mayor of London

Our great world city totally depends on transport. Achievements during the year covered by this report show TfL’s continued and impressive progress towards meeting my transport strategy targets. These are targets such as better access for everyone, increased personal safety right across the system, reduced congestion, cleaner air and greater efficiency. Londoners and everyone who travels around or visits our great city deserve the best.

TfL is recognised as a ‘can-do’ organisation, delivering improvements across the board. One example of this will be the transport supporting the 2012 Olympic Games. Hosting the Olympics will benefit all Londoners as the city undergoes a dramatic facelift. Even before the Olympic preparations start, London’s bid added vital momentum in securing an unprecedented £10 billion 5-Year Investment Programme for TfL to deliver long-term improvements.

The legacy of the Games will bring, new homes, leisure facilities and parklands benefiting thousands of Londoners for years to come. Thousands of jobs will be created as investment pours in. TfL is happy to be accountable to the city it serves. It values London’s diverse lifestyles and cherishes its global reputation.

All of us - whether we drive, walk, cycle, travel by Underground, catch the bus, use the railways, taxis or the river - can be secure in knowing TfL is improving London’s transport system, which is a cornerstone of the city’s continuing prosperity and quality of life.

I should like to congratulate transport staff in London for everything they do, week in, week out, to keep our city on the move.



Ken Livingstone, Mayor of London



Message from the Commissioner

On 7 July 2005 London's transport system suffered a series of terrible terrorist attacks resulting in loss of life, injury and damage to the Underground's infrastructure. On behalf of everyone at TfL, I offer the sincerest condolences to the families of our passengers who lost their lives or were injured in these attacks. I thank every member of the staff, the police and emergency services who risked their own safety to rescue the injured and trapped. I also want to thank TfL staff and our contractors for their outstanding efforts in ensuring that London's transport network was up and running again as quickly as possible.

‘We have the people, the drive, the expertise and now – thanks to the 5-Year Investment Programme – the resources’

Bob Kiley, Transport for London Commissioner

These terrorist attacks came less than 24 hours after the euphoria of winning the bid to host the 2012 Olympic and Paralympic Games. TfL played a pivotal role in persuading the International Olympic Committee’s inspection teams and, ultimately, the voting members, that London can and will deliver the world-class transport systems required.

Those two contrasting days in July confirmed to the world what we achieved in 2004/05. We have the people, the drive, the expertise and now – thanks to the 5-Year Investment Programme – the resources.

Since its creation five years ago, TfL has earned an enviable reputation. It’s an organisation that delivers. Obtaining Government agreement to a groundbreaking five-year funding package was crucial. The settlement has given TfL the certainty to plan ahead.

After decades of under-investment, this agreement and the new ability to borrow money to pay for major projects is welcome news. TfL can now invest £10 billion over the next five years and provide London with the transport it needs and deserves.


Improvements continued through 2004/05. Among them, the Underground network met all of the government’s seven performance targets. Passengers registered the highest satisfaction level yet recorded. Bus use rose substantially again thanks to better management, improved frequency and reliability. Congestion Charging continued to reduce congestion in central London. The number

of people killed or seriously injured on London’s roads was down by 19.3 per cent, significantly ahead of target. Passenger numbers on the Docklands Light Railway grew by 9 per cent. The continuing development of the Oyster card took TfL to the forefront of smartcard ticketing. Efficiency savings grew to £119 million, £12 million above target. The unparalleled 4 per cent shift from cars to public transport over the last five years helped deliver environmental improvements.

Not everything went smoothly during the year. For example, concerns about the progress made by the companies charged with maintaining and renewing the London Underground (LU) through the Public Private Partnership (PPP) revealed some worrying trends. But overall 2004/5 was a good year for TfL.

We couldn’t have done this alone. Our partners across London – the boroughs, the business community, voluntary organisations, our contractors – supported us throughout. It is with great satisfaction I report the official recognition we won for our work to deliver efficient and cost-effective services for London’s travelling public. The Audit Commission gave TfL its highest possible rating of ‘Excellent’ and judged TfL as a ‘highly capable and well-managed organisation’.

My thanks go to all the people who together made that accolade possible, including TfL staff, passengers, contractors, other public officials and board members. Whatever challenges we faced, TfL’s people rose to meet them.



Bob Kiley, Transport for London Commissioner



Continued improvement

Significant and sustained improvements in services across London's transport system made 2004/05 a memorable year. London Underground, London Buses and Docklands Light Railway all set new records. Development of the Oyster card maintained TfL's leading role in smartcard ticketing technology. Londoners continued their welcome shift away from using cars to public transport. Passenger satisfaction rose as travel across the network became safer, more reliable and accessible.

London Underground: A record-setting year

Passenger satisfaction reached the highest levels in the Underground's history, more train kilometres were run than ever and passenger time lost through delays was reduced. All seven performance targets were met (see chart below). All this was achieved against the background of a sharp increase in the amount of essential engineering work carried out throughout the network.

The improved performance results reflect the continued vigilance and focus exerted by the Line General Managers, who are now responsible for the day-to-day performance of each Underground line.

Improvement continued across the network in achieving step-free accessibility at stations for all passengers. Projects at Earl's Court, Hounslow East and East Ham were completed, bringing the number of step-free stations on the Underground to 44, in line with our target of having a quarter of the Underground network easily accessible by 2010. On-going work to improve journey

quality included refurbishing stations, providing more information and improving journey-planning facilities.

Cleaner, safer trips

Standards of cleanliness on both trains and stations rose following campaigns to crack down on graffiti, which were later extended to include trackside graffiti on the District and Central lines.

Tackling crime and disorder remained a major priority, based on reassurance policing. During the year, 200 extra British Transport Police (BTP) officers were recruited and the number of installed CCTV cameras rose to 6,000 – scheduled to rise to 12,000 over the next five years. Combining this with a tough anti-social behaviour policy led to the formation of the Crime and Disorder Partnership, a joint initiative with the BTP. This resulted in more than 80 Anti-Social Behaviour Orders (ASBOs) being served by courts, leading to a reduction in delays caused by vandalism on the system.

London Underground Operational Performance	Units	2002/03	2003/04	2004/5	Govt target 2004/05
Passenger journeys	millions	942	948	976	n/a
Kilometres operated	millions	66	68	69	69
Percentage of schedule operated	%	92.2	93.1	95.3	94.0
Excess journey time (un-weighted)	mins	4.2	3.4	3.2	3.3
Passenger satisfaction	score	75	76	78	76
Excess train journey time (un-weighted)	mins	2.2	2.0	1.8	2.0
Percentage of peak train cancellations due to ONA (Operator not available)	%	0.6	0.3	0.1	0.6
Lost passengers' hours attributable to Infracos	millions	n/a	1790	14.11	17.22

‘The combination of better management, the elimination of train cancellations caused by attendance problems and infraco improvements to rolling stock meant we pumped out more service than ever before.’

Tim O’Toole, Managing Director, London Underground

Industrial relations

Overall, 2004/05 was a positive year for industrial relations, though it was frustrating that some services were disrupted for a day by industrial action taken by RMT members. Real strides were made during the year toward stable industrial relations, with a two-year agreement on pay. Agreement was also reached on the principle of a shorter working week and modernisation of the terms and conditions of line control and signal staff. Key to both these was the principle that the new arrangements were self-financing and involved no additional cost to fare payers.

Public Private Partnership

The greatest concerns during the year related to the performance of Tube Lines and Metronet, the infrastructure companies (infracos) contracted to deliver the Public Private Partnership (PPP). Details are set out in *London Underground and the PPP: the second year 2004/2005* (www.tfl.gov.uk/pppreport).

TfL has acknowledged the improvements made by the infracos in some areas during 2004/05. But it is TfL’s firm view that in order to step up the rate at which improvements are being delivered, both



companies need to increase the amount of resources being directed to the renewal of the Underground's ageing infrastructure. TfL's further concerns regard the delivery of major renewal work, especially by Metronet, which has already fallen well behind schedule.

The work to renew the Underground's infrastructure is becoming more evident to our passengers who are becoming used to the disruption generated by this scale of work. For example, there were numerous weekend closures on the District and Circle lines in the central area during 2004/05. TfL worked hard to ensure passengers were kept informed about these closures in advance and that alternative transport services were available. An important principle is that the effect of these planned closures must not be exacerbated by 'unplanned closures', caused by engineering overruns. These increased by 35 per cent during the year.

Despite the progress that has been made overall, there has been a shortfall compared with the expectations created by the private sector infrastructure companies' bids. In short, performance is not good enough and is less than what was promised.

The addition of a seventh car to every train on the Jubilee line and a new station for the new Wembley Stadium are the most notable of the first significant renewal projects promised for this coming year.



Susan Jackman, Group Station Manager

Susan is responsible for the day-to-day running of seven Tube stations. 'The best bit about the job is the variety. No two days are the same,' she says. 'If you say, 'I'm going to do this today' you can guarantee something will happen. You have to be very flexible.

'You have to explain to the public why the station is shut and give them alternative routes to travel but you also have to deal with the incident at the same time. One of my handiest tools is to treat everybody the same. I am always calm. I think being a woman and a mother gives you a better understanding sometimes - you do have to go into mother mode. What I like to do is to lead staff to finding their own solutions rather than fixing everything for them.

'TfL has changed the structure: it's a flatter organisation now. I believe change is a challenge. 'No, you can't achieve it,' is not in my vocabulary. Some people might say I'm obstinate or stubborn but that's just me.'

Surface Transport: Service, reliability, safety all improved

Right across London, TfL delivered increasingly accessible, more reliable and safer transport during 2004/05. The most significant increase in activity was on London's buses, which have experienced the longest period of sustained passenger growth since records began.

London Buses

The number of bus services provided under Quality Incentive Contracts rose during the year. These contracts, combined with improved route control, bus priority and enforcement and the effects of Congestion Charging, led to a marked improvement

in service reliability. Excess waiting time on high frequency routes dropped to 1.1 minutes for the year; 77.1 per cent of low frequency services ran on time, up from 74.6 per cent the previous year. These represent the best service quality results since records began, over 25 years ago.

In 2004/05 the number of passenger journeys reached 1,793 million, a 40 per cent increase since 1999/2000 the highest since 1965. More bus kilometres were run and services were more frequent. Accessibility is a key factor in bus use and 95 per cent of the network now runs



‘London’s buses have achieved the highest numbers of passenger journeys since 1965 and the best levels of service and reliability since records began’

Peter Hendy, Managing Director, Surface Transport

accessible buses. The entire fleet will be accessible by the end of 2005 and 100 per cent fitted with CCTV. All these factors led to greater passenger satisfaction.

London Buses’ improved service was recognised by three awards. It won the government’s Beacon Scheme Award in the ‘Better Local Public Transport’ category in 2004. Two more prestigious awards followed in April 2005. First, the ‘Local Government Team of the Year’ and second, joint winners of the overall award for ‘Outstanding Public Service Team of the Year’.

Streets

Reducing congestion is a key element of the Mayor’s transport strategy. This was reinforced by the passage of the Traffic Management Act 2004, which places a new duty on TfL and the London

boroughs to keep cars, buses, bikes, pedestrians and all other forms of traffic moving on their network of roads and streets. TfL had already set up the Pinch Point Programme in 2003 to identify and target current areas of chronic network congestion. The 12 worst areas already identified were reviewed during the year and 157 potential causes were identified. A Pinch Point Working Group, set up to address and resolve the key issues, agreed in February 2005 to review a further 12 pinch points.

Installation of the COMET system to improve traffic control was completed by the Directorate of Traffic Operations. COMET provides real-time visibility of selected major London road arteries. Along with the London Traffic Control Centre and the online Traffic Alert service, it forms the basis for incident and congestion detection.

Surface Transport Operational Performance	Units	2002/03	2003/04	2004/5
Passenger journeys: London Buses	millions	1,534	1,702	1,793
Kilometres operated: London Buses	millions	397	437	450
Excess wait time (high frequency): London Buses	minutes	1.8	1.4	1.1
Percentage scheduled service operated: London buses	%	96.1	97.2	97.7
Passenger satisfaction – London Buses	Score out of 100	76	77	78
Major injuries & fatalities: TLRN (Transport for London Road Network)	No.	1,586	1,418	1,093
Major injuries & fatalities (London-wide)	No.	5,650	5,164	4,169
Cycling on TLRN (March 03 = 100)	Index	107	117	141

‘We’ve been recognised by the business-led campaign Opportunity Now as an organisation totally committed to equality and diversity. That public recognition is worth a lot.’

Valerie Todd, Director of Group Equality & Inclusion

TfL’s London Traffic Systems Vision 2016 will ensure the systems and technology are put in place to manage future traffic operations to 2016 and beyond. It will also support the 2012 Olympic and Paralympic Games, with the London Traffic Control Centre forming the operational foundation of the Olympic Traffic Operations Centre in 2012.

Roadside cameras continue to be used to enforce traffic regulations and deter dangerous drivers. More than 1,040 buses are now fitted with external cameras to aid bus lane enforcement and 300 warning notices were issued during the first two

weeks of the Red Route camera enforcement project covering moving traffic offences.

The smooth and efficient movement of freight is essential for a world city. Work on the London Freight Plan during 2004/05 resulted in a five year programme designed to improve freight efficiency while minimising environmental and social impacts. Work continued to ensure improved service and reduced congestion involving lorries, vans and other vehicles.

TfL’s contribution to urban design through improving London’s streets and public spaces



was recognised when it won the National Transport Street Environment award for its highly praised £25 million 'World Squares for All' project in Trafalgar Square.

Walking and cycling

In the five years to April 2005, the number of cyclists using London's streets rose 50 per cent, significantly exceeding TfL's 22 per cent forecast. London-wide cycling schemes completed during the year totalled £14 million. These included projects on borough roads, the Transport for London Road Network (TLRN) and others run directly within schools. More than 70 kilometres of the London Cycling Network Plus came into use, bringing the total to 420 kilometres, now offering green routes through parks and alongside canals.

During the year, over £6 million was invested in a wide range of walking projects. Initiatives included new crossings, wider footways, better street lighting and improved links to stations. The southern section of the Capital Ring Walk, a 34-mile long section running from the Woolwich Foot Tunnel to Richmond Bridge, was completed in September 2004.

Safety, policing and enforcement

Improving the safety of London's streets and public spaces is vital. The number of people killed or seriously injured on London's roads in 2004/05 dropped by 19.3 per cent over the previous year, from 5,164 to 4,169. This is significantly ahead of the target of reducing the number by 40 per cent by 2010 due to close working of TfL, the Boroughs, police and other agencies.



Jonathan Bart works at the London Traffic Control Centre

Jonathan monitors CCTV and IT systems showing how traffic is moving London-wide. He passes up-to-the-minute details using IT systems to TV and radio station presenters about London's traffic. 'Presenters come straight to us for all the right information. I think it's an invaluable service we provide to all London's commuters, tourists, anyone who visits the capital.'

All the training and experience of his past two years with TfL came into play on 7/7. 'Being part of helping get London back to normal was amazing. Everyone knew what to do. We all worked so well as a team and in a matter of hours we had London's streets moving again. There also was a strong sense of everyone looking out for each other, making sure everyone had a decent break and could get home OK.'

He sometimes wonders if TfL is fully recognised for what it does. 'Maybe not,' he says, 'but what matters most is that public transport passengers and all other road users get to where they are going.'

Transport policing for surface transport is delivered by the Metropolitan Police Transport Operational Command Unit. With £50 million annual funding from TfL, this now has over 1,300 police officers, Community Support Officers and Traffic Wardens, dedicated to policing buses and bus corridors, improving traffic flow, congestion reduction and private hire vehicle enforcement.

As well as licensing London's taxis and drivers, the Public Carriage Office (PCO) is concluding a huge job of improving public safety by licensing

the private hire trade. All private hire operators are now licensed. Private hire vehicle licensing was completed just after the year ended and driver licensing is more than half-way complete.

All this contributed to the Mayor's Safer Travel at Night campaign, designed to reduce the amount of illegal touting and the number of assaults, especially on women travelling home late at night. In two years, reported serious sexual assaults have dropped by a third. Around 1,500 arrests have been made for touting.



‘We now have a mechanism in place that means we are responding quickly and accurately to requests TfL receives for information covered by the Freedom of Information Act’

Fiona Smith, General Counsel

Congestion Charging

Congestion Charging continued to provide significant benefits in central London. Congestion stabilised at 30 per cent below pre-charging levels. This helped bus services in the zone achieve significantly improved reliability and journey times, accommodating former car trips.

Other valuable benefits in and around the zone were: the welcome reductions in road traffic accidents, lowered air pollutants and net revenues of over £90 million, which have been principally reinvested into improving bus services as well as road safety, walking and cycling.

There was a positive reaction to the suspension of charges over Christmas. Work on the development of a western extension to the zone continued with publication of a preferred scheme for public consultation.

Trams, coaches, River services and Dial-a-Ride

Though passenger journeys were up on the Croydon Tramlink, TfL still has concerns about the performance of our concessionaire company and has increased monitoring of the asset condition and maintenance of the Tramlink system.

Victoria Coach Station was significantly busier, with coach and bus movements up from 392,000 to 420,000 year on year. Throughout the year, organisational changes and staff redeployment improved passenger care with better information points and uniformed patrols throughout the terminal.

Westminster Pier re-opened in late February after work on Westminster Bridge was completed earlier than expected. Diagrammatic route maps (spider maps) have been produced for London River Services piers and those used by Thames Clippers multi-stop service, subsidised by TfL.

The first 15 new generation Dial-a-Ride (DaR) vehicles fitted with reduced emission Euro 4 engines have been delivered. They give easier access for disabled people and, combined with a computerised-bookings and scheduling system, will provide better service to passengers once in use.

‘DLR’s operational performance this year was first-class, with the highest reliability figures ever achieved as well as record numbers of passengers using the system’

Ian Brown, Managing Director, London Rail

London Rail: Expanding fast

The overground and DLR rail networks play a key part in the life of commuters and shoppers London-wide. Steady and significant progress marked 2004/05 for London Rail, now preparing for its demanding 2012 Olympics and Paralympics role.

Passenger growth was strong on the Docklands Light Railway (DLR), the result of improved services and investment in infrastructure. A record high of more than 50 million journeys was achieved without compromising performance levels, though there was a slight drop in the total number of kilometres run. This was due to scheduled network closures for DLR extension works. As development continues in Docklands and East London, expanding the DLR network remains a priority. Work on the £150 million, 4.4km London City Airport extension from Canning Town to Woolwich remained on schedule to open in December 2005. This will add four new stations to the DLR network.

During the year TfL took over responsibility of the £900 million project to extend the East London Line between Dalston Junction in the north to New Cross, Crystal Palace and West Croydon in the south. The project was transferred from the Strategic Rail Authority to TfL in November 2004. The project is due to be delivered by June 2010.

Passenger safety remains paramount, reflected in the £9.87 million invested in passenger security and improving social inclusion. The work was financed by TfL in partnership with the train-operating companies. These improvements included the installation of CCTV, passenger Help Points, enhanced lighting, information systems and anti-vandal shelters. A total of £1.7 million of the total £9.87 million was invested in improving on-board train security, reducing overcrowding and bolstering New Year, weekend and late-night trains.

DLR Operational performance	Units	2002/03	2003/04	2004/05
Passenger journeys	millions	45.7	48.5	50.1
Kilometres operated	millions	3.2	3.4	3.3
Percentage of schedule operated	%	98.1	98.2	98.5
On time performance	%	96.4	96.6	97.1
Passenger satisfaction	Score out of 100	92.0	94.0	95.0

Environment

London's transport system directly affects the environment, both within the city itself and beyond. TfL seeks to minimise its environmental impact whether in terms of air pollution, traffic noise, the quality and safety of public spaces, or greenhouse gas emissions from cars, lorries and buses.

TfL works to implement five environmental strategies, relating to air quality, ambient noise, biodiversity, energy and municipal waste. There were notable successes during the year. Nitrogen oxide emissions in the Congestion Charging zone dropped by 12 per cent as a result of fewer cars.

Carbon dioxide emissions were reduced by a variety of initiatives including the purchase of 'green' electricity, now representing 20 per cent of total consumption, from renewable sources. Euro II engines fitted in 97 per cent of buses and particulate traps in 93 per cent of buses reduced both carbon dioxide and nitrogen oxide emissions.

Cycling and walking trips increased from 5.9 million to 6.1 million per day, aided by the provision of 5,000 cycle parking spaces at schools. Life became easier and safer for pedestrians as crossing times at key junctions were increased. Noise reduction strategies included extra maintenance of tracks



‘The London Journey Planner’s excellence was recognised when it won the Technology Award in the fifth National Transport Awards’

Chris Townsend, Director of Group Marketing

and trains. More than 85 per cent of Underground track waste and 25 per cent of station waste was recycled. Growth in the use of Oyster cards meant that 100,000 fewer paper tickets were issued each week.

Oyster

The Oyster card has established a leading role for TfL in smartcard ticketing. There are 16,000 smartcard devices at 370 stations (London Underground, train, tram and DLR), on 8,000 buses and at 2,500 agency sales outlets. By the end of 2004/05 there were more than 2.5 million

Oyster cards in use and around 3 million journeys made each weekday using Pre-Pay. A new Daily Price Capping scheme was added to the Pay As You Go option to save Oyster card users money.

This ensures that no matter how many Oyster card journeys are made in one day, the amount deducted from the card will never exceed the price of a one-day Travelcard.

Passenger information

In a city as large and complex as London - with such a diversity of passengers and so wide a choice of routes and carriers – travel information must



be accurate, up-to-the-minute and easy to find, which is what TfL has aimed to supply during the year.

The re-launched London Journey Planner was used by nearly one in five Londoners during 2004/05. It is accessible via multiple channels including mobile (WAP and SMS) and digital television. Research indicated that there were over 800,000 unique users per month and over 12 million page views by March 2005. The London Journey Planner's excellence was recognised when it won the Technology Award in the fifth National Transport Awards.

London's Transport Museum

More than 250,000 visitors, an increase of 25 per cent over the previous year, helped the London Transport Museum celebrate its Silver Jubilee. The museum will be closed for a major £18.5 million re-fit from September 2005 to early 2007. Exhibitions will be transformed, visitor and learning facilities improved. More of the Museum's collections of transport past, present and future - including historic wooden, horse-drawn buses - will be displayed to meet the public's growing interest in all things mobile.

Audit Commission rating

Welcome confirmation of the progress TfL made in 2004/05 came from the Audit Commission, the independent watchdog responsible for ensuring that public money is well spent in local government. The Commission described TfL as 'a highly capable and well-managed organisation', awarding it the highest possible rating: 'Excellent'.



Pauline Forbes is a Licensing Officer with the Public Carriage Office

Pauline inspects would-be and existing private-hire operators to make sure they, their drivers and vehicles comply with the law. 'It's all about ensuring passengers can travel safely by booking through reliable, licensed operators,' she says. 'We're taking the touts, the illegal drivers and their vehicles off the road.'

'This year I set a precedent and successfully prosecuted a controller - the person who takes the bookings and allocates jobs to drivers. I'd warned her she was breaking the law by taking bookings for an unlicensed operator but she carried on and ended up in court with a stiff fine. I want to make life harder for illegal operators by putting people off working for them.'

'There have been instances of illegal vehicles stopping outside legitimate operators' premises and conning waiting customers that it's their car. I advise operators to have a waiting room inside to keep customers safe until their licensed vehicle arrives.'

'I'd love to kill off the illegal private hire trade altogether. I don't know if that's possible but we're going a long way towards it.'



Resources and investment

London's transport system has suffered from decades of under-investment. In 2004/05, TfL reached a historic funding agreement with the government, following the 2004 Spending review (SR2004). This provided additional government grant and gave TfL authority to borrow for long-term capital investment. The SR2004 settlement also gave TfL unprecedented certainty over its financial position for five years – essential for management of large, complex projects that can take many years to complete.

‘TfL’s unprecedented settlement with government reflects our track record of achievement and commitment to shared objectives. The success of our first bond issue shows confidence in TfL’s ability to deliver.’

Jay Walder, Managing Director, Finance and Planning

This settlement meant TfL was able to start planning with confidence to meet some key challenges: making good long-term neglect; supporting the 2012 Olympic and Paralympic Games; and meeting the growth in demand on the transport system arising from the growth in population and jobs forecast in the London Plan. The challenges are long-term - the work has just begun.

Investment Programme and Prudential Borrowing

The historic funding settlement with government enables £10 billion to be invested through TfL’s 5-Year Investment Programme. Under new legislation, effective from April 2004, TfL used the funding agreement to establish a £3.3 billion borrowing programme for 2004/05 to 2009/10. A Medium Term Note programme was established in November 2004 giving access to capital market funding. Both Standard & Poor’s and Fitch rating agencies re-iterated their ‘AA’ credit rating of TfL, demonstrating the very strong credit-worthiness of TfL’s business plans within the international financial community.

In December 2004, TfL launched the first-ever UK municipal Eurobond issue for £200 million through joint lead arrangers HSBC and Morgan Stanley.

One of the issue’s key aims was to establish a transparent and visible benchmark for TfL debt, enabling effective comparison with other forms of financing such as Private Finance Initiative (PFI) projects. The bond was seven times oversubscribed.

Efficiency savings

TfL’s commitment to providing value for money produced exceptional results. Efficiency gains rose from £42 million in 2003/04 to £119 million in 2004/05. There were a number of reasons. A common back-office IT system was introduced. Oyster was rolled-out and the Business Procurement Efficiency Programme - developed to optimise TfL’s considerable buying power - delivered £99 million saving across the business. This was achieved in 18 months instead of the original three year target.

The HR sections of the 15 businesses which united to form TfL, combined into the single HR Service. Economies of scale and shared best practice meant that in 2004/05 this initiative delivered savings across the organisation of around £1.9 million, which was £0.4 million ahead of target. This initiative will deliver future savings of £8.1 million per annum.

Investment

London 2012 Olympic and Paralympic Games

Success in London's Olympic bid rewarded almost three years of dedicated work by the Mayor, London Development Agency and TfL. The International Olympic Committee's first report was critical of London's transport system. After eight months tireless work, buoyed up by knowledge of the funds available as a result of the SR2004 and drawing on long experience of organising transport for big events, the TfL and London 2012 bid team delivered a comprehensive transport strategy that changed minds and secured IOC votes.

The result: in good time for the Games, London's transport system will have benefited from TfL's £10 billion 5-Year Investment Programme.

Communities in East London will benefit and the Stratford development is a good example. Services will be transformed. Stratford will become a major international transport hub. The new International Eurostar Terminal will link to Paris and Brussels via the upgraded Channel Tunnel Rail Link.

The extended DLR will connect South and East London and the Olympic Javelin train service will take spectators from Liverpool Street to the



Olympic Park and Village in just seven minutes. Improved bus and underground services plus walking and cycling initiatives will support an unprecedented building programme.

London Underground

The maintenance and upgrading of the Underground's assets is delivered by a mixture of Public Private Partnership (PPP) and Private Finance Initiative (PFI) contracts, together with additional work directly funded and specified by TfL. Comments on the delivery of routine maintenance were set out earlier on page 9. Concerns continue about the level of resources directed to renewal of the Underground's ageing infrastructure by the PPP infracos (Metronet and Tube Lines).

The upgrade of the Underground under the PPP is now well underway. Tube Lines has delivered the first tranche of station modernisation. Refurbishments incorporate new facilities such as digital CCTV, Help-Points at all stations and improvements to passenger service information. Regrettably the first Metronet station projects are late and were not completed by the year-end.

Major line upgrades are due to be delivered from 2009 onwards. Early milestones have been achieved, but such projects have very long programmes and there is a lot to do to deliver the upgrades. London Underground's (LU) PPP report reviews progress in more detail.

The Underground's power is provided under a PFI agreement. Suppliers EDF Energy Powerlink delivered the Northern line power upgrade and refurbished the Power Control Centre. By contrast the Connect PFI, under which Citylink is



Sarah Kerby-Eaton is a site engineer on the East London Line project

Sarah ensures contractors deliver their work on time and to TfL standards. 'When you learn engineering,' she says, 'all of a sudden the world just opens up for you and you understand what's beneath the pavements, where things go and how they fit together. To be an engineer in a city like London means all of that is multiplied a thousand times.'

'Because this is a public organisation, I am personally more interested in the outcome. I want to see it happen more effectively and efficiently, making sure the public get value for money with minimum inconvenience.'

'Working on railways appeals to me because it is so multi-disciplinary. You come into contact with so many different people to sort out complex issues. We're a great team and we're all from different backgrounds.'

'Since Transport for London took over the project it has moved at great pace. It's particularly exciting because we will be a catalyst for significant regeneration and will support the Olympics in 2012.'

‘We’re moving ahead with the immediate delivery of Phase one of the extension of the East London Line. Along with the DLR extensions, it is London Rail’s key contribution to the Olympic preparations and the largest single component of TfL’s 5-Year Investment Programme’

Ian Brown, Managing Director London Rail

responsible for delivering a new communications network for the Underground, is running seriously behind schedule. When completed, Connect will mean new radio systems for the Tube, with the rollout now scheduled to start in 2006.

Progress on investment projects during 2004/05 gave a foretaste of the scale of improvements to flow from TfL’s 5-Year Investment Programme from 2005/06 onwards. The east end of Canary Wharf station was opened, within budget and two months ahead of schedule. This key project delivered improved passenger access and increased capacity for this fast-expanding area.

Work on the first phase of redevelopment of King’s Cross St Pancras station progressed while more than 120,000 passengers still used the station daily. In February the Department for Transport granted approval to start phase two which will deliver step-free access from the deep level Underground and a new northern ticket hall serving passengers transferring from the Channel Tunnel Rail Link.

Work continued on the construction of an extension of the Piccadilly line to serve the new Terminal 5 at Heathrow Airport, scheduled to open in 2008. The Underground loop to Heathrow Terminal 4 closed in January 2005 so that a



junction to the new line can be built. Until it reopens in September 2006, passengers travelling to Terminal 4 are using a dedicated shuttle bus link from Hatton Cross station. The major upgrade of Wembley Park station is on schedule to meet the opening of the new stadium in 2006.

London Buses

As well as the virtual completion of the renewal and upgrade of the bus fleet, funded through contract payments, five major facilities greatly improved during 2004/05. Walthamstow Central bus station was refurbished at a cost of £6 million (June 2004). The Waterloo bus interchange was completed during summer 2004. Putney Bridge bus station received a £450,000 makeover.

The TfL-owned Walworth garage became fully operational in September 2004 and the new Vauxhall Cross bus station came into use in December 2004, encouraging greater use of public transport, walking and cycling. A contract for the renewal of TfL's Bus radio, Countdown and Automatic Vehicle Location (AVL) systems was agreed during the year.

A BTEC (Business & Technology Education Council) qualification and training course was rolled out for bus drivers who work for TfL contractors. This will improve passenger care and driving standards. During the year, the number of in-service drivers with the BTEC award reached 10,320. The target is for all established bus drivers to be BTEC qualified by December 2005. Bus operator's supervisors are also now qualified to BTEC standard.



Chris Nix is TfL Education Liaison Manager

Chris runs TfL's Safety and Citizenship initiative for children and young people. 'Plenty of organisations try to engage with schools but TfL does more than send out packs to teachers. We get uniformed staff out to schools. We get children comfortable talking to them so they understand that this is someone who will help them and who deserves their respect. We've even got a mock-up of part of a station on the back of a van.'

'Last year we met over 50,000 children. This year it will be 100,000. We talk with children about responsible use of public transport. We show them how to plan their journeys and access tickets or passes. Above all, we show them how to be safe. But we also say: 'You must appreciate everyone else has the right to feel safe and untroubled too.'

'This goes way beyond showing them how to use buses and tubes. It's about forming the citizens of the future. That's a huge responsibility and a major undertaking. One TfL can be proud it takes on.'

'TfL has invested over £16 million to make London's streets better places to walk. Initiatives include improving crossings, street lighting, footways and links to stations'

Peter Hendy, Managing Director, Surface Transport

Streets

Work to maintain and renew London's streets continued. TfL resurfaced 95 lane kilometres and reconstructed 75 lane kilometres of carriageway on its own road network (Transport for London Road Network/TLRN). The boroughs resurfaced and reconstructed 265 lane kilometres of their principal roads, supported with funding through TfL's Borough Spending Plan (BSP) programme. All were left safer to use and in a good state of repair.

Phase one of the Coulsdon Town Centre scheme to improve access and traffic flow continued on target for completion in 2006, returning the existing road to a normal high street. Work continued on making the southbound lanes of the Blackwall Tunnel safer.

London Rail

The East London Line (ELL) extension played a key role in the Olympic bid. Completed, the ELL project will help regenerate some of London's most deprived areas. TfL formally took responsibility for the £900 million project to extend the line between Dalston and West Croydon/Crystal Palace.

TfL also worked closely with government and the business community to maintain the momentum behind Crossrail, a key element of London's future transport infrastructure. In July 2004 the Government accepted the Crossrail business case and a Hybrid Bill, seeking the powers to construct Crossrail, was submitted to Parliament in February 2005. The bill was later 'carried over' to the next session following the dissolution of Parliament because of the May General Election. It achieved its Second Reading in July.

Major projects

The funding agreement reached with the government paved the way for much needed schemes to strengthen London's transport infrastructure. These include the Thames Gateway Bridge (TGB) project and the East London Transit scheme. Long-term aims include local regeneration, quicker interchange and safer, faster and more convenient services.

Subject to the outcome of the Public Inquiry, the TGB will stand between Thamesmead in Greenwich and Beckton in Newham. When completed it will cut cross-river journey times and play a key part in the revitalisation of London's East End. TfL estimates that 35,000 jobs will be created in addition to the 1.4 million jobs that will become accessible within 45 minutes journey time from Thamesmead. The TGB inquiry illustrates the challenges TfL faces in the coming years in gaining consent for the many projects in its investment programme.

Local improvements and travel awareness

Alongside the progress in major projects in 2004/05, TfL continued to devote significant resources to smaller-scale local schemes, both on its own Transport for London Road Network (TLRN) roads and on borough roads through the Borough Spending Plan (BSP) programme. Over £156 million of BSP funding was allocated to the boroughs for a range of schemes designed to improve the quality, safety and accessibility of London's streets and public spaces. These included bus priority, bridge

and principal road renewal, cycle networks, road safety schemes and measures to improve access for all users. Boroughs delivered over 97 per cent of their allocations from TfL.

TfL worked with the Greater London Authority (GLA), the Mayor's Architecture and Urbanism Unit (AUU) and boroughs on an urban design agenda to take forward a number of projects in the Mayor's '100 Public Spaces' programme. These included development work on Sloane Square, Coulsdon town centre and Euston Road.

TfL continued to work closely with boroughs, schools and businesses on raising travel awareness in order to encourage modal shift. Safer Routes to School projects included more than 600 school journey plans. Along with local safety improvements these will help tackle problems caused by the school run. Workplace journey plans were developed with employers to help encourage their employees to walk, cycle and use public transport.

TfL demonstrated its continuing commitment to substantial investment in borough transport schemes by allocating £781 million BSP funding in the 5-Year Investment Programme. In July 2004, the Mayor issued guidance to the boroughs on the preparation of their Local Implementation Plans (LIPs). These are statutory plans in which the boroughs set out how they propose to deliver the Mayor's Transport Strategy. Once approved, LIPs will provide the local framework for future BSP bids and wider investment in London's transport network.



Colin Mann is Property Services Manager, Docklands Light Railway

With his team, Colin negotiates with landowners and occupiers affected by construction of new extensions and other works on the railway. He acquires land through statutory powers or through agreement and negotiates compensation where applicable.

'By the nature of what the property team does - imposing ourselves on occupiers through statutory acquisition powers - we must deal with initial ill-feeling and resistance from those directly affected.

'With each owner or occupier, it's a matter of exploring what needs to be done, what the likely impacts are, and then how we can reduce these by working with them. 'DLR has a reputation for dealing with people well and that credibility and track record is extremely important to us. I don't think there is anybody out there who feels we have misled them.'

'I am very proud of DLR's record. We have an ethos to tell it like it is. This is vitally important because if you don't, it will come back to haunt you.'



People and partnerships

TfL is only as good as the people who work for it and with it. This was starkly apparent on July 7 when TfL's staff and those of its contractors responded immediately and unhesitatingly to the terrorist attacks. The July 7 response was only one example of the importance of TfL's frontline staff to the successful operation of its business. The outcome of the Spending review (SR2004) funding bid – supported by key external stakeholders – demonstrated the crucial importance of working together with a range of London partners.

‘People are our business. Investing in our people is every bit as important as investing in buses, trains or stations.’

Maggie Bellis, Managing Director, Group Services

TfL people

TfL’s success depends on the excellence of its 19,400 employees and those employed by its partners and contractors. Whether at an Underground station, on a bus or providing advice and information by phone, these staff are at the heart of TfL’s business. Having the right people is not only essential to the continuing improvements in TfL’s bus, tube and train services, it is also key to delivering the investments necessary for a transport system fit for the 21st century.

At the heart of TfL’s approach is its strategic focus on human resources function. This is integral to the cultural, process and business integration of TfL as a whole. This positions TfL to ensure it attracts, retains and rewards the right people: people who work in an organisation which has the right structures and people policies, ready to approach challenges such as preparation for the 2012 Olympics.

HR Services is a good example of the practical differences the new HR function is making to the business. This ‘one stop shop’ went live in January 2005, developed and delivered in 12 months – from design to implementation – and is delivering efficiencies and best practice more often seen in the private sector.

Diversity, equality and inclusion

TfL is proud of progress made in equality and inclusion, providing better services and increasing workforce diversity. Thirty two per cent of the workforce are from London’s black and ethnic

minority communities, well above the 25 per cent target that reflects London’s demographic make-up. People from ethnic minority backgrounds are less well represented at senior management level. The aim is to double representation in senior management from seven to 14 per cent by 2008. TfL worked hard to increase the numbers of women employees, particularly at operational level. At 21 per cent of the workforce, this was up on 2003/04 but below the 25.4 per cent target.

Together with the bus contractors and the Transport & General Workers Union, TfL is working to increase the number of women in the bus industry, running special women’s open days, developing best practice guidelines and monitoring recruitment and retention figures for each of the bus companies. London Underground succeeded in raising the numbers of women train operators from 2.6 per cent in 2002 to 6.6 per cent in 2004. LU also continues its Managing Diversity Competence Programme, key to its efforts to end harassment and ensure fair opportunities for all.

TfL plans to increase the number of disabled people in its workforce over the next three years. The current figure of 244 disabled people equates to 1.4 per cent and is unacceptable. A high rate of change is needed and TfL intends to achieve a rate of 4 per cent by 2008. These targets are ambitious but achievable. They are also necessary in ensuring that TfL meets the Mayor’s objectives for equality and inclusion throughout GLA workforces.

‘TfL’s pro-active spirit of partnership and joint working is particularly encouraging. It contributes to the future success of achieving joint authority objectives for the improvement of transport in the borough’

Chris Hamshar, Head of Highways and Transport,
Royal Borough of Kingston upon Thames

Health and safety

Major injury rates for TfL Corporate, Rail and London Underground were below 65 per 100,000 employees, significantly lower than the UK 239 average for the transport sector. Surface Transport, with 225 major injuries per 100,000, was also below the UK average. TfL deeply regrets that a member of London Buses staff died of natural causes as a result of medical complications following an injury sustained at work. This is the first employee fatality since TfL was established in 2000. Physical assaults on LU staff dropped 8 per cent but concern remains as verbal abuse rose steadily.

TfL is committed to improving staff health, reducing the number of days staff are absent for illness. Overall average sickness absence per staff member rose slightly to 12 days a year. The main causes were stress-related, colds and influenza and musculoskeletal injuries. TfL’s Five Year Occupational Health Plan addresses stress and musculoskeletal injuries as a priority. The Health Plan used on the Underground meant that stress-related absences fell by 5 per cent and musculoskeletal-related absences dropped by 4 per cent.

General Counsel directorate

There were major changes to the General Counsel directorate during the year. The Legal department was restructured and an Information Access and Compliance team was established to meet the requirements of the Freedom of Information Act. The directorate includes Legal, the Company

Secretariat, Group Health, Safety and Environment, Internal Audit and the Information Access and Compliance team. Staff within General Counsel are responsible for the key processes providing assurance for the Board and the Commissioner, as well as acting as key advisors to support the whole of the TfL Group.

Transport for London Board

The TfL Board is made up of individuals who have a broad range of experiences in areas such as transport, finance, government and trade unions as well as an interest in transport for women and those individuals with mobility problems. Through the Board and its Committees they play a key role in the strategic develop of TfL as well as in monitoring its performance.

Working in partnership

The achievements set out in this Annual report would not have come about from TfL working on its own. Delivery of the transport London needs and deserves depends on a close working relationship between TfL and London’s boroughs, businesses, voluntary organisations and local communities.

TfL continued to develop its positive partnership with London’s boroughs during 2004/05. The boroughs are statutory local planning and highway authorities, so they are particularly important for successful delivery, whether installing new bus lanes on borough roads, developing transport to support major developments such as Stratford City or discussing London’s strategic challenges.

High-level engagement continued with the Commissioner's and Chief Officers' programme of visits to individual boroughs. This programme will be on-going in 2005/06. The Commissioner also met regularly with borough Chief Executives and officers of the Association of London Government Transport and Environment Committee (ALG/TEC).

There was regular engagement at a senior level between TfL and London's business community through London Business Board, London CBI, London First and the London Chamber of Commerce and Industry. Good working relationships continued with user organisations such as the London Transport Users Committee (LTUC) and voluntary and community bodies.

TfL also engaged directly with local communities through consultation and dialogue on projects and programmes, including the West London Tram, Greenwich Waterfront Transit and the Westward Extension of the Central London Congestion Charging Scheme.

The importance of positive working with TfL's stakeholders was clearly demonstrated by the outcome of the SR2004. TfL's bid for additional resources was strongly supported by boroughs, business and voluntary organisations. The fact that London was so united behind the case for funding to improve London's transport system was a crucial factor in the successful outcome of TfL's bid.



Joyce Mamode is Passenger Liaison and Marketing Manager for Dial-a-Ride

Without Joyce and Dial-a-Ride – TfL's door-to-door service – many Londoners who cannot use mainstream public transport because of a disability might be confined to their homes, unable to go out shopping or meet friends.

'I started work at Dial-a-Ride when TfL took the scheme over from several separate charities,' she says. 'A major part of my job is ensuring that disabled Londoners' views on how they want the service improved are being heard, even though everything is now organised centrally.'

'This year, Dial-a-Ride customers and potential customers have begun to see their wishes become reality. A new fleet of vehicles custom-built to passengers' requirements – more comfortable and easier to use – has been delivered.'

Joyce is very proud of her part in the new vehicle project. 'It's symbolic of changes at Dial-a-Ride. The new fleet is starting to change the image of the whole service.'



Financial review 2004/05

During 2004/05 TfL continued to experience a strong increase in demand for its services across all transport modes. This increase was reflected in the 2004/05 revenue result which was up 10 per cent on the previous year to £2,555 million. TfL successfully met this growth in demand by operating more services and delivering improved service to its customers. Consequently, its operational spend increased by some 6 per cent to £4,190 million reflecting increased running and staff costs.

‘The historic funding settlement with government enables £10 billion to be invested through TfL’s 5-Year Investment Programme. ’

Jay Walder, Managing Director, Finance and Planning

There was a marked increase in the level of capital works being undertaken during 2004/05 as TfL started works on its landmark five year £10 billion investment programme. Capital expenditure during the year was up 34 per cent to £1,157 million and reflected the commencement of enabling works for a number of key programmes and the increase in infrastructure works undertaken by the Infracos through the Public Private Partnerships (PPP).

TfL continued its commitment to borough schemes that improved the quality, safety and accessibility

of the local travelling environment by providing £157 million of financial support.

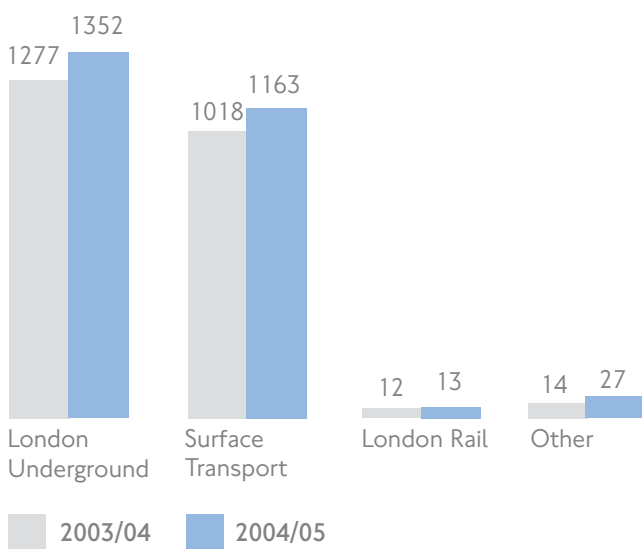
In addition, over £200 million was spent through Private Finance Initiative (PFI) contracts in 2004/05 that included a contract relating to the rollout of Oystercard ticketing and price capping, a contract with EDF Energy Powerlink Ltd to maintain and upgrade London Underground’s power requirements and a contract with Citylink to deliver a new communications network for the London Underground.

£m	2003/04	2004/05	Change %
Expenditure	3,937.2	4,189.9	6
Revenue	(2,320.9)	(2,554.5)	10
Net cost of services before depreciation	1,616.3	1,635.4	1
Depreciation net of release of deferred grants	198.4	213.8	8
Share of the operating result of joint venture company (Crossrail)	15.6	22.1	42
Net cost of services	1,830.3	1,871.3	2
Net Financing charges	36.5	24.2	(34)
(Profit)/loss from fixed assets	(20.5)	5.5	-
Net operating expenditure	1,846.3	1,901.0	3
Grants and contributions to/(from) reserves	(1,951.8)	(1,925.5)	(1)
(Surplus)	(105.5)	(24.5)	(77)
Capital expenditure	863.1	1,157.4	34

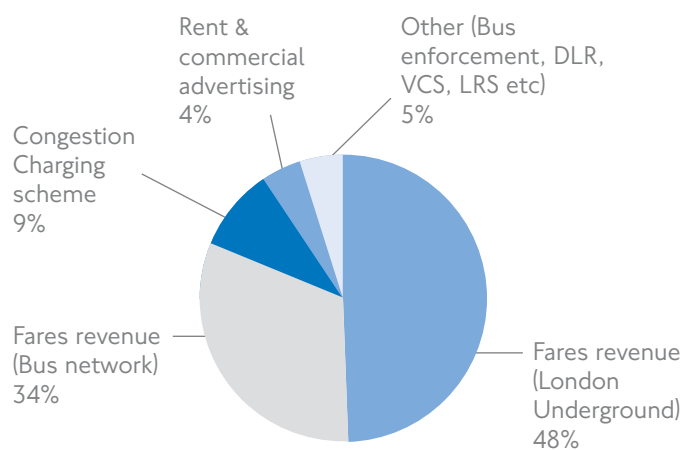
Note: The financial information is extracted from the audited Statement of Accounts for TfL for the year ended 31 March 2005, copies of which are available on our website (www.tfl.gov.uk/annualreport)

Revenue

Revenue by Mode (£m)



Revenue breakdown (2004/05)



Fares on the London Underground and Bus Network continued to be TfL's main sources of revenue, making up some 82 per cent of all revenue generated in 2004/05. The continued increase in passenger demand across the network contributed to a seven per cent increase in fares revenue on the London Underground to £1,240 million and a 13 per cent increase in fares revenue on the Bus network to £871 million. The introduction of a fares revision in the final quarter of the year was in line with the Mayor's funding strategy for TfL's Business Plan. Fare increases of around four per cent (RPI + one per cent) on travelcards and around

13 per cent (RPI + 10 per cent) on bus only tickets have also contributed to the revenue result. These fare increases were necessary to help secure TfL's unprecedented funding settlement through the 5-Year Investment Programme.

The DLR raised some £43 million of fares revenue during 2004/05. However, of this, around £30 million is collected by franchise operators who manage the DLR network. The remaining £13 million collected by TfL, which relates to the Lewisham extension, was up eight per cent on the previous year and reflected increased passenger demand for the service.

Congestion Charging

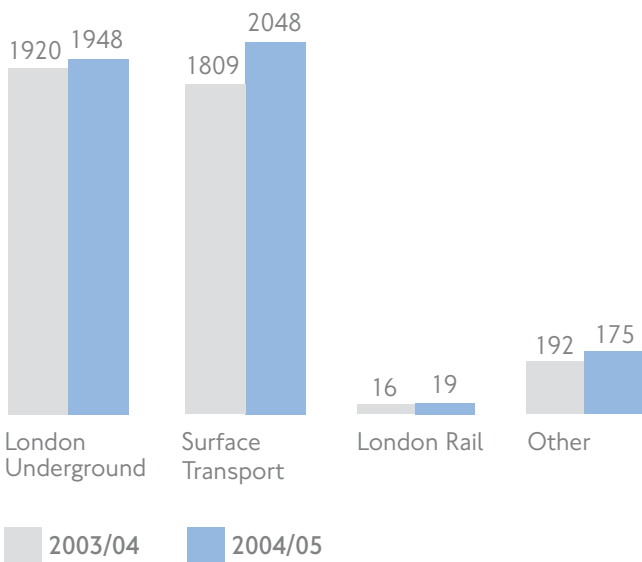
Congestion charging was introduced on 17 February 2003 in Central London at a daily rate of £5 per car or goods vehicle. The daily rate increased to £8 from 4 July 2005.

The net revenues from the congestion charge are spent on improving transport within London in line with the Mayor's Transport Strategy.

£m	Group and Corporation 2003/04	Group and Corporation 2004/05
Revenue	186.7	218.1
Expenditure		
Charging operations	(120.9)	(120.8)
Traffic Management	(2.0)	(0.6)
Deferred charges	(17.2)	1.7
Depreciation	(1.1)	(1.6)
Capital Financing Charges	(0.2)	(0.4)
Net income/ (Expenditure)	45.3	96.4

Operational expenditure

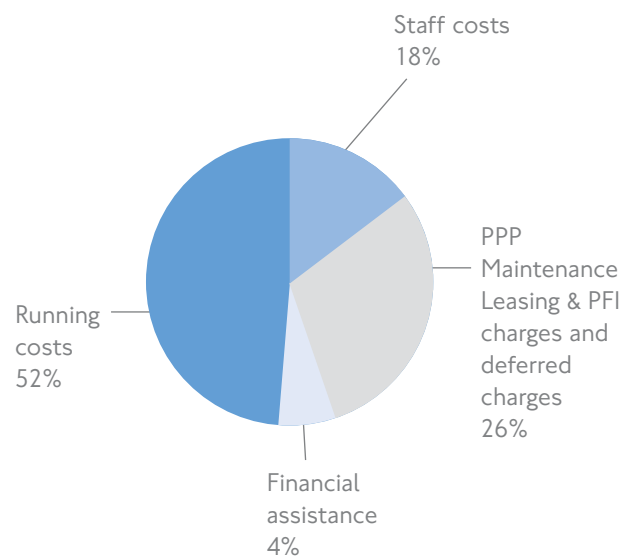
Expenditure by Mode (£m)



TfL's expenditure in 2004/05 reflected the group's increased level of activity during the year. The rise was most evident within the bus network where expenditure was up 12 per cent on the previous year to £1,426 million. This increase reflects principally the continued updating of quality standards across all aspects of the network through the contracting system (Quality Incentive Contracts) which contributed to the best service quality and service reliability seen on the network since records began in 1977 and passenger volumes not seen since the 1960s.

Operating expenditure on the London Underground remained largely unchanged on the previous year, increasing around one per cent to £1,948 million.

Operational Expenditure breakdown (2004/05)



An increase in staff costs reflected both the recruitment of additional resources during the year to support the commencement of the Investment Programme and a change in funding to the staff pension scheme, up 15 per cent at the start of the year.

During 2004/05 TfL continued its commitment to providing value for money and ensuring that public resources were used efficiently by achieving efficiency gains of £119 million in 2004/05 up from £42 million achieved during the first year of the programme in 2003/04.

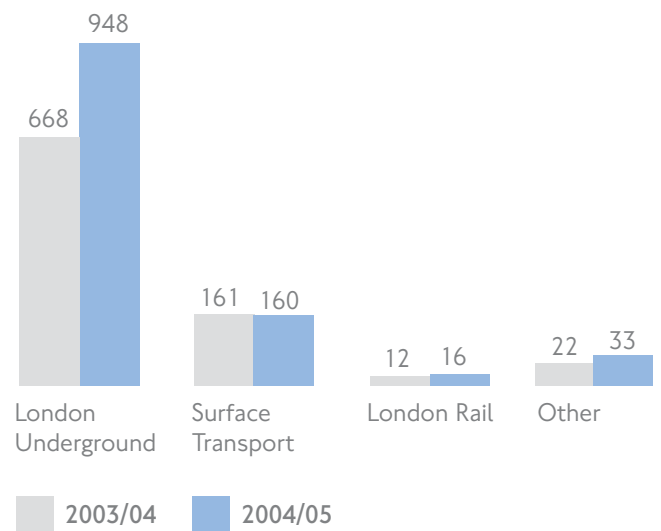
Capital expenditure

Over 80 per cent of TfL's capital expenditure during 2004/05 related to capital works being undertaken on London Underground's infrastructure. In turn, the expenditure of £948 million included some £712 million of capital works undertaken by the Infracos through Public Private Partnership (PPP) contracts.

Capital works undertaken by the Infracos included; the refurbishment of five stations; Northfields, South Harrow, Arnos Grove, Kilburn and West Hampstead, the modernisation of three stations, Burnt Oak, Borough and Tufnell Park, modernisation works at Wembley Park station to reduce congestion, lengthening Jubilee line trains from six to seven cars which will be seen in service in 2006, the renewal of 24 kilometres of track and the refurbishment or replacement of 26 escalators. Additional refurbishment and modernisation works at a further nine stations that were due for completion in the contractual year are ongoing. Refurbishment works also commenced on the District Line rolling stock (D Stock). Other works undertaken by London Underground during the year included station planning works including station upgrades, congestion relief works and accessibility improvements.

In addition, extensive works at King's Cross which included enlarging the main ticket hall and construction of the new western ticket hall were undertaken in preparation for the Channel Tunnel Rail Link (CTRL).

Capital expenditure by Mode (£m)



In other areas of the group, £160 million spent on capital works by Surface Transport included renewal works on the Transport for London Road Network (TLRN), developing the Bus Priority Scheme and implementing walking and cycling initiatives and improvements to road safety. £16 million spent on DLR related to capital programmes included funding for railcar refurbishment, the introduction of 23 refurbished vehicles due in service at the end of 2004/05 and an extension to the London city airport, due to be opened at the end of 2005, and Woolwich Arsenal.

Appendices

Financial assistance

TfL may give financial assistance to any body or person in respect of expenditure incurred or to be incurred by that body or person in doing anything which, in the opinion of TfL, is conducive to the

provision of safe, integrated, efficient and economic transport facilities of services to, from or within Greater London.

Financial assistance given under section 159 of the GLA Act 1999 is outlined below:

£m	2003/04	2004/05
Financial assistance to subsidiaries and joint venture		
Transport Trading Limited	6.5	30.5
London Underground Limited	143.5	807.0
London Bus Services Limited	503.0	549.9
Docklands Light Railway Limited	31.5	43.0
London River Services Limited	1.0	0.8
Cross London Rail Links Limited	15.6	30.9
	701.1	1,462.1
Financial assistance to London Boroughs		
Bus priority	21.8	19.6
Safety schemes	22.5	13.8
Cycle network	10.3	9.5
Congestion charging	17.2	(1.7)
Trafalgar Square	6.3	(0.5)
Local traffic and pedestrian improvements	5.9	8.0
Parking control and enforcement	1.1	0.9
Taxicard	4.6	4.3
Maintenance of borough roads	36.7	48.4
Maintenance of borough bridges including strengthening	15.9	11.9
Walking initiatives	6.6	4.0
Bus Stop accessibility	3.5	3.1
Interchanges	3.7	3.5
Streets for People	4.9	7.9
Safer routes to schools	7.9	6.1
20 mph zones	4.1	7.4
Other projects	38.0	10.7
	211.0	156.9

Financial assistance to other parties	2003/04	2004/05
Southern Railway Ltd	-	1.6
Thameslink	-	0.6
First Great Western	-	0.3
London Eastern Railway Ltd	-	0.2
South Eastern Trains	0.1	0.5
Silverlink	0.1	-
WAGN	0.7	0.1
Strategic Rail Authority	0.9	0.2
South West Trains	2.0	3.0
South London Green Badge Taxi School	-	0.1
Groundwork West London	-	0.1
RB of Kingston	0.1	0.1
LB Wandsworth	0.1	-
LB Lambeth	0.1	-
South Central Trains	0.1	-
London Connects	0.1	0.1
C2C	0.1	-
Transport Co-ordination Centre	0.1	0.2
LB Richmond	0.1	-
LB Croydon	0.1	-
Thames Trains	0.1	-
Dial-a-Ride	0.2	0.1
City of Westminster	0.2	0.1
LB Newham	0.3	-
London Underground prior to joining group	0.4	-
British Waterways Ltd	-	0.2
	5.9	7.5

Small sums of money have also been paid to other parties for miscellaneous transport purposes.

Guarantees

Section 160 of the GLA Act 1999 sets out the conditions under which TfL may give guarantees, indemnities or similar arrangements.

TfL gave a guarantee in favour of HSBC Bank plc, under section 160(1) of the GLA Act 1999.

TfL has given guarantees in respect of some of its subsidiary company's contracts. The amount that could be payable by TfL under the guarantees (as described below) varies depending on a number of factors, including, inter alia, responsibility for termination of the underlying contract, when

termination occurs during the life of the contract, breakage cost and other contractual costs which are not known before the event. For information only, the approximate maximum amounts of debt that were envisaged to be drawn by the counterparty at the signing of the agreements are disclosed. For the avoidance of doubt, these amounts may not represent the amounts that could be payable by TfL under the guarantees but are shown here to give an indication of the relative size of each contract.

Approximate maximum amount of debt envisaged to be drawn under the relevant debt facilities as part of the:

Agreement with Tube Lines	£1,803 million
Agreement with Metronet BCV	£1,325 million
Agreement with Metronet SSL	£1,325 million
Agreement with CityLink	£ 502 million
Agreement with PADCo and Seeboard Powerlink Ltd	£ 168 million
Agreement with TranSys	£ 197 million
Agreement with CARE	£ 164 million

While the guarantees in relation to the PPP Contracts noted above are the significant guarantees issued on behalf of LUL, it should also be noted that TfL guarantees LUL termination obligations under a further two contracts relating to the Northern Line Train Service Contracts and the Jubilee Line Agreement. Unlike the agreements listed above, the contracts are not based on an initial amount of debt and so cannot be quantified in a similar manner.

No arrangements were entered into with another person under which that person gives a guarantee which TfL has power to give under section 160 (4) and no indemnities associated with the guarantees were given by virtue of section 160 (5) of the GLA Act 1999.

Remuneration

Introduction

This report outlines TfL's policy regarding the remuneration of its Board Members, the Commissioner for Transport and Chief Officers, who are responsible for directing the affairs of the organisation.

Policy for Board Members

Board members are appointed by the Mayor and are independent of the organisation's management. Board Members are not required to devote the whole of their time to TfL's affairs. Remuneration for each Board member (with the exception of the Deputy Chair) is based on a published formula. It directly relates to, in addition to Board activities, the number of Panels and Committees on which each Member serves. Remuneration also takes into account those Members who serve as Chair of the Panels and Committees up to a capped maximum.

Remuneration levels are set for each Mayoral term but are reviewed periodically in line with comparable markets to reflect the responsibilities and accountabilities of the role. With effect from 1 August 2004, the basic fee was £18,000 per annum. Board Members who act as Chair or a member of a Committee or Panel receive additional fees of £4,000 per annum (as a Chair) and £2,000 per annum (as a member) for each appointment. The maximum payment in aggregate is £24,000 per annum, except for the position of deputy chair of the Board, where the annual fee is £60,000 per annum in total. The Terms and Conditions of Appointment of Board Members are published on the TfL website (www.tfl.gov.uk).

Policy for Chief Officers

The Remuneration Committee is chaired by the Chair of TfL, the Mayor of London. Two Board members constitute the remaining Committee members.

The term of reference of the Remuneration Committee is to review the remuneration of the Commissioner and Chief Officers on behalf of the Board.

Chief Officers are employed by TfL or its subsidiary companies and are required to devote substantially the whole of their time to the organisation's affairs.

The policy of TfL is to recruit and retain the highest calibre Chief Officers and to provide remuneration packages that reflect their responsibilities, experience and performance. The Remuneration Committee has established a reward structure commensurate with this policy and comparable talent markets.

The constituent parts of Commissioner and Chief Officer remuneration are:

a) Basic salary

TfL's reward strategy aims to pay competitive market salaries whilst recognising individual progress and development through the annual performance reviews.

Annual increases in base pay are contained within an inflation based budget. However, in setting individual salary levels the Remuneration Committee takes into account the median position of relevant markets, the remuneration for other Chief Officers, the individual contribution to the role and any pay parity issues across the organisation.

b) Performance related bonus

The Commissioner and Chief Officers are entitled to an annual performance bonus, assessed against a range of business measures.

The Commissioner's bonus maximum is £285,000 in any year. The Chief Officer bonus maximum is currently at least 30 per cent of base salary.

Payments under the scheme, as approved by the Remuneration Committee, are not pensionable.

A review is currently under way regarding the detailed structure of the bonus scheme.

c) Pension arrangements

Chief Officers are eligible to join the defined benefit Transport for London Pension Fund. The provisions for Chief Officers are designed to give a pension of up to 2/3rds of final pensionable pay, part of which can be exchanged for a tax free retirement lump sum (under current legislation).

There is a death in service benefit of four times pensionable pay. Employee contribution is five per cent of pensionable pay.

Further benefits are provided through the TfL Supplementary Pension Scheme. Only base salary is pensionable.

d) Other benefits

A private medical insurance scheme is provided.

As with all TfL employees the Commissioner and Chief Officers are provided with a free travel pass for themselves and a nominee valid on TfL transport modes. For a one-year period from 1 April 2004, Chief Officers who joined after 1 April 1996 were eligible to receive reimbursement of 75 per cent of the cost of an annual season ticket on national rail. Chief Officers employed by predecessor organisations prior to April 1996 receive national rail discounts in line with the policy of the predecessor organisation.

The Commissioner for Transport's remuneration for 2004/5 was made up as follows:

	2003/4	2004/5
Salary	312,500	312,027
Bonus	275,000	275,000
Other benefits	113,425	111,644
	700,925	698,671

Bonus is reported in the year in which it is paid. That reported for 2004/05 represents bonus in respect of the Commissioner's performance in the 2003 calendar year.

Summary of TfL's progress towards the implementation of the Mayor's Transport Strategy

TfL is required to report its progress in implementing the Mayor's Transport Strategy (MTS). This information is found throughout the main body of the report. The following summary identifies the contribution TfL and its subsidiaries have made towards specific MTS priorities over the last year.

There are a number of developments that will need to be reflected in any future revisions of the Mayor's Transport Strategy and London Plan. The forecast growth in jobs and population and continuing growth of the Thames Gateway will place increasing demands on London's transport system. There are also developments in Government policy, particularly on road pricing, that TfL is well-placed to contribute to and benefit from. Looking further into the future, work is already underway to help understand some of the long-term pressures beyond 2016 being placed on the transport system by continued population and employment growth.

TfL will continue to work closely with the Greater London Authority (GLA), sharing analysis and helping to develop policy solutions. Many of the policy issues that will need to be considered, such as land use planning, are cross-cutting and extend beyond transport. Within transport, policies for optimising use of the road network and a long-term vision for integrating rail services with the rest of London's transport network are already being developed. On current projects, TfL are also working closely with other parts of the GLA group to ensure wider benefits from transport schemes, such as the regeneration benefits from the East London Line extension, are maximised.

Priority A: Reducing traffic congestion

During 2004/05 there has been a continuation of the benefits provided by Congestion Charging in Central London, with traffic levels down by 15% and congestion stabilised at 30% below pre-charging levels in the area. Work has continued throughout the year on the development of a western extension to the scheme, and a preferred scheme has been identified. Public consultation concluded on 15 July 2005.

Taking congestion in inner and outer London, and following on from TfL's Pinch Point Programme established in 2003, 12 of the worst areas of congestion on the road network have been reviewed, and a working group set up to address and resolve issues.

There have also been several improvements to systems to increase control of real-time traffic and incident management. These include signal timing reviews at 1,000 sites across London, development of the COMET traffic control system to form the basis for incident and congestion detection on major roads.

In July 2004 the Traffic Management Act received Royal Assent, placing a new duty on all local traffic authorities (including TfL) to keep all forms of traffic moving on their network. To support its new duty TfL has been developing the LondonWorks information system to improve the management of road and street works.

Priority B: Overcoming the backlog of investment on the Underground so as to safely increase capacity, reduce overcrowding and increase both reliability and frequency of service

This has been the key objective for London Underground (LUL) over the last year, with a sharp increase in the amount of essential engineering work being undertaken throughout the year on the Underground network. Specific developments include:

- Station refurbishment works at Northfields, South Harrow, Arnos Grove, Kilburn and West Hampstead and modernisation works at Burnt Oak, Tufnell Park and Borough.
- The opening of the eastern entrance of Canary Wharf station providing improved access, and increased capacity at the station.
- More than 23.5 kilometres of track renewed, and 27 escalators refurbished or replaced.
- New timetables on the Central and Victoria lines providing enhanced off-peak and weekend services, and revisions to services on other lines.
- Work on first phase of King's Cross St Pancras redevelopment has been progressing to plan.
- Construction work is continuing on the Piccadilly line extension to serve the new Heathrow Terminal 5.

LUL entered into Private Finance Initiative (PFI) contracts prior to the instigation of the PPP to address four specific aspects of LUL operations. Key milestones over the last year include:

Power supply: Completion of the Northern Line power upgrade, replacement of the power network control system in addition to ongoing development of works to support line upgrades.

Communications network: Progress on the Connect project to deliver a new communications

network for the Underground remains behind schedule, but work continues to push towards delivery of the East London Line radio system by March 2006 and the new Northern line radio system by June 2007.

As a result of TfL's 5-Year Investment Programme, progress is being made towards increasing capacity to reduce overcrowding. Plans have been developed for Victoria and Tottenham Court Road stations to provide congestion relief in these areas. Agreement has been reached for a seventh car on the Jubilee line providing a 16 per cent increase in capacity to be introduced over the coming year, alongside a new station for the Wembley Stadium redevelopment.

Priority C: Making radical improvements to bus services across London, including increasing the bus system's capacity, improving reliability and increasing the frequency of services

There has been a continued increase in service frequencies, bus kilometres operated and passenger journeys over the last year, resulting in the longest period of sustained passenger growth since records began in 1933.

Service reliability has increased following a rise in the number of services operated under quality incentive contracts combined with improved route control, bus priority and enforcement and the effects of Congestion Charging.

Significant improvements to key bus stations and interchange points have been completed, including: Walthamstow Central Bus station rebuilding; Waterloo bus interchange, a makeover of Putney Bridge bus station, and the official opening of Vauxhall Cross bus station. The TfL-owned Walworth garage also became fully operational during 2004/05.

Priority D: Better integration of the National Rail system with London's other transport systems to facilitate commuting, reduce overcrowding, increase safety and move towards a London-wide high frequency 'turn up and go' Metro services

TfL has been working with the Mayor to seek greater influence over national rail operations to help deliver greater efficiency within the national rail network, and enable better integration with bus and Underground services

TfL continued to work in partnership with National Rail to reduce overcrowding by supporting improved levels of service on the North London Line, North Kent Line and Barking to Gospel Oak services, as well as late night New Year's Eve services on 12 routes.

During 2004/05, TfL invested £9.87 million in partnership with the train operating companies on passenger security improvements at stations and on trains within the GLA area, including:

- £3.1 million on a package of passenger safety and security improvements covering 38 London stations in the Southern franchise area which went towards a new CCTV control centre at Streatham Hill and the installation of CCTV cameras, Help-Points with induction loops, canopy lighting, customer information systems and vandal-proof shelters at selected stations;
- a contribution towards station upgrades;
- investment in on-train CCTV on Southern and SouthWest trains;
- a major security initiative in partnership with Silverlink Metro and the British Transport Police (BTP) providing the equivalent of 30 extra full-time police officers.

Priority E: Increasing overall capacity of London's transport system by promoting major new cross-London rail links, including access to international transport facilities, improved orbital rail links in inner London and new Thames river crossing in East London

TfL has been working to assist the delivery of several key projects in line with this priority. Progress on specific projects is as follows:

East London Line - TfL has taken over responsibility for the extension project. Work has started on the project and significant procurement activity for further works is underway. The extended East London Line is expected to open for service in 2010.

Crossrail - A Hybrid Bill to seek powers for the project was deposited in Parliament and received its Second Reading in July 2005. Further development activity and discussions on funding are ongoing.

Thames Gateway Bridge - TfL announced that it would be progressing with the scheme to link Thamesmead and Beckton to cut cross-river journey times and play a key part in regenerating the area. A Public Inquiry into the Bridge is ongoing.

Tramlink extensions - Funds have been allocated in the 5-Year Investment Programme to develop the potential Beckenham Junction to Crystal Palace Tramlink extension to the next stage in its development.

DLR and Extensions - The City Airport extension of the DLR is expected to open in December 2005. Work has started on extending this line further to Woolwich. A planning application has been submitted for the DLR extension to Stratford Regional and International Stations.

This extension will convert the North London Line into a DLR service south of Stratford. During the past year an order for purchase of 24 rail cars has also been placed.

Tram and light transit schemes – Work has progressed on the West London Tram (where TfL expects to seek powers in 2006), Cross-River Tram, East London Transit and Greenwich Waterfront Transit.

Priority F: Improving journey time reliability for car users, which will particularly benefit outer London where car use dominates, whilst reducing car dependency by increasing travel choice

TfL's on-going attention to congestion relief initiatives, discussed in Priority A, aims to improve journey time reliability for both car and other road users in the capital. The continued mode shift from car to public transport reached 4 per cent over the last five years. Whilst the total number of trips in London has increased by 8 per cent over the last five years, car vehicle kilometres have remained stable. This recent growth in bus and decline in the proportion of travel by car in London is in marked contrast to the historic trend of increasing car use and decreasing bus use, which is still very evident in the UK outside London.

TfL allocated a record £157 million of funding in 2004/05 to the Borough Spending Plan (BSP) programme for a range of schemes designed to improve the quality, safety and accessibility of London's streets and public spaces.

TfL continued to work closely with boroughs, schools and businesses on raising travel awareness in order to encourage modal shift.

Priority G: Supporting local initiatives including improved access to town centres, regeneration, walking and cycling, Safer Roads to School, road safety improvements, better maintenance of roads/bridges and improved co-ordination of street works

Many initiatives supporting this priority have been funded via the BSP programme, discussed under Priority F: These include:

- Continued investment in a range of walking projects, providing improved town centre access, new crossing facilities and wider footways;
- the implementation of London-wide cycling schemes and an increase in London Cycle Network Plus, accompanied by growth in cycle trips significantly exceeding forecasts;

Progress on other local initiatives includes:

- the A406 North Circular Road Bounds Green scheme was agreed;
- continuing work on the Coulsdon Town Centre Improvement Scheme Relief Road, to improve access and traffic flow for those in the local area;
- continuation of hard-hitting campaigns to raise awareness of road safety concerns, specifically for teenagers and motorcyclists.

Priority H: Making the distribution of foods and services in London more reliable, sustainable and efficient whilst minimising negative environmental impacts

Work to develop a London Freight and Servicing Plan started in 2004/05, with several pilot initiatives and agreement to a five-year programme of works for improving freight efficiency. TfL's plans for the Silverlink Metro make substantial infrastructure provision to ensure that freight capacity is maintained when passenger services are enhanced.

In parallel with this, TfL and the LDA have commissioned advice on strategic issues facing the development of rail freight terminals in the Thames Gateway in order to help foster a shift of freight from road to more sustainable modes.

Looking towards environmental emissions, there have been decreases in NO₂ emissions in the Congestion Charging area, and reductions in CO₂ emissions throughout London through a variety of initiatives including the purchase of 'green electricity' for the Underground at levels of 20% of total consumption. A taxi emissions strategy with the aim of reducing harmful emissions from all London taxi engines was announced by the Mayor in December 2004. Euro II engines have now been fitted in 97% of buses, and particulate traps on 93% of buses.

Additional environmental improvements have resulted from noise reduction strategies and increases in waste recycling.

Priority I: Improving the accessibility of London's transport system so that everyone, regardless of disability can enjoy other benefits of living in, working in and visiting the capital, thus improving social inclusion

TfL remains committed to making London's transport network accessible to all its customers, and 2004/05 has seen further improvements to the network.

- The number of accessible buses has increased, with 95% of the network now run with accessible vehicles. All vehicles will be accessible by the end of 2005.

- There has been an increase in availability of Countdown at bus stops.
- The first 15 new generation Dial-a-Ride (DaR) vehicles with easier access have been delivered, with a further 17 delivered since the end of the financial year. These, combined with the planned computerised bookings system, will provide a more comprehensive service to customers when they start operation in the near future.
- Additionally, in late 2004 TfL launched a new multi-lingual booking facility for DaR users, enabling non-English speaking disabled people or carers to make enquiries or arrange bookings in their mother tongue.
- On the Underground network six new passenger lifts were installed and projects to introduce step-free access were completed at Earl's Court, Hounslow East and East Ham.

The development of London's bus network continues to particularly benefit social inclusion in London. The East London Line and East London Transit projects, and subject to the outcome of statutory processes, the Thames Gateway Bridge (see Priority E) together with works planned for the London 2012 Olympics, will play a key role in helping to regenerate some of London's poorest areas.

Priority J: Bringing forward new integration initiatives to: provide integrated, simple and affordable public transport fares; improve key interchanges; enhance safety and security across all means of travel; ensure that taxis and private hire vehicles are improved and fully incorporated into London's transport system; and provide much better information and waiting environments

Oyster Card

- Development of the pre-pay Oyster Card scheme continued to provide benefits such as reduced queuing at London Underground stations and time spent by buses at stops, alongside simplifying use of public transport and allowing for the future roll-out of cashless bus operations.

Safety and security:

- The Transport Police and Enforcement Directorate (TPED) continued to play a key role in the area. The Metropolitan Police Service Transport Operational Command Unit which is dedicated to transport policing reached full strength in April 2005 with over 400 police officers, 400 Traffic Police Community Support Officers and over 300 Traffic Wardens. The Mayor funded an additional 200 British Transport Police officers for the Underground and Docklands Light Railway taking the total to over 650. CCTV coverage of buses and Underground stations also increased significantly.
- The Public Carriage Office (PCO) has made progress on several initiatives to integrate Private Hire into the London transport system and in enhancing the safety and security of the travelling public including further progress in

the licensing of private hire vehicles (completed just after year end) and of private hire drivers (completion in 2006) and a six-month trial of a marshalled taxi rank – all aimed at improving safety and security for passengers.

- Increased investment in passenger security on the national rail network, financed by TfL in partnership with train-operating companies, including CCTV installation, Help-Points, enhanced lighting, information systems and anti-vandal shelters.
- Continued roll-out of CCTV on buses – every London bus will be fitted with CCTV by the end of 2005.

Information Provision / Waiting environments

- The London Journey Planner was relaunched, accessible via multiple channels including mobile and digital television. There were also improvements in information provision at LUL stations, and bus journey planning facilities.
- Cleanliness levels on LU trains and stations continued to improve following the anti-graffiti programmes, and trackside zero-tolerance approaches are being trialled.
- TfL has been working to develop a set of guides for people with learning difficulties and for people supporting them. The guides are available in a variety of formats and on the TfL website.
- A contract has been awarded for a new GPS based fleet wide automatic vehicle location and radio replacement project, iBus. This is to be rolled out to the entire bus fleet over the next four years and will include new on bus 'next stop' visual and audible information. In addition real-time passenger information will be available on mobile phones.

Membership of Boards/Panels/ Committees/Chief Officers

TfL Board			
Ken Livingstone (Chair)		Sir Gulam Noon	
Dave Wetzel (Vice Chair)		Oli Jackson	(until 31.07.04)
Professor David Begg		Susan Kramer	
Honor Chapman	(from 01.08.04)	Paul Moore	
Bob Crow	(until 31.07.04)	Patrick O'Keefe	(from 01.08.04)
Professor Stephen Glaister		John Ormerod	(from 24.09.04)
Kirsten Hearn		Murziline Parchment	(until 31.07.04)
Meg Hillier	(from 01.08.04)	David Quarmby	(until 31.07.04)
Sir Mike Hodgkinson		Tony West	
Special advisors to the Board:			
Bryan Heiser		Murziline Parchment	(from 01.08.04)
Lynn Sloman		Lord Toby Harris	(from 13.10.04)

Committees of the Board			
Remuneration Committee	Safety, Health & Environment Committee (SHEC)	Finance Committee	Audit Committee
Ken Livingstone (Chair)	David Quarmby (Chair) (until 31.07.04)	Sir Mike Hodgkinson (Chair)	Sir Mike Hodgkinson (Chair) (until 23.09.04)
Sir Mike Hodgkinson	Dave Wetzel (Chair) (from 24.09.04)	Honor Chapman (from 24.09.04)	John Ormerod (Chair) (from 24.09.04)
Sir Gulam Noon (from 01.12.04)	Kirsten Hearn	Stephen Glaister	Sir Mike Hodgkinson (Member) (from 24.09.04)
	Dave Wetzel (member) (until 23.09.04)	Kirsten Hearn (until 19.11.04)	Oli Jackson (until 31.07.04)
	Murziline Parchment (until 31.07.04)	Susan Kramer	Patrick O'Keefe (from 24.09.04)
	Paul Moore (from 24.09.04)	John Ormerod (from 24.09.04)	Murziline Parchment (until 31.07.04)
	Tony West	Dave Wetzel (until 23.09.04)	David Quarmby (until 31.07.04)
	Special advisor: Lord Toby Harris (from 01.12.04)		Dave Wetzel (from 24.09.04)
	External advisors: Professor Richard Booth Professor Stuart Nattrass		Special advisors: Bryan Heiser (from 24.09.04) Murziline Parchment from 24.09.04)

Advisory panels		
Rail advisory transport panel Bob Kiley (Chair) Susan Kramer (Vice chair) Professor David Begg Ian Brown Bob Crow (until 31.07.04) Kirsten Hearn Paul Moore Patrick O'Keefe (from 24.09.04) David Quarmby (until 31.07.04) Jay Walder Tony West	Surface advisory panel Bob Kiley (Chair) Paul Moore (Vice Chair) Professor David Begg Bob Crow (until 31.07.04) Professor Stephen Glaister Kirsten Hearn Meg Hillier (from 24.09.04) Oli Jackson (until 31.07.04) Peter Hendy Patrick O'Keefe (from 24.09.04) David Quarmby (until 31.07.04) Jay Walder Tony West Dave Wetzel	Underground advisory panel Bob Kiley (Chair) Professor Stephen Glaister (Vice chair) Honor Chapman (from 24.09.04) Bob Crow (until 31.07.04) Kirsten Hearn Susan Kramer Tim O'Toole Murziline Parchment (until 31.07.04) David Quarmby (until 31.07.04) Jay Walder Tony West Dave Wetzel (until 23.09.04)
Special advisor normally in attendance: Bryan Heiser	Special advisors normally in attendance: Bryan Heiser (from 24.09.04) Lynn Sloman (from 24.09.04) Lord Toby Harris (from 01.12.04)	Special advisor normally in attendance: Bryan Heiser

Commissioner and Chief Officers	
Bob Kiley, Commissioner Fiona Smith, General Counsel Locksley Ryan, Managing Director, Group Communications (until 6.07.04) Ben Plowden, Managing Director, Group Communications (from 1.02.05)	Maggie Bellis, Managing Director, Group Services Jay Walder, Managing Director, Finance and Planning Peter Hendy, Managing Director, Surface Transport Tim O'Toole, Managing Director, London Underground Ian Brown, Managing Director, London Rail

Other formats

For an electronic version of the Annual report 2004/05 please visit: www.tfl.gov.uk/annualreport.

This information is available in a range of languages, audio tape and Braille. Please tick the relevant box to show the format required, include your name and address and return to TfL at the address below.

Audio (English)

Arabic

إذا كنت تود الحصول على نسخة من هذه المعلومات باللغة العربية، يُرجى أن تضع علامة في هذا المربع، وأن تدون الاسم والعنوان في المقطع أدناه ثم تعيد هذه القسيمة إلينا على العنوان التالي. شكراً لك.

Bengali

যদি আপনি বাংলা ভাষায় এই তথ্যটুকুর একটি কপি চান, তাহলে এই খালি ঘরে টিক চিহ্ন দিন এবং নিচের নাম এবং ঠিকানার অংশটুকু পূরণ করে নিয়ে এই ফর্মটি আমাদের কাছে নিম্নলিখিত ঠিকানায় পাঠিয়ে দিন। ধন্যবাদ।

Cantonese

如欲索取本資料文件的中文（繁體字）版本，請在空格內打勾，並在下文填寫你的姓名和地址，然後把本表格寄交以下地址。謝謝。

French

Cette information est disponible dans plusieurs langues, en format audio et en braille. Cochez la case appropriée pour préciser le format requis, indiquez votre nom et votre adresse et renvoyez le tout à TfL à l'adresse ci-dessous.

Greek

Εάν θέλετε να λάβετε αντίτυπο των πληροφοριών αυτών στα ΕΛΛΗΝΙΚΑ, παρακαλούμε σημειώστε σ' αυτό το τετραγωνάκι, συμπληρώστε την παρακάτω ενότητα με όνομα και διεύθυνση και επιστρέψτε το παρόν έντυπο σε μας στην παρακάτω διεύθυνση. Ευχαριστούμε πολύ.

Gujarati

જો તમને આ માહિતીની નકલ ગુજરાતી ભાષામાં મેળવવી હોય તો, કૃપા કરી બોક્સમાં નિશાની કરી, નીચેના વિભાગમાં તમારું નામ અને સરનામું પૂરું કરી, અને નીચે જણાવેલ સરનામે આ ફોર્મ અમને મોકલો. તમારો આભાર.

Braille

Hindi

यदि आपको इस जानकारी की एक कॉपी हिन्दी में चाहिए तो कृपया इस वाक्य में टिक करें, नाम और पता नीचे दिए गए भाग में भरें, और इस फार्म को हमें नीचे दिए गए पते पर वापिस भेजें। धन्यावाद।

Punjabi

ਜੇ ਕਰ ਤੁਹਾਨੂੰ ਇਸ ਜਾਣਕਾਰੀ ਦੀ ਇਕ ਕਾਪੀ ਪੰਜਾਬੀ ਵਿਚ ਚਾਹੀਦੀ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰ ਕੇ ਇਸ ਬਾਕਸ ਵਿਚ ਟਿੱਕ ਕਰੋ, ਨਾਮ ਅਤੇ ਪਤਾ ਹੇਠ ਦਿੱਤੇ ਭਾਗ ਵਿਚ ਭਰੋ, ਅਤੇ ਇਸ ਫਾਰਮ ਨੂੰ ਹੇਠ ਦਿੱਤੇ ਗਏ ਪਤੇ ਤੇ ਸਾਡੇ ਕੋਲ ਵਾਪਸ ਭੇਜੋ। ਧੰਨਵਾਦ।

Spanish

Esta información está disponible en distintos idiomas, así como en formato de audio y en braille. Por favor, marque la casilla correspondiente al formato requerido, complete su nombre y dirección, y devuélvalo a TfL a la dirección que se indica más abajo.

Turkish

Bu bilgilerin TÜRKÇE bir kopyasını edinmek istiyorsanız, lütfen bu kutuyu işaretleyip aşağıdaki isim ve adres bölümünü doldurduktan sonra altta belirtilen adresimize postalayın. Teşekkür ederiz.

Urdu

اگر آپ اس انفارمیشن کی کاپی اردو زبان میں حاصل کرنا چاہتے ہیں تو براۓ مہربانی باکس میں نشان لگائیں۔ نیچے دی گئی جگہ پر اپنا نام اور پتہ درج کریں اور اس فارم کو درج ذیل پتہ پر روانہ کر دیں۔ آپ کا شکریہ۔

Vietnamese

Nếu bạn muốn nhận được một bản của tin tức này bằng Tiếng Việt hãy móc vào ô này, điền vào phần tên và địa chỉ dưới đây, và gửi tờ đơn này trở lại cho chúng tôi ở địa chỉ sau. Cảm ơn.

Name: _____

Address: _____

Address: Alex Robertson
Transport for London
Windsor House, 42-50 Victoria Street
London, SW1H 0TL

Phone: 020 7126 4500
Email: enquire@tfl.gov.uk

Image references

Page 2	Olympic announcement, Trafalgar Square
Page 4	One World, Trafalgar Square
Page 6	BTP Staff with passengers at Earl's Court station
Page 8	Oyster cards, Canary Wharf
Page 9	Case study: Susan Jackman, Group Station Manager, LU
Page 10	Revenue inspector on a bendy bus
Page 12	Cyclists on road, Embankment, Central London
Page 13	Case study: Jonathan Bart, LTCC Operator
Page 14	Minicab at night, Chiswick, West London
Page 17	Family at Heron Quay, DLR
Page 18	London Traffic Control Centre, Central London
Page 19	Case study: Pauline Forbes, Licensing Officer, PCO
Page 20	Kingsland Road Bridge, East London Line
Page 22	Passengers at Mill Bank Pier, River Services
Page 23	Case study: Sarah Kerby-Eason, Site Engineer, East London Line
Page 24	Pedestrians, Trafalgar Square
Page 25	Case study: Chris Nix, TfL Education Liaison Manager, LT Museum
Page 27	Case study: Colin Mann, Property Services Manager, DLR
Page 28	Passenger on a new DaR vehicle
Page 31	Case study: Joyce Mamode, Passenger Liaison and Marketing Manager, DaR
Page 32	Interchanges at Canning Town

TRANSPORT FOR LONDON

STAFF SUMMARY
TFL BOARD

SUBJECT: Annual Workforce Composition Report – T(2005)04

MEETING DATE: 28 SEPTEMBER 2005

1. SUMMARY

- 1.1 TfL firmly believes that workforce diversity brings real business benefits and strives to create workforce diversity. TfL will continue to embrace diversity in employment in order to succeed in an increasingly competitive market for skills and to attract the best recruits.

To achieve this goal TfL sets workforce targets that govern its plans for creating a more diverse workforce, actively monitors and evaluates its workforce composition, and takes action to achieve diversity.

This report evaluates TfL's achievement against the targets set for 2004/5 and describes the actions TfL intends to take during 05/06 to achieve greater workforce diversity. Workforce monitoring is a key factor in enabling TfL to track the representation of women, Black & Minority Ethnic (BME) employees¹ and disabled employees in the workforce and for setting of targets where there is under representation of particular target groups. In 2004/5 TfL established a system for monitoring the workforce in relation to lesbian, gay, bisexual and transgendered staff within the workforce.

- 1.2 TfL's overall workforce at the end of 2004/5 was 19,340², as reported in the Year End Finance and Performance Report. This includes all of the human resources over which TfL has control including those employed on a permanent, fixed term, contracting or temporary / agency basis. It also currently includes British Transport Police working on London Underground.

Workforce composition statistics are based on a subset of these resources, namely those employed on a permanent basis or on a fixed term contract of greater than one year. It also excludes British Transport Police. At the end of 2004/5 this amounted to 17,447³ employees. Statistics on ethnic minority representation are further limited to employees about whom such data is known, i.e. those who have chosen to declare an ethnic origin.

¹ LUL adopted the term BME (Black & Minority Ethnic) in its reports in line with the GLA and TfL in April 2004. This term BME covers the ethnic classifications as highlighted in point 3 as defined under the census classifications. Prior to this the term EMG – Ethnic Minority Group was used in workforce composition reports to describe Black African, Black Caribbean, Black Other, Bangladeshi, Asian Indian, Pakistani, South East Asian, Asian Other

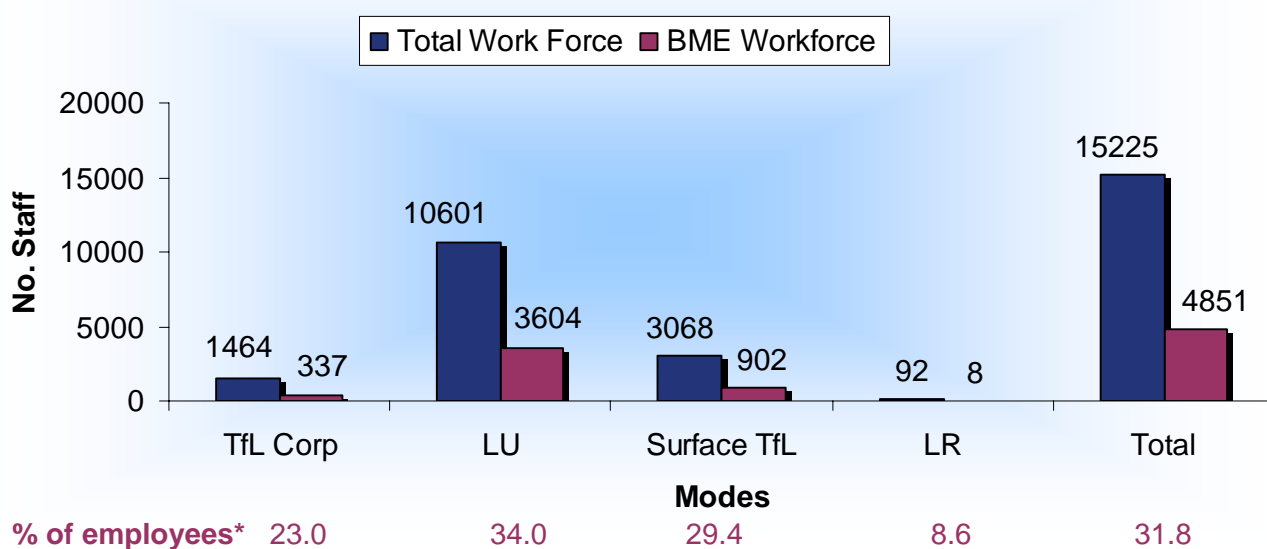
² Measured as full time equivalent FTEs.

³ Measured as headcount (i.e. a part time employee counts the same as a full time)

2 Workforce Composition - BME

- 2.1 Employees from BME groups make up 31.8% of the total workforce which compares favourably to the 29%⁴ of BME profile of the London population, and 26% of economically active BME Londoners. London Underground and Surface disproportionately employ the majority of the BME staff within the TfL workforce. However the majority are in more junior roles, e.g. 38% of customer service assistants and station supervisors in London Underground are from BME groups.
- 2.2 Although the percentage of BME staff in Surface Transport and London Underground out performs the percentage of London's economically active, diverse communities, there continues to be under representation in London Rail and Corporate Functions. Actions to address this situation are detailed in later sections of this report as part of the action plan.

The Workforce representation of BME employees by Mode



3. Workforce Composition - Gender

- 3.1 Women constitute 21.3% of the TfL workforce. This is significantly lower than the number of women in the London population and the percentage of economically active women - 45.7%⁵. The largest numbers of women are employed in corporate functions, and the lowest within London Underground.
- 3.2 The transport industry is still widely perceived as a male dominated environment. Women tend to be better represented in non operational areas

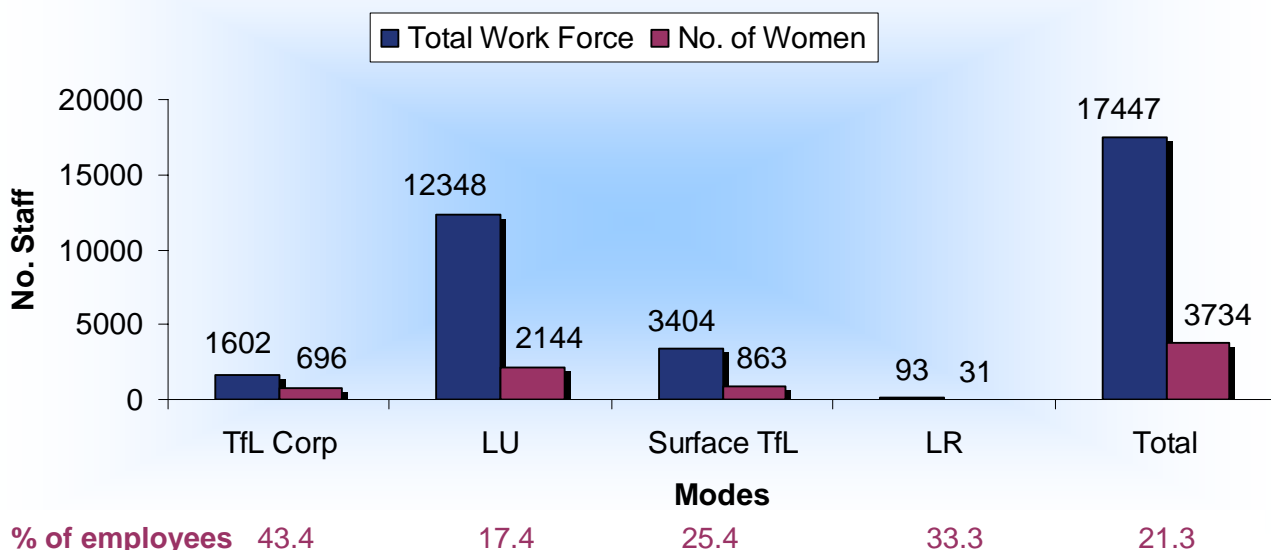
⁴ Figures from Mayor of London Publication – Pushing back the Boundaries June 2003

⁵ Data sourced from 2001 Census commissioned table M248:Sex & Age & Economic Activity (exc. FTE Students)

such as administration, legal, human resources and finance. The reasons for this segregation are historical and relate to issues which include academic choices, opportunities for flexible working, social attitudes and parental/familial guidance.

- 3.3 TfL remains concerned with the low numbers of women employed at all levels within the organisation. The approach taken to address this area of under-representation has been to use increasing creative recruitment strategies, e.g. Job Fairs, specialist media, using the creative resource of recruitment advertising agencies and smart media buying. These activities have enabled a 30% increase in female candidates who have passed first stage sifting for recruitment as customer service assistants. TfL are also looking at candidate portfolios to develop women candidates for jobs which have been traditionally male dominated in the past.
- 3.4 London Underground has had considerable success in raising the numbers of women train operators with the overall percentage increasing from 2.6% in 2000 to 6.6% in 2004. This improvement has been the result of improved facilities for women (for example the Dignity at Work programme), culture change through an equality based development programme (Managing Diversity Competence Programme, which has won the acclaimed, 'Opportunity Now Awards' organised by Business in the Communities), and targeted advertising.

Gender representation of employees pan TfL



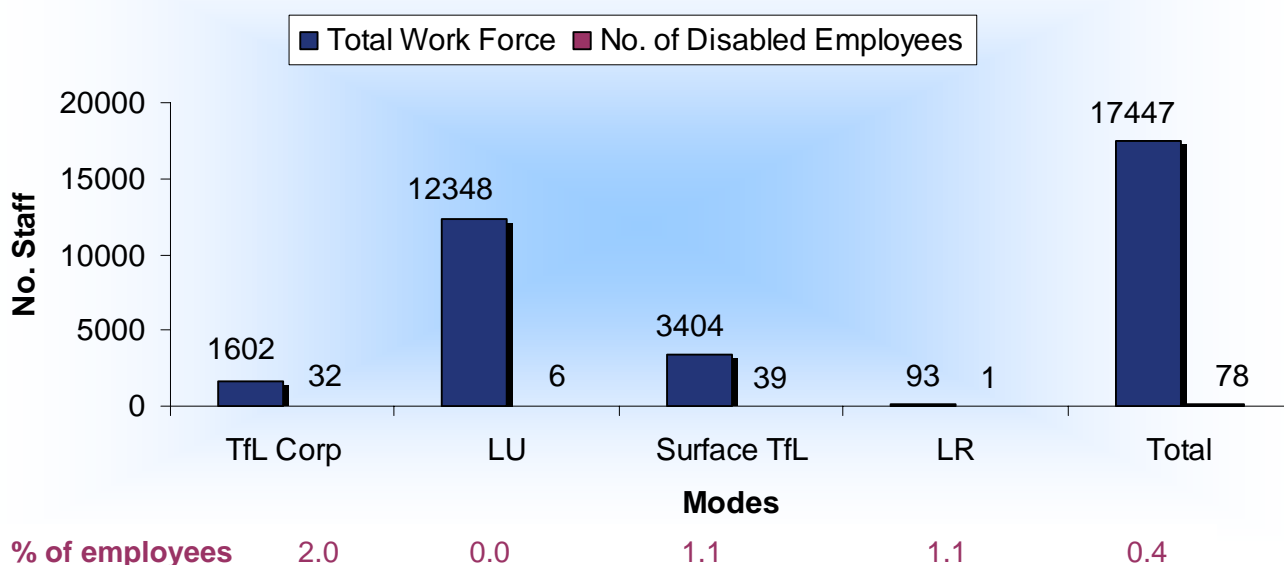
4. Workforce Composition - Disability

- 4.1 The percentage of disabled people is 0.4%. The figure may be suppressed due to under reporting by staff. Even taking this into consideration the figure is

below the target for a reflective workforce - 7.7% of economically active disabled people in London. The number of disabled employees is extremely low, and there is still much work to be done in attracting and retaining more disabled people. Some of the challenges in addressing under-representation in this area include:

- Anxiety about confidentiality may deter some people.
- Many existing and potential employees who are technically protected by the Disability Discrimination Act reject the label “disabled” either because of the perceived stigma attached, or because they associate “disability” with very serious and visible physical or mental impairment.
- Some existing and potential employees will not consider themselves a disabled person, given that they are currently performing well and any barriers they face have already been removed or mitigated.
- Asking “are you disabled?” can cause anxiety through fear that disclosure could lead to disadvantage, discrimination and/or could change the way colleagues behave.
- It is often assumed that managers’ and HR’s perceptions that disabled people will be difficult to place, or manage can deny opportunities to individuals and to the community.

Representation of employees declaring disability pan TfL



5. Sexual Orientation, and Religion and Belief Monitoring

5.1 TfL has introduced monitoring of the workforce in relation to sexual orientation and religion & belief of employees, in line with EU Employment Regulations introduced in 2003. TfL will ensure it monitors these dimensions of its workforce as part of a wider ambition to ensure staff are not discriminated against or treated unfairly because of their religion, beliefs or sexual

orientation and will take action to remove any adverse impacts on these groups.

6 Improving Workforce Diversity - TfL's Outline Plan For 05/06

- 6.1 TfL has made significant progress in ensuring the systems and processes are in place to achieve its aim of creating a more diverse workforce, the starting point being the setting of clear performance targets and objectives. This section of the report responds to the performance successes and shortcomings in 2004/5, by setting objectives and targets for the year 05/06 with plans for achieving these.

Target Area	2003/4		2004/5		2005/6 Targets
	Targets	Actual	Target	Outturn	
The percentage of employees from BME communities compared with the percentage of economically active communities in the London area.	Old TfL 23.74	25.48%	26% or above	31.88%	Retain at 26% or above
	New TfL -	31.69%			

Action Plan

All recruitment in Corporate Functions and London Rail to be advertised to maximise the potential for attracting people from BME groups.

Exit interviews undertaken of employees staff in these areas to ascertain information that may assist with attraction and retention of employees from BME Groups.

Ensure interviewing and testing processes do not have an adverse impact on particular groups.

Continue improvements to workplace facilities and practices to ensure organisational culture is not a barrier to the recruitment and retention of people from BME Groups.

Employ executive search or use job brokerage schemes (i.e. external headhunters specialising in attracting BME people, for example, and putting them in touch with employers) to ensure, a close shortlist of candidates, reflective of London's diverse communities, recognising that this may not be achievable in all cases.

Managers to ensure shortlists include people from diverse backgrounds wherever possible.

Target Area	2003/4		2004/5		2005/6 Targets
	Targets	Actual	Target	Outturn	
The percentage of top 5% of earners from BME groups	⁶ Old TfL 9.72%	6.64%	8.20%	7.88%	8.7%
	New TfL -	7.81%			

Action Plan

Continue to develop approaches to mentoring and coaching to support existing employees progress their careers within TfL.

⁶ 2003/4 targets for the percentage of top 5% earners from BME Groups, were set prior to the integration of London Underground and therefore excluded London Underground employees. These targets are captured as 'Old' TfL targets within the tables. TfL 2003/04 actuals reports on performance excluding (referred to as 'Old TfL') and including, (referred to as 'New' TfL) London Underground employees.

Continue the roll out of succession planning for middle managers.

Action Plan

Pursue management development programmes, for example within street management, produce targets and performance reports for each director.

Ensure national and international recruitment plans incorporate options for targeting BME communities by, for example, advertising in ethnic minority media, to ensure, a close shortlist of candidates, mirroring London’s diverse communities, recognising that this may not be achievable in all cases.

Ensure training and development equips the workforce with the requisite skills to pursue promotion opportunities.

Target Area	2003/4		2004/5		2005/6 Targets
	Targets	Actual	Targets	Outcomes	
The percentage women compared with the percentage of economically active women in London.	*-	21.3%	27%	21.3%	24%

Targets for 2003/04 to be confirmed

Action Plan

Employ executive search, or use job brokerage to ensure a close shortlist of candidates, reflective of London’s economically active female population, (recognising that this may not be achievable in all cases) to maximise the potential for employing female employees.

Pursue activities to remove job segregation, e.g. promoting traditional male posts to female audiences by working with third parties, such as educational establishments, to attract women into traditionally male dominated posts.

Explore targeted graduate programmes and working with schools/colleges to attract women into male dominated careers paths.

Continue improvements to workplace facilities, culture and practices and develop improvement plans to aid the retention of women employees at all levels.

Ensure exit interviews are undertaken for all female leavers. Use information gathered to improve the retention/reduce turnover of women. Ensure the actions to be taken are explicit and funded through the business plan.

Evaluate the equal pay review and implement recommendations.

Develop mentoring and coaching scheme pan TfL mirroring the work being undertaken in Finance and Planning.

Ensure, through communication activities, awareness and practice of flexible working regulations and policy and explore implementation of family friendly initiatives (e.g.

child care voucher scheme).

Managers to ensure shortlists include male and female candidates wherever possible.

Target Area	2003/4		2004/5		2005/6 Targets
	Targets	Actual	Targets	Outcomes	
The percentage of the top 5% of earners that are women.	⁷ Old TfL 22.91%	18.26%	15.5%	15.1%	15.5%
	New TfL -	14.69%			

Action Plan

Continue the roll out of succession planning to middle managers and target all pay band 4 and above posts at women.

Ensure job search agencies engaged produce a balanced shortlist for all roles and ensure national and international recruitment plans incorporate options for targeting women by using creative advertising.

Continue to develop approaches to mentoring and coaching to support existing employees progress their careers within TfL as part of retention plans.

Ensure training and development equips the workforce with the requisite skills to pursue promotion opportunities.

⁷2003/4 targets for the percentage of the top 5% earners that are women, were set prior to the integration of London Underground and therefore excluded London Underground employees. These targets are captured as 'Old' TfL targets within the tables. TfL 2003/04 actuals reports on performance excluding (referred to as 'Old TfL') and including, (referred to as 'New' TfL) London Underground employees.

Target Area	2003/4		2004/5		2005/6 Targets
	Targets	Actual	Targets	Outcomes	
The percentage of employees declaring they meet the DDA 1995 disability definition, as amended by the 2005 DDA(amendment), compared to the percentage of economically active disabled people in London	⁸ Old TfL 3.89%	1.37%	0.59%	0.44%	0.59%
	New TfL -	0.43%			

On 15th December 2003, a new computerised system (SAP) was implemented to capture and collate workforce data for the integrated TfL. Following the introduction of the new reporting system, resulting reports indicated that further work was required to increase the reliability of data produced and how data is recorded especially in the areas of gender, ethnicity and disability.

There has been historic under-reporting of disabled people in the workforce. As such TfL embarked on a number of key activities to improve the reliability of its recorded disability statistics, which in part, assisted in the setting of required and an achievable disability target for 2004/05.

Action Plan

Ensure recruitment plans incorporate options for advertising in disability press.

Employ executive search or use job brokerage schemes to ensure, a close shortlist of candidates, reflective of London's economically active disabled people, recognising that this may not be achievable in all cases.

Ensure interviewing and testing processes does not have an adverse impact on disabled candidates.

Use existing relationships with organisations e.g. Action for Blind People, the Camden Society, GLAD and work with schools/colleges/ universities to raise awareness of TfL and to provide placement/ work experience opportunities.

Managers to ensure all disabled people who meet the minimum criteria required for a role are given an interview.

⁸ 2003/4 targets for the percentage of employees declaring they meet the DDA 1995 disability definition, as amended by the 2005 DDA (amendment), compared to the percentage of economically active disabled people in London were set prior to the integration of London Underground and therefore excluded London Underground employees. These targets are captured as 'Old' TfL targets within the tables. TfL 2003/04 actuals reports on performance excluding (referred to as 'Old TfL') and including, (referred to as 'New' TfL) London Underground employees.

Action Plan

Advance the roll out of work programme to reduce the physical barriers to the work environment to provide an accessible work environment.

Train recruiters in best practice in recruiting/retaining disabled employees.

Continue to identify policies and practices that discourage employees from declaring their disability and introduce activities to address them.

Ensure exit interviews are undertaken for all disabled employees who leave the organisation and use the information to develop plans to improve the retention of disabled staff.

Ensure, through communication activities, awareness and practice of flexible working and reasonable adjustments regulations and policy.

Target Area	2003/4		2004/5		2005/6 Targets
	Targets	Actual	Targets	Outcomes	
The percentage of top 5% earners who are disabled people	-	-	-	-	TBC

Action Plan

This is a new target area and TfL is in the final stages of analysing the current position to set targets for the future.

7. Monitoring

- 7.1 The introduction of HR shared services and the standardisation of process and systems will enable improved and more timely monitoring of workforce balance thus enabling early intervention where needed to maximise opportunities for creating opportunities for those from historically disadvantaged backgrounds. For example the e-recruitment system – I-GRASP, will ensure all information and data on each stage of the recruitment process is captured, e.g. diversity of attracting a diverse poll of candidates and the ability to track progress through the recruitment process. Additionally, the functionality of this system enables accurate reports for all modes to be produced.
- 7.2 The internal and external movement of employees is critical when analysing employees retention and identifying potential areas of concern, and equality target/s forecasting. Reports have been created within SAP to allow for detailed monitoring of turnover by all equality targets groups and can be

reviewed to a detailed level of an individual job group for example, allowing analysis of wastage levels of women in train operators or senior management. These reports are currently being tested by the SAP team.

- 7.3 All managers and HR will be incentivised, through the performance management system, to achieve the workforce targets.

8. RECOMMENDATIONS

- 8.1 The Board is asked to NOTE the contents of this report. For further information, please contact Valerie Todd, Director of Group Equality and Inclusion, 020 7941 4101.

TRANSPORT FOR LONDON BOARD

STAFF SUMMARY

SUBJECT: DOOR TO DOOR STRATEGY

**SUBMITTED BY: MANAGING DIRECTOR - SURFACE TRANSPORT
GROUP EQUALITY AND INCLUSION DIRECTOR**

MEETING DATE: 28 September 2005

1. INTRODUCTION

- 1.1** The purpose of this paper is to inform the Board of progress on TfL's Door-to-Door strategy, and invite the Board to endorse the outline of the strategy. The aim of the new strategy, to be delivered by Surface Transport, is to offer more and better services to disabled Londoners who are unable or find it difficult to use mainstream public transport services.
- 1.2** The scope of the strategy is limited to those services in which TfL has a direct operational or financial involvement, namely Dial-a-Ride, Taxicard and Capital Call. Dial-a-Ride is managed directly by TfL Surface Transport; Taxicard is contracted out and managed by the Association of London Government on behalf of the Boroughs; TfL Surface Transport, through the Public Carriage Office, manages the TfL funding of Taxicard and contracts out Capital Call. The Group Equality and Inclusion Director acts as client for these services. Statutory door to door provision by local authorities and the NHS are outside the scope of this paper.
- 1.3** There are also wider policy issues which will require further consideration either as part of the consultation or as part of TfL on-going work into improving accessibility of the transport system. These issues include the number of trips each person receives as a door to door service user and the fares policy for door to door services. These wider issues and further work required are summarised towards the end of this paper.
- 1.4** This paper was considered by the Surface Advisory Panel on 14 June and updated in line with suggestions and recommendations made at that meeting.

2. BACKGROUND

2.1 Policy framework. This was set out in the Mayor's Transport Strategy and the key aims were:

- to make the transport system more accessible;

- improve door-to-door services through better coordination of existing providers;
- ensure that entitlement criteria are fair; and
- work with other providers and representative groups to achieve this.

In addition, all London boroughs are required, through the Mayors Transport Strategy, to set out in their Local Implementation Plans how they will deliver door to door services.

A door to door steering group involving TfL representatives, the ALG and the boroughs was set up in 2003. Progress was slow. The incoming Group Equality and Inclusion Director, working with the Special Adviser to the Board, appropriate Surface Transport and Corporate officers and advisers from the Halcrow Group - consulting external stakeholders as necessary – has now taken the strategy forward to a position where the strategy can be handed over to Surface Transport for delivery.

- 2.2** A vision has been developed which emphasises reliability, good quality, affordability, consistency across London and meeting users' needs. The aim is to focus resources on those people who find it difficult to use mainstream public transport. The vision is:

Reliable, good quality and affordable door-to-door services should be provided to ensure that every disabled person who needs them - because mainstream public transport services present mobility barriers to their use - can enjoy the benefits of London. Standards and availability across London should be consistent and reflect as far as possible the standards required of mainstream public transport and individual users' needs.

- 2.3 Current provision.** Most door to door travel is provided for education, day-care and medical treatment through statutory provision by the boroughs and the NHS. Dial-a-Ride, Taxicard and Capital Call provide services for disabled people to make discretionary trips. Taxicard users would typically have an allocation of one return trip per week or less. In 2004-5, TfL spent £21m (operating) on Dial-a-Ride and £5m on Taxicard (with the boroughs paying £5.9m on Taxicard). Capital Call supplements Taxicard by providing private hire services in parts of London that do not have enough taxi capacity to ensure a good Taxicard service. The service is available in Bexley, Enfield, Hillingdon, Hounslow, Kingston, Lambeth, Lewisham, Merton and Southwark. It is a small operation in comparison with Taxicard and Dial-a-Ride with an estimated subsidised cost for 2005/06 of £730k (excluding VAT). The number of trips is estimated to be around 36,000 undertaken by a membership of around 3,000.
- 2.4 Future provision.** The new strategy advocates a single, integrated door-to-door service with a single contact point for users. It would use a range of vehicles from Dial-a-Ride, Taxicard and Capital Call. In addition, any gaps in service provision could be bridged by the use of other approved taxi or licensed private hire operators, not currently a part of the current Taxicard arrangements. A common approach to user entitlement across the boroughs will be implemented, working towards the social model of disability, involving

disabled people and applied by disability trained assessors. While there is no firm estimate of suppressed demand, it is expected that if the proposed new arrangements offer customers a simpler, more efficient and effective service, many who currently do not benefit from door to door transport will be able to enjoy greater transport accessibility. The Newham and Lewisham integrated door to door pilots provided evidence that simpler and more coordinated services stimulated demand.

2.5 Fares. There are some contentious issues around fares. Firstly, Freedom Pass users have free fares, and other disabled users who can use mainstream bus services pay only standard bus fares. Dial-a Ride fares currently vary with distance from 60p to £3; most boroughs charge Taxicard users £1.50 and the users pay for journeys costing more than the maximum subsidy (£10.30 to £12.80) depending on the time of day. However, this can increase drastically if a taxicard user makes a longer journey that does not attract any subsidy. For example, a trip with a full cost of £17.00 could leave a taxicard user with a fare of between £5.70 and £8.20, a significantly higher fare than either a bus or dial a ride user would face for a similar journey. Secondly, door-to-door fares do offer a means of incentivising users to pre-book rather than all trying to book 'asap' journeys and, unless and until there is sufficient capacity to provide for most 'asap' journeys, this could be a useful approach. The alternative might result in low levels of customer satisfaction when demand for 'asap' journeys cannot be met. Thirdly, users and potential users have identified improved services as of greater importance than reduced fares, and the acceptance of increased fares in the Newham scheme supports this view.

2.6 Consultation. This is a crucial element of making the proposed changes. Initial discussions have been held with the GLA and ALG, and an initial consultation meeting with the Boroughs and the ALG was held on 22 June at the request of the ALG. In addition comments from the Surface Advisory Panel of 14 June have been incorporated. There have been discussions with users, but more discussions are needed. A consultation strategy is being developed that will be implemented. The consultation strategy includes consulting with both established disability groups and a wider representation of users and potential users of transport services in London. The consultation strategy will also seek the views of the Boroughs and the other organisations involved in delivering door to door services.

2.7 Independent Disability Advisory Group. In parallel to development of this strategy, a proposal for establishing an Independent Advisory Group to advise on disability issues is being taken forward. It is anticipated that this group will advise on key implementation issues, including future development of the proposed door to door strategy.

3. NEXT STEPS

3.1 Following agreement to the overall strategy and direction of change, the key phases for implementation are proposed:

Phase 1: Introduction of consistent London-wide application and assessment processes covering both Taxicard and Dial-a-ride.

Phase 2: Implementation of Dial-a-ride scheduling and call centre improvements.

Phase 3a: Detailed assessment of the cost-effectiveness and performance levels that Dial-a-ride can achieve, and hence decisions on the role and scale of bus-type operations within the new scheme.

Phase 3b: Development of single, integrated call centre proposals.

Phase 3c: Review of requirements for and costs of private hire services prior to further participation in the scheme.

Phase 3d: Research into current trip rates by users of Dial-a-ride, Taxicard and Capital Call, the overlap in membership, and the effect of fares on levels of use.

Phase 3e: Establish local mismatches between taxi supply and demand, and develop plans to address these.

Phase 3f: Review of potential for co-ordination/integration of multi-use vehicles between TfL and the boroughs.

Phase 4: Introduction of new integrated scheme.

An initial priority, however, will be to agree the way forward with the boroughs and established disability groups and then subsequently manage development of the new scheme with them. More work needs to be done to confirm timescales, but major changes to the service should be visible during 2006-7 with a fully developed new service during 2007-8.

4. ALTERNATIVES

- 4.1** The main alternative is to leave the current structure in place, simply introducing new assessment processes. Having radically changed transport provision in most other parts of TfL's regime, it would seem irrational and unfair to ignore door-to-door. European strategy development is going in the same direction as is proposed here, that is, simplify and improve the service for customers; create a single, 'virtual' supplier (without necessarily needing to change any 'ownership') through modern software, bringing different service providers together to offer a seamless service to the customers.
- 4.2** TfL has a duty in any event to promote disability equality and to assess the potential positive/adverse impacts of Door-to-Door transport services. This duty arises from proposed changes introduced by the Amendment Regulation and changes in the Disability Discrimination Act 2005 that received Royal Assent on 7 April 2005.

5. IMPACT ON FUNDING

- 5.1** The Door-to-Door strategy need not of itself result in funding changes, and no changes are proposed to the current Budget and Plan. There are however several cost drivers which could lead to rises in the funding of the constituent

services. These include a possible rapid growth in demand due to an improved customer offer (this could apply separately to Dial a Ride and Taxicard even without the proposed new approach); reduction or removal of fares; investment in infrastructure; higher than inflation rises in taxi fares.

6. WIDER POLICY ISSUES

- 6.1** These issues will be considered as part of a consultation and a wider accessibility review.

6.1.1 Should Dial a Ride fares policy be brought in line with bus fares policy?

This could mean, in essence, that freedom passes would be recognised on Dial a Ride. Another option would be to bring Dial a Ride fares more closely into line with mainstream bus fares. As part of the consultation TfL will raise with the ALG and the Boroughs the issues of fares and the level of Taxicard fares in comparison to bus and dial a ride fares with a view to determining a rational fares system allowing flexibility of services and equity. Any consideration of fares will have to take into account the impact on entitlement to receive the service, the number of trips allocated to each entitled person and service availability.

6.1.2 Should the number of trips per person be increased?

It is evident from the research and surveys undertaken that the number of trips made by disabled Londoners is suppressed due to prescribed trip limits, service availability, and fares. The exact level of suppressed demand has not been accurately calculated but is estimated to be around 360 thousand each week. Not all trips would be met via door to door services. Much would be provided by the increasingly accessible mainstream transport service. However the percentage that would be made by door to door services needs to be assessed and plan for. This will form part of the on-going work within TfL to improve accessibility. This strategy will consider the current low level of trips offered at present, which, on average is 2-4 return trips a month and within current budget and plan provision, determine the appropriate level of trip allocation. It will also consider the opportunities to increase the number of ASAP trips as part of the proposed integration of door to door services and the people's preference for travel budgets.

6.1.3 Budget and Plan

The current planning assumption is that the Door to Door strategy will not in itself result in funding changes and no changes are proposed to the current budget and plan. However, the long term budgetary impact of the changes proposed will be kept under review.

7. RECOMMENDATIONS

- 7.1** The Board is requested to note the progress made, and endorse the proposed Door-to-Door services strategy.

PETER HENDY
MANAGING DIRECTOR OF SURFACE TRANSPORT

VALERIE TODD
DIRECTOR OF GROUP EQUALITY & INCLUSION

TRANSPORT FOR LONDON

STAFF SUMMARY

BOARD

SUBJECT: 2012 OLYMPICS – MAYOR’S DIRECTION AND DELEGATION - T(2005)07

MEETING DATE: 28 SEPTEMBER 2005

1 Purpose

- 1.1 To inform the Board of a Direction and Delegation to TfL from the Mayor in relation to the Olympic and Paralympic Games in 2012 (“2012 Olympics”).

2 Background

- 2.1 On 6 July 2005, the International Olympic Committee (“IOC”) selected London as the host city for the 2012 Olympics.
- 2.2 As part of the Olympic bid, Transport for London is already committed to a range of transport improvements. TfL provided these commitments to the IOC in the form of a guarantee on 1 November 2004. The guarantees list a number of infrastructure improvements that will be carried out in time for the Olympics including the LUL line upgrades and station modernisations planned as part of the PPP, DLR extensions, upgrades and fleet acquisitions, the Piccadilly Line extension to Heathrow Terminal 5, the East London Line extensions, widening of the A13 road, and the East London and Greenwich Waterfront transit projects.
- 2.3 The projects listed in the guarantees are being progressed as part of the 5 year Investment Programme authorised last year and work is already ongoing on several of the projects.
- 2.4 On 14 July 2005 the Government introduced the London Olympics Bill in Parliament to provide necessary powers to deliver the Olympic Games. When enacted, the Bill will specifically create the Olympic Delivery Authority (ODA). This is expected to be in 2006. In advance of the creation of the ODA there is still a need to progress projects that are required for the Olympics.
- 2.5 The Mayor and the Secretary of State have entered into a Memorandum of Understanding in relation to the funding for the Olympics which outlined the public sector funding package for the Games. Funds from this package will not become available from the Olympic Lottery until after late 2005 or from the Olympic precept after April 2006.
- 2.6 On 9 August 2005 the Mayor issued a Direction and Delegation to TfL in relation to the 2012 Olympics. The Direction pertains to TfL Interim Projects, a list of projects included in the Direction.

- 2.7 Under TfL's Standing Order No. 1 paragraph 5, TfL is required to report any Directions and Delegations received from the Mayor at the next Board meeting.

3 Mayoral Direction

- 3.1 The Mayor has directed TfL to do "all things necessary in relation to the exercise of its functions to implement the TfL Interim Projects" subject to certain conditions.
- 3.2 The conditions laid in the Direction require TfL to undertake projects in such a way as to achieve value for money and meet obligations to the IOC; adopt project and programme management arrangements as directed; incur expenditure only in accordance with TfL's internal corporate governance arrangements and according to law and other obligations.
- 3.3 TfL is also required to make reasonable endeavours to transfer to the ODA on its establishment such property, rights and liabilities created in the TfL Interim projects as the Mayor may notify to TfL

4 Mayoral Delegation

- 4.1 The Mayor has delegated authority to TfL to do "all things necessary to facilitate the implementation of the TfL Interim projects" subject to certain conditions and "to take any action it considers necessary for the purpose of preparing for the games".
- 4.2 TfL is required to submit regular reports to the Mayor on its activities; notify the Mayor of the source of funding for a particular activity and any expenditure in excess of £1 million; comply with any directions issued by the Mayor; provide information and documents to the Monitoring Officer of the GLA

5 Implications of the Mayoral Direction and Delegation

- 5.1 The projects listed as TfL Interim Projects are part of our Business Plan and 5-Year Investment Programme. As such they do not require any significant new or unbudgeted expenditure to be undertaken. The projected spend for the current financial year on these projects is £7.6 million.
- 5.2 The stated intent in the cover note to the Direction and Delegation is that the Mayor will enter into a Memorandum of Understanding with the Secretary of State and acknowledge that the expenditure incurred during the current year on the TfL Interim Projects, together with any interest incurred or interest on reserves foregone, is a proper object of the Public Sector Funding Package (PSFP) and will therefore be repaid from the sources set out in the PSFP, with the intention that all funds incurred will be repaid to TfL by April 2007.
- 5.3 The Direction and Delegation does not create any new requirement for governance of these projects with the exception of the requirement to report on progress. This additional requirement is already being actioned upon through the Business Planning process.

6 Recommendations

- 6.1 The Board is requested to NOTE the receipt of the Direction and Delegation from the Mayor.

TRANSPORT for LONDON

TfL BOARD

SUBJECT: FINANCE COMMITTEE REPORT

MEETING DATE: 28 SEPTEMBER 2005

1. PURPOSE

To report to the Board on matters discussed at the Finance Committee meetings on 23 June and 14 September 2005.

2. BACKGROUND

In June, the Committee received an update on the status of TfL's Efficiency Programme with the focus on the efficiency targets contained in the 2005/6 budget. The revised target for 2005/6 is for TfL to deliver £148m of efficiency gains, an increase of £23m on the £125m described in the 2005/6 Business Plan published last October. The key initiatives to deliver the targets were reviewed and consideration given to the risks to delivery.

The Committee discussed factors affecting the 2006/7 Business Plan (and particularly the impact of issues potentially impacting the Business Plan that had arisen at the recent Board Awayday), and the quarterly review of whether there had been any material change affecting any matters contained in the Information Memorandum issued in connection with TfL's Medium term Note Programme. In respect of the latter, it was reported that the Director of Corporate Finance had concluded that there was no material change that would require immediate notification.

The Committee also reviewed proposed changes to the Treasury Management Strategy. The Committee recommended that the Board approve the revised Treasury Management Strategy as set out below:

- Short term investments not guaranteed by Government will have a rating of P-1
- The maximum investment limits for cash deposits and investments be as described in the table below:

Rating / Entity	Proposed limit (£m)
Government guaranteed	Unlimited (no change)
Aaa money market funds	100 (per fund)
Aaa institutions	100
Aa1 institutions	80
Aa2 institutions	70
Aa3 institutions	60
A1 institutions	40

- A benchmark of LIBOR minus 15 basis points be adopted
- Investment in Commercial Paper programmes subject to a maximum in aggregate of £100 million, within the individual credit limits as set out above.

These changes were subsequently approved by the Board by way of written resolution.

In September, the Finance Committee considered a new-style report on Operational and Financial performance in the first quarter of 2005/6 and the first quarterly report on the progress of TfL's 5-year Investment Programme. These reports are being considered under a separate agenda item at this Board meeting. Whilst recognising that both reports will develop over time (especially as regards reporting on the progress of the Investment Programme), the Committee acknowledged and welcomed the improvements in reporting that officers and been able to make since last year. The Committee also received an oral update on the impact on performance of the incidents on 7 and 21 July 2005. An updated position will be verbally presented at the Board meeting.

The Committee also considered a formal report on the outturn of the Prudential Indicators for 2004/5 as compared those approved by the Board, which confirmed that the approved indicators had not been exceeded.

At both meetings, the Finance Committee received reports 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 have been approved since the Committee's meeting on 3 May 2005.

The next regular meeting of the Finance Committee will take place on 12 October 2005.

3. RECOMMENDATION

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

TRANSPORT FOR LONDON

STAFF SUMMARY

TfL BOARD

**SUBJECT: Report from Safety Health and Environment
Committee Meeting – 22nd June 2005 – T(2005)09**

1. PURPOSE / INTRODUCTION

To update the Board on Health, Safety and Environmental (HSE) matters.

2. BACKGROUND

The main matters at the SHEC meeting of 22nd June 2005 were the Q4 performance highlights from the businesses, a review of the TfL Group HSE Performance Report for 2004/05 and an update on Resilience matters.

Business Q4 HSE reports

Rail: Members noted the report from Ian Brown that DLR was continuing to focus on reducing the number of RIDDOR incidents (Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations) and that the trend of improvement in the reduction of physical assaults had continued.

LUL: Members noted from Tim O'Toole' that Signals Passed At Danger (SPADs) resulting from train operator error had decreased but that this was partially offset by the increase in the number of SPADs resulting from technical failures. Overall there was a 2.8% decrease in SPADs. Safety is our top priority and LUL are working with the Infracos to understand and address the technical failure SPADs and track problems.

Members welcomed the fact that this year's 20% energy saving target from LUL stations has been surpassed.

Surface Transport: Members welcomed Peter Hendy's report of the significant advance in road safety performance in 2004 compared to the previous year's, with a 21% improvement in total killed and a 19% improvement in seriously injured. Members noted that consideration was being given to increasing the 2010 road safety performance targets but recognised that this could involve the need for more resources being utilised for road safety in future TfL budgets.

Members noted with deep regret that that a member of London Buses staff died of natural causes as a result of medical complications following an injury to his knee arising from slipping and falling on ice whilst leaving his parked car as he arrived for work. Prior to this there had not been an employee fatality since the formation of TfL.

Members welcomed the completion of the inspection and registration of approximately 40,000 private hire vehicles.

Corporate Directorates: Members noted the report from Corporate Directorates.

TfL Group Health Safety and Environment Report for 2004/05

Members noted the content of the report and the fact that the SHEC advisors were content with the report. The executive summary of the report is attached as Attachment 1.

Resilience matters

Members noted an update on resilience matters and were invited to comment on a draft Resilience Policy Framework.

3. IMPACT ON FUNDING

None.

4. RECOMMENDATIONS

The Board is asked 'To Note' the content of the report.

Further details on the content of the report can be obtained from:
Richard Stephenson (Tel: 0207 941 4905)
Director Group HSE

TfL Group Health Safety and
Environment Report – 2004/2005
Executive Summary

Background

This is the second year for which Transport for London (TfL) has produced an annual report of Health Safety and Environmental (HSE) performance across TfL. There was significantly less structural change within TfL in 2004/5 compared to 2003/04 and this aided progress in co-ordinating and aligning HSE across TfL. However, there remains significant work to do to finalise HSE MSs outside of LUL, including the incorporation of Environment into the Management Systems in Surface Transport and parts of Rail.

Introduction

This second report is intended to give an overview of HSE performance across TfL. It is recognised that data remains incomplete in some areas and that more needs to be done to standardise reporting parameters and their definition. Nonetheless, progress in alignment of systems, processes and reporting standards have been made during the year.

This report addresses the period from April 2004 to March 2005 and where relevant comparisons with 2003/4 and earlier years' performance has been provided. Road safety data have been provided for the calendar year January to December 2004 as per government reporting requirements. The report does not address enforcement actions against TfL or the businesses. These will be reported separately because of timing of data collection.

Progress Against HSE Plans

All areas of the business had improvement plans in place and systems to monitor progress against plans. In general, performance against plans was good. An Annual TfL Group HSE Performance Report, reporting on 2003/04, was produced in Q1 2004/05. This was the first time a Group wide HSE performance report had been produced.

HSE Management Systems

A substantial amount of work on the development and revision of Health Safety and Environment Management Systems (HSEMSs) across TfL took place in 2003/04. The work on HSEMS for 2004/5 was more focussed on implementation and communication, although a number of activities were undertaken, and others are still in progress, to promote consistency:

- A Group HSE MS, setting out how HSE is managed at the Group level and requirements for the modal HSE MSs was published at the end of Q1 2004/05.
- A Corporate Directorates HSE MS was also developed and implemented mid 2004.
- Additionally, in Q4 2004/05, there were reviews of the modal HSEMS against the Group HSE MS requirements
- A set of protocols providing the basis for a consistent approach to HSEMS audits were produced.

As implementation of HSE MSs continues across TfL, issues regarding suitability and effectiveness are being identified and necessary improvements will be incorporated into planned formal reviews of the HSEMS.

Audits

Subject to managed variations, the LUL audit plan was completed and signed off by senior LUL management. LUL's HSE MS is currently subject to an independent audit by a 3rd party (Arthur D Little), Phase 2 of which has now been completed. Phase 1 concluded that LUL's safety management arrangements are robust and identified areas for investigation in Phase 2.

Surface Transport completed its second year of health and safety audits of the bus operating companies, with the audits becoming more intrusive and generating more actions as a result. The programme of bus station and river pier audits was completed to programme with actions and trends identified and passed to senior management. Streets continued the programme of audits of the

Stewards against the requirements of the Construction (Design and Management) Regulations with actions passed to local management meetings to implement and monitor.

The annual Railway Safety Case audit, addressing all aspects of operational safety on the DLR network and the operational responsibilities of the concessionaire for the Lewisham extension, City Greenwich Lewisham Rail Link PLC has been completed.

Safety performance

Employees

It is with deep regret that we report that a member of London Buses staff died of natural causes as a result of medical complications following an injury whilst at work. Prior to this there had not been an employee fatality since the formation of TfL.

For the fourth year running corporate, Rail and LUL have had a major injury rate of less than 150 per 100,000 employees, significantly lower than the UK average of 239 major injuries per 100,000 for the transport sector. Surface Transport had a rate of 225 major injuries per 100,000 employees.

There has been steady increase in the number of assaults on LUL employees reported, mostly a result of better reporting of verbal assaults but with a welcome decrease of 8% in physical assaults. The number of assaults for the other modes which do not have as many public facing employees remains consistently low but still a concern.

Customers

The total number of customer fatalities for TfL has fallen from 7 last year to 6 this year with 4 LUL customer fatalities and 2 on London Buses in 2004/5. Whilst each of these fatalities is much regretted it must be borne in mind that these were associated with a TfL total of more than 2.6 billion customer journeys. With regards to customer major injuries, of concern was the higher level in Surface Transport compared to the other modes. DLR has achieved a significant reduction in customer assault rate again this year. However, the rate remained higher than the other TfL modes.

Major incidents

Using the criteria for major incidents as defined in the Group HSEMS, LUL had 4 customer fatalities and 2 train derailments. Surface transport had 1 employee fatality (referred to above) and 2 customer fatalities. DLR and the Corporate Directorates had no major incidents.

Health

Mental ill health (principally stress related), colds and 'flu and musculoskeletal injuries were the principal causes of sickness absence across TfL. The overall TfL trend is heavily influenced by LUL but profiles are similar for Surface Transport and Corporate Directorates.

The Occupational Health 5 year plan is now 12 months old and is addressing mental ill health and musculoskeletal conditions as a priority through monitored specific work packages. It is aimed to empower employees to improve their own health through communication and early intervention by Occupational Health and increasingly informed managers. The 'WELL' programme benchmarked LUL employee health against other organisations and has provided additional focus for the Occupational Health team's work. In 2004/05 the health plan in LUL lowered stress related absence by 5% and musculoskeletal related absence by 4%, producing a saving of £428000.

Overall TfL sickness absence increased slightly 2004/5 in keeping with the CBI average for the public sector. TfL remains above the public sector average of 9.1 days and the private sector average of 6.4 days with a value of 12 days per TfL employee. Sickness absence remains a key area where TfL is seeking to improve its performance for social, operational and financial benefits. The good work and developments within the recently restructured Occupational Health team will continue and be extended to more effectively reach parts of TfL outside of LUL.

Environment

The financial year 2004/05 consolidated the previous year's good work in improving TfL's own environmental performance and influencing environmental improvement in the wider community. TfL produced a 2004 Environment Report highlighting achievements from 2003/04 and priorities for 2004/05. A suite of environmental key performance indicators (KPIs) for TfL's environmental objectives has been developed during 2004/05 and will form the basis for improved future reporting of environmental performance.

TfL has continued to implement the proposals of relevance to it in the Mayor's five environmental strategies (air quality, ambient noise, biodiversity, energy, municipal waste), the Transport Strategy, the Economic Development Strategy and the London Plan.

Encouraging a shift to more sustainable modes of transport brings economic, social, environmental benefits. Between 1999 and 2004 TfL has made significant progress with a net modal shift to public transport of 4%. The congestion charge has maintained its effectiveness since introduction reducing traffic, congestion and NOX particulate levels:

- The TfL Cycling and Walking Plans have been extensively promoted and between 2003 and 2004 walking and cycling trips increased by 2% to 6.1 million trips per day. Cycling routes and parking spaces have been increased whilst pedestrian crossing phases have been introduced and increased timing given at many signals.

TfL is a partner in the 'Good going – travel awareness in London' campaign promoting sustainable forms of transport including, walking, cycling, public transport, car sharing and using low-pollution vehicles. TfL awarded £2.1m in 2004-05 to Boroughs for travel awareness. Other specific environmental achievements were:

- 1) Improving air quality through reduced pollutant emissions from its own fleet vehicles, London's bus fleet and future implementation of a plan to substantially reduce taxis emissions.
- 2) Implementing initiatives to reduce air pollutant emissions from other parties' vehicles. The Mayor asked TfL to implement the Low Emission Zone (LEZ) following a feasibility study.
- 3) Working to reduce energy consumption and hence carbon dioxide (CO₂) emissions via procuring 'green' electricity (20% of total), efficient use of energy within LUL stations and trains (20-25% saving) and introduction of solar powered bus stops and shelters.
- 4) Introducing measures to reduce noise through surveys, improved infrastructure, planned works, road surface treatment and consultation with stakeholders.
- 5) Reducing waste and using recycled materials; over 85% of LUL track waste and 70% of waste from all 7 terminus stations is now being recycled and the introduction of Oyster reduced paper consumption for tickets. Group Procurement: established a Green Procurement strategy and TfL is committed to specific environmental obligations as a signatory of the Mayor's Green Procurement Code.
- 6) Working with partners such as the Infrastructure Companies, Metronet and Tube Lines, and the GLA Biodiversity team to survey and protect TfL habitats of ecological importance to London.
- 7) Through the Borough Spending Plan process TfL awarded £0.9 million for environmental improvements. In 2004/05 the categories were broadened from just air quality to all the Mayoral environmental strategies.

Road safety 2003

London's road safety targets are by 2010, to reduce casualties in line with National targets, as follows, compared with the 1994-98 average:

- a 40% reduction in the number of people killed or seriously injured (KSI)
- a 50% reduction in the number of children killed or seriously injured
- a 10% reduction in the slight casualty rate, expressed as the number of people slightly injured per 100 million vehicle kilometres

And in addition to deliver

- a 40% reduction in the numbers of pedestrians, pedal cyclists and powered two-wheeler (P2W) riders who are killed or seriously injured by 40% by 2010.

The casualty data for Greater London roads indicate that if the improvement trends seen since 1998 are maintained all targets, except that for P2Ws KSI, will be met or exceeded. And, whilst the P2W target now seems most unlikely to be met, as a result of increasing P2W usage, the earlier worsening trend in performance has been reversed over the past 3 years.

It is also noted that the casualty trends on the TFL road network (TLRN) closely follows those for Greater London as a whole.

Finally, whilst the progress towards, and in some cases achievement of the casualty targets is a real success, it is recognised that the casualty rates on the roads remain unacceptably high and continued effort to drive them down further is essential. With this in mind, a review of the targets for 2010, given past success, is under consideration.

TRANSPORT FOR LONDON

STAFF SUMMARY

TfL BOARD

SUBJECT: Report from Safety Health and Environment Committee Meeting – 8th September 2005 - T(2005)09

MEETING DATE: Wednesday 28th September 2005

1. **PURPOSE / INTRODUCTION**

To update the Board on Health, Safety and Environmental (HSE) and Resilience matters.

2. **BACKGROUND**

The main matters at the SHEC meeting of 8th September 2005 were the Q1 performance highlights from the businesses and a review of the draft H&S and Environment and Sustainability elements of the Business Plan for 2006/07 - 2009/10.

A closed meeting, for reasons of security, was held on Resilience matters.

Business Q4 HSE reports

Corporate Directorates: Members noted the report from Corporate Directorates.

London Rail: Members noted the report from Ian Brown and in particular 3 RIDDOR (Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations) incidents, problems with children climbing over fencing on the London City Airport extension (visits to schools are being carried out) and the welcome reduction in employee assaults this quarter.

LUL: Members noted the report from Tim O'Toole' and welcomed the improvements to track inspection regimes. It was also noted that there was a 14% increase in physical violence against staff compared to Q1 last year but it is hoped that the increased level of policing post July events will have helped reduce the assaults.

Surface Transport: Members noted the report from Peter Hendy and that revised Road safety targets had been announced by the Mayor and that consultation on revision to the Road safety Plan was in progress. The members noted the concerns of Peter Hendy and the London Safety Camera Partnership re the DfT's decision not to allow the deployment of new, or relocation of existing cameras and welcomed their efforts to reverse this and specifically requested that this issue be brought to the attention of the TfL Board.

Draft H&S and Environment and Sustainability Business Plan elements

Members noted the content of the draft plans. In relation to road safety Peter Hendy reported that it was not likely that there would be the possibility to support a significantly higher spend

than that budgeted due to the constraints of physical resources, although this would not preclude one-off spends if the need arose.

Other HSE matters

Members noted that the HSE Compliance Report (Nov 2004- April 2005) contained only a single non compliance, relating to Kennington station, and noted the content of the report on Environmental Information Regulations

Private Session on Resilience Matters

A private session addressed resilience matters, and in particular the lessons learned and actions taken following the events of July 7th and 21st. In addition members approved the Resilience Policy Framework subject to the addition of commentary re Equality and Inclusion.

3. **IMPACT ON FUNDING**

None.

4. **RECOMMENDATIONS**

The Board is asked TO NOTE the content of the report.

Further details on the content of the report can be obtained from:
Richard Stephenson (Tel: 0207 941 4905)
Director Group HSE

AGENDA ITEM 11

DOCUMENTS SEALED ON BEHALF OF TRANSPORT FOR LONDON **7 May 2005 – 16 September 2005 – T(2005)10**

Property Transactions

- 4 TR1 Form – Transfer of Whole of Registered Title
- 10 Deeds
- 3 Compulsory Purchase Order
- 2 Licences
- 5 Leases
- 12 Agreements
- 1 Guarantee
- 4 Collateral Warranties
- 1 Form of Authorisation of an Agent – Power of Attorney
- 1 Map for Enforcement Problems
- 1 Co-financing Statement

Highway Agreements

- 5 Agreements, Section 8 of the Highway Act 1980
- 4 Licences, Section 177 of the Highway Act 1980
- 3 Agreements, Section 278 of the Highway Act 1980
- 4 Agreements, Section 3872 and 278 of the Highway Act 1980
- 2 Agreements, Section 50 of the New Roads and Street Works Act 1990

Agreements with London Boroughs

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

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