

**TRANSPORT FOR LONDON
BOARD MEETING**

**TO BE HELD ON WEDNESDAY 9 FEBRUARY 2005
IN THE CHAMBER, CITY HALL, THE QUEEN'S WALK, LONDON SE1 2AA
COMMENCING AT 11.30AM**

AGENDA

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

Procedural Business

- 1.1 Apologies for Absence
- 1.2 Minutes of the Previous Meeting held on 1 December 2004
- 1.3 Matters Arising

Business Items

2. Commissioner's Report
3. 3rd Quarter Finance and Performance Report
4. Congestion Charging – Western Extension
5. Taxi Fares and Taxi and Private Hire Licence Fees
6. A406 North Circular Road – Bounds Green
7. Olympics Update - Presentation

Procedural Items

8. Report from Finance Committee
9. Report from Audit Committee

Items for Noting

10. Documents Sealed on Behalf of TfL
11. Any Other Business
 - Prudential Indicators

Transport for London

Minutes of a meeting of the Board
held on Wednesday 1 December 2004, commencing at 10.00am
in the Chamber, City Hall, the Queen's Walk, London, SE1 2AA

Present:

Board Members: Dave Wetzel, Chair David Begg
 Honor Chapman Stephen Glaister
 Kirsten Hearn Meg Hillier
 Sir Mike Hodgkinson Susan Kramer
 Paul Moore Sir Gulam Noon
 Patrick O'Keeffe John Ormerod
 Tony West

Special Advisers: Lord Toby Harris Bryan Heiser
 Murziline Parchment Lynn Sloman

TfL Officers: Maggie Bellis, Managing Director, Corporate Services
 Luke Blair, Interim Managing Director, Group Communications
 Ian Brown, Managing Director, London Rail
 Stephen Critchley, Chief Finance Officer
 Karen Ferguson, Interim Chief of Staff, Commissioner's Office
 Peter Hendy, Managing Director, Surface Transport
 Betty Morgan, Head of TfL Legal
 Tim O'Toole, Managing Director, London Underground
 Jay Walder, Managing Director, Finance and Planning
 Jackie Wright, Interim General Counsel

Secretary: Louisa Sherry

ACTION

155/12/04 **APOLOGIES FOR ABSENCE**

Apologies were received from Ken Livingstone, Mayor, Nicky Gavron, Deputy Mayor (observer), Mary Hardy, Director of Internal Audit and Valerie Todd, Director of Group Equality and Inclusion.

156/12/04 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 27 October were AGREED and signed by the Chair as an accurate record. It was NOTED that in order to progress the Bond Issue, the Mayor had previously agreed minute number 145/10/04.

157/12/04 MATTERS ARISING

There were no matters arising.

158/12/04 COMMISSIONER'S REPORT

The Board considered the Commissioner's report for December 2004. The key points arising from the discussion were:

Congestion Charging

The Mayor's announcement the previous day of the proposal to increase the congestion charge from £5 to £8 (with other discounts and variations) was discussed. Peter Hendy advised members that the proposed increase in charge and the proposed Western extension are separate issues; TfL would now begin consultation on the charge increase

Crossrail

The Board extended thanks to Sir Christopher Benson who is stepping down as Chairman of Crossrail and welcomed Adrian Montague.

Rail Fares Integration

Ian Brown advised members that a working party, including the SRA, has been convened to try and establish a budget for rail services in London. He also advised that zonal fares on National Rail will be introduced London-wide through an incremental process with individual Train Operating Companies.

[Post Meeting Note – DfT have since advised that zonal fares will be implemented by 2007].

Following discussion, the Board NOTED the report.

159/12/04 2ND QUARTER FINANCE AND PERFORMANCE REPORT

Jay Walder introduced this paper by advising members that patronage on both the Tube and buses has increased. The Tube increase can be attributed, in part, to the rise in tourism. Trans-Atlantic travel is almost at the same level as pre-September 11. Both bus and DLR performance remains very strong.

It was noted that the communications team have a strategy in place for communicating the positive messages on patronage and performance and are very firm on rebutting inaccuracies in the press.

In terms of the workforce composition it was recognised that there were a number of factors contributing to the lower levels of BME and female staff in senior management. The Commissioner reminded members that Valerie Todd has recently been appointed Director of Group Equality and Inclusion and will be taking these issues forward over the next few years.

Members noted that figures were not yet available on disability for LUL or the senior management team. The Commissioner agreed to prepare a paper for the February Board meeting presenting disability figures for both these categories as well as sexual orientation if possible.

R Kiley

Following this discussion, the Board NOTED the report.

160/12/04 TFL INITIAL PERFORMANCE ASSESSMENT

Board members expressed their delight and congratulations at achieving an “excellent” rating.

Members considered the main areas for improvement are building capacity within the organisation and planning and policy work.

The Audit Commission had noted a relatively poor comparative rating given to the number of accessible pedestrian crossings. Peter Hendy agreed to take this forward through the Surface Advisory Panel.

P Hendy

The Board were pleased to NOTE the report.

161/12/04 BOND ISSUE UPDATE

Jay Walder told the Board that both Standard and Poors and Fitch Ratings have confirmed TfL’s AA rating which is very positive news and reflects the organisation’s strong relationship with Government and its professional approach to the Bond issue.

Extensive discussions have taken place, in private, with the Finance Committee who agreed the Medium Term Note during the week of 22 November. The Committee have agreed to review, from time to time, any further issues. Officers are now carrying out investor presentations which are being very well received.

The Board NOTED this update.

162/12/04 REPORT FROM FINANCE COMMITTEE

The Board NOTED the matters discussed at the Finance Committee held on 12 November.

163/12/04 REPORT FROM SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

Dave Wetzel drew members' attention to the improvements shown in both bus operator driver quality monitoring scores and SPAD incidents on the Underground.

The issue of CCTV cameras was raised. Concern was expressed that TfL does not get the recognition for installing CCTV cameras at rail stations to improve passenger safety. Ian Brown and Luke Blair will address this issue.

**I Brown
L Blair**

It was recognised that, in terms of road safety cameras, co-operation from other partners in the London Safety Camera Partnership is vital to achieve the maximum speed of installation of cameras. Peter Hendy agreed to brief the Mayor and Dave Wetzel agreed to include this as an item for a future SHEC meeting.

**P Hendy
D Wetzel**

The Board NOTED this report.

164/12/04 ADMINISTRATIVE ISSUES UNDER STANDING ORDERS

Jackie Wright introduced the paper advising members that it contained a number of administrative issues arising from the Standing Orders.

The Board:

- CONFIRMED the appointment of Jackie Wright as interim General Counsel and Secretary in the absence of Fiona Smith.
- CONFIRMED that Jackie Wright can exercise all functions of General Counsel and Secretary under Standing Orders or as otherwise delegated.
- CONFIRMED that the Assistant Company Secretary (from time to time) is authorised to carry out the functions of the Director of Corporate Governance and Deputy Company Secretary under Standing Orders or as otherwise delegated and CONFIRMED that all actions taken or to be taken by the Assistant Company Secretary in exercising any of the functions of the Director of Corporate Governance and Deputy Company Secretary are as if she were the Director of Corporate Governance and Deputy Company Secretary.
- APPROVED the amendment to TfL Standing Order No. 1 appendices 5, 6 and 7 to reflect that the Rail, Underground and Surface Advisory Panels will be held not less than 5 times per year or at such other frequency as determined from time to time by the Chair.

- NOTED the resignation of Kirsten Hearn from the Finance Committee due to pressure of work and the timing of TfL meetings.

165/12/04 DOCUMENTS SEALED ON BEHALF OF TFL

The Board NOTED the documents sealed on behalf of TfL between 12 October and 17 November 2004.

166/12/04/ ANY OTHER BUSINESS

Prudential Indicators

Stephen Critchley introduced a paper which set out revised Prudential Indicators. He advised members that they had changed following the adoption of the revised budget and business plan at the October Board meeting.

The Board NOTED the report and APPROVED the revised Prudential Indicators.

TfL Board Meetings and Briefings

The Commissioner advised members that since September 2003, there had been 18 Board briefings. Concern was expressed about this high figure and officers were asked to consider carefully which topics were suitable for briefings and to consider other options for communicating with Board members before requesting briefings.

Officers

CHAIR

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: Commissioner's Report for January 2005

MEETING DATE: 9 February 2005

1. PURPOSE

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

2. FINANCIAL AND PLANNING ISSUES

Bond Issue

- 2.1 Under the powers granted to TfL by the 2003 Local Government Act, TfL raised £200 million from its first bond issue at the end of 2004. This was the first time that TfL or its predecessor bodies has raised finance in the capital markets independently of central Government. It is also the first significant use of the new local authority borrowing powers in the UK.
- 2.2 As part of the work needed for the bond issue, detailed discussions were held with Standard & Poors and Fitch rating agencies. As a result of these discussions, both agencies confirmed TfL's AA stable rating (high investment grade).
- 2.3 The bonds were issued with a 30-year maturity. There was extremely strong demand for the bonds in the market which resulted in a competitive price (i.e., a low interest rate) for the bonds. The final pricing was 0.50% above the gilt rate, which is the Government's cost of borrowing. This compares extremely favourably with most other AA-rated issuers and is lower than some AAA-rated debt such as that issued by Metronet.

Borough Partnerships: Local Implementation Plans

- 2.4 The timetables for preparing boroughs' Local Implementation Plans to support the Mayor's Transport Strategy have been agreed with 31 of 33 boroughs. Discussions continue with Barnet with a view to a December 2005 submission and with Kensington and Chelsea targeting a Spring 2006 LIP submission. The first borough LIP consultations are planned to begin in February 2005.

London 2012 Olympic & Paralympic games

- 2.5 Since London's Olympic bid submission, TfL has continued to work on developing detailed transport plans in preparation for the IOC Evaluation Commission visit 16th-19th February 2005. In February and March the Commission will visit and assess each of the five 2012 host cities; it will publish its report in April which will be used as one of the bases for the IOC vote on July 6th.
- 2.6 Preparations are also proceeding for implementation of the plans post bid award.

3. OPERATIONS

- 3.1 There are some operational issues to draw to your attention.

Surface Transport

London Buses

- 3.2 Passenger journeys continue to grow, with year to date growth currently at 7.9%. The bus network ran well on New Year's Eve with the support of Network Operations staff, Head Office volunteers and the Transport Operational Command Unit (TOCU). Bus services were successfully maintained along Oxford Street for the first time in many years due in part to some of the volume of travel being borne by the Underground. Previously, buses had to be terminated at either end of the street due to the volume of pedestrians. The level of service and support was expanded in anticipation of the proposed Underground disputes which did not, in the event, occur.

Bus Fares

- 3.3 A staged, two-year timescale has now been announced by the Mayor for rollout of free bus travel for Under-18s in full time education. For 11-15 year olds, final proposals are being developed for sign-off by the Mayor in the next few weeks. For 16-17 year olds, the scope for a form of combined identification-Oystercard linked to the Connections card is being explored. (The Connections card is a personalised smartcard issued by the Department for Education and Skills to students in full-time education.)

TRL Cycle Report

- 3.4 A comprehensive report commissioned by TfL from TRL following the Blackfriars Bridge cycle fatality has now been published, as has TfL's response. The London Cycling Campaign has been consulted on both reports.
- 3.5 The TRL report concluded that TfL has been effective in supporting increases in cycle use. However, it emphasised the need for consistent standards and processes from design through to implementation – both for cycling schemes and for schemes designed for other road users which impact on cyclists. TfL has committed to a range of improvements including:

- Improving project and programme management within Surface Transport
- Further developing the current programme of "impact studies" and market research to expand the understanding of the benefits and disadvantages of different cycle schemes
- Improving its consultation processes
- Thoroughly considering the introduction of 20mph speed limits and other measures to safeguard cycling on Thames bridges, including a new cycle scheme for Blackfriars Bridge.

3.6 A summary report was prepared for the Surface Advisory Panel of 18 January 2005.

Road Safety

3.7 As part of the Prince Michael International Road Safety Awards, the Motorcycle Industry Association selected TfL for an award for its innovative approach to the improving of safety of powered two wheeler riders in London. Motorcycle casualties have been rising steadily in the UK and London is one of the few places where there has been a downward trend over the last 2 years.

3.8 TfL has worked with partners, including the Police, motorcycling organisations and London boroughs, to develop a package of measures to make motorcycling safer. The measures include advertising campaigns and the very popular BikeSafe London, where motorcyclists can have their riding observed by experienced Police riders.

Graffiti and etching

3.9 A major initiative to deal with graffiti and glass etching on London buses has commenced, with all operators required to submit action plans and commensurate policing and CCTV activities. The intention is to eliminate significant etching by June 2005.

Vauxhall Cross bus interchange

3.10 The interchange opened on 4 December and the works on this major TLRN road junction and transport interchange are therefore terminated. The interchange is operating smoothly.

Taxi emissions

3.11 The Mayor announced his emissions strategy for licensed London taxis on 20 December. The effect of the strategy will be to require all taxis to be Euro 3 compliant or better by 31 December 2007. An environmental charge would be introduced of a flat rate fare of 20 pence per taxi journey raising the fixed minimum part of the fare, the flag-fall, to £2.20 from April 2005. This charge would serve to meet the cost of converting taxis to reach new environmental standards and would be reviewed three years after its introduction.

London Underground

Customer service and performance

- 3.12 Trend data indicates that underlying demand has been stable since early October bringing a smooth ending to the strong recovery of the preceding two months. However the growth seen through the late summer and early autumn has resulted in an upward revision to London Underground's demand forecast for the year which now shows an increase of 2% compared with 2003-04.
- 3.13 Services on the Northern line were disrupted for several days in early December due to failure of the train radio system. Redeployment of some station staff and use of volunteers to assist with the necessary operational changes in running the trains helped to reduce the impact, which could otherwise have required cutting back service by as much as 65%. Even so it was only possible to operate around 60% of the line's scheduled service on 7 and 8 December. Sound performance on other lines, however, means that LU remains on course to achieve Government targets for train service volume and reliability for 2004-5.
- 3.14 Trains operated throughout the night of 31 December-1 January for the New Year celebrations. There were no major problems on any lines. Accurate passenger counts are not available since gates were left open (as travel was free). From observation, passenger numbers decreased sharply after 03.00. However, there were many ambulance calls from 02.00 onwards, with alcohol a contributory factor in many cases, and numerous trains had to be attended to during the morning due to vomit in the cars.

Heathrow Terminal 4 station closure

- 3.15 Heathrow Terminal 4 station closed for a period of 20 months from January 7th to allow for the construction of the Piccadilly line extension to the new Terminal 5. During the closure Piccadilly line trains will run direct to Terminal 1, 2, and 3 with Hatton Cross becoming the interchange for Terminal 4. A team of porters is available at Hatton Cross to assist customers transferring to buses for the 5-minute onward journey to Terminal 4.

Employee relations

- 3.16 Piccadilly line drivers based at Arnos Grove depot took industrial action on Christmas Eve in support of a colleague who passed four signals at danger and, after a disciplinary hearing and all appeals, faced a reduction in annual salary, removal from driving and the requirement for re-qualification before he could drive again. This followed ASLEF's refusal of management's offer at ACAS to reduce the financial penalty to the driver while maintaining the other sanctions. Subsequent to the strike, ASLEF elected to accept the prior offer and called off a planned 5 January strike.

- 3.17 A threat of industrial action by service control staff, which would have disrupted services on New Year's Eve and prevented all-night running, was averted when agreement was reached with the trades unions TSSA, ASLEF and RMT. The agreement, reached after months of hard work, replaced an old, inequitable and inefficient structure with a single, system wide arrangement of essentially three positions. Savings achieved by elimination of inefficiencies mean that the new organisation and grading structure can be implemented at no additional cost.

Wembley Park

- 3.18 The major project to enhance capacity at Wembley Park station is proceeding to programme. In order to facilitate the works, which involve cranes moving heavy loads over the track, Metropolitan line services between Harrow-on-the-Hill and Aldgate will be suspended each weekend and on Bank Holidays until early May.

Car park security

- 3.19 Together with LU, Vinci Park UK has received the Secured Car Parks Award for the 34 station car parks the company operates on behalf of the Underground. The award acknowledges the highest level of car park security and is administered by the British Parking Association on behalf of the Association of Chief Police Officers. The programme to make the car parks more secure began in May 2003 and has been so successful that it has contributed to a reduction in car park crime of 70%.
- 3.20 Sophisticated CCTV systems, monitored directly by British Transport Police (BTP), were installed under the government-funded Operation Hawkeye. Vinci Park provided improved lighting to give the cameras maximum effect. Help points have been installed to give customers instant contact with BTP if required, and the car parks have also been resurfaced and fenced. They have also been provided with modern ticketing systems and speed and height restrictions.

London Rail

Docklands Light Railway (DLR) performance

- 3.21 The railway continues to perform extremely well with all performance and equipment targets achieved within the period. The reliability and on-time departure scores were 97.5% and 98.7% respectively.
- 3.22 Total passenger journeys in the most recent period were 4.2 million, representing an increase of 5.1% compared to the same period last year. The year-to-date journeys are 6.0% up on last year. The passenger journeys on the Lewisham extensions (where TfL has revenue risk) were 1.2 million, a significant increase of 8.9% over last year with year-to-date journeys up by 5.4%.

- 3.23 The "Yourailway" campaign continues with the current focus on safety with posters and radio advertising specifically to reach the Bengali community in Docklands. Following this work with Tower Hamlets, a further survey looking at barriers to use has been undertaken in conjunction with Newham and results are currently being analysed.

National Rail fares changes

- 3.24 National rail regulated fares have increased by RPI+1% overall in January 2005, broadly matching the increase on the Underground. As part of TfL's efforts to make rail fares simpler and more consistent, new zonal single fares for travel between the Underground and National Rail stations in London are in the process of being rolled out. These fares provide uniform prices for Tube-Rail travel in London for the first time.

DfT Rail Review

- 3.25 As part of the Rail Review, the DfT have issued a work plan through to June 2005 including sub-groups looking – among other things – at fares, ticketing and boundary issues as well as the future shape of Silverlink Metro. It is anticipated that a first draft of the proposed working arrangements on national rail between TfL and the DfT in the form of a MOU between the Secretary of State and the Mayor will be completed during January. So far, progress is being made towards agreeing a framework which would enable the Mayor to set train fares in Greater London with clawback of any revenue raised above a baseline threshold. Outline proposals for the zonalisation of train fares and the extension of prepay are also being developed in this context.

Railways Bill

- 3.26 The Railways Bill was published on 25th November and quickly passed through Second Reading to the Committee stage. The amended version of the Bill has now been released, having passed through the Standing Committee. The next stage will be a Third Reading and Report stage in the House on January 27th before it goes to the Lords in early February. The Bill is scheduled to be passed at the beginning of May but this is more likely to occur before Easter.

Investment in National Rail

- 3.27 TfL has invested in an ongoing programme of security on the Great Northern suburban services by assisting in the installation of waiting accommodation, passenger help points and CCTV at eight stations from Haringey to Palmers Green/Oakleigh Park together with installation of CCTV on trains using these stations.
- 3.28 TfL has invested in improved cycle facilities, enhanced lighting and other minor improvements as a joint package with South Eastern trains at nine stations on the route between Ladywell and Hayes following earlier installation of CCTV. The CCTV will help protect these additional enhancements.

4. MAJOR PROJECTS AND INITIATIVES

Crossrail

- 4.1 Work continues towards submission of the Crossrail Bill in February 2005. The Crossrail Board meeting on 21st December discussed the need for additional funding for advanced works (including site preparation and service diversion) in order to keep to the published timescales of the project. Discussions continue with Network Rail as to their future role in the construction and/or operation of Crossrail.

Thameslink

- 4.2 Network Rail is sponsoring the re-application of the Transport and Works Order to gain planning approval for the full Thameslink project, although no funding is as yet on offer. The TWA enquiry is to re-open in mid June 2005. A structure has been agreed with London Rail and London Underground in order to integrate TfL's requirements into the project definition at key interfaces.
- 4.3 The Thameslink station at St. Pancras (planned to directly feed Thameslink services into the almost completed London Underground western concourse), is being constructed but funding for the fitting out has not yet been secured. Thameslink services will therefore have to continue to use the Thameslink station on Pentonville Road without direct interchange from the Kings Cross / St. Pancras complex.

East London Line Extension

- 4.4 Following the transfer of the ELLX project to TfL on 13th November, including the existing SRA project team, the SRA have agreed to transfer the current year's budget of £24.3m to TfL to give continuity at the point of transfer.
- 4.5 A procurement strategy has been finalised which includes a significant Enabling Works Stage 2 package, a Main Works package and separate Network Rail and LUL packages. A Programme Management company will be hired to oversee the whole programme.
- 4.6 The Mayor's office is co-ordinating a master plan at Dalston with a view to providing a major development, totally integrated with the East London Line scheme, including provision for a bus interchange at the station.

DLR Major Projects

- 4.7 Most of the heavy construction for infrastructure for the London City Airport extension is complete and work is currently focused on building the stations. The track bed construction and track work has commenced. Factory acceptance tests are underway with ticket vending machines and testing of the signalling system has commenced. The project remains on course for its scheduled opening date of December 2005.

- 4.8 A preferred single bidder has now been selected for the Woolwich Arsenal project (WARE) and it is anticipated that a request for authorisation to enter into the contract will be put to the March TfL Board.
- 4.9 The public enquiry for the TWA application for the 3-car upgrade project is scheduled to take place on 8th February. A number of objections have been withdrawn and DLR is negotiating with the remaining 45 objectors with a view to securing further withdrawals before the start of the Public Inquiry.

Thames Gateway Bridge

- 4.10 On 19 January 2005 the ODPM announced he wished to call-in the planning application and decide himself whether planning permission should be granted. The Public Inquiry will therefore be held later than currently planned and will also cover planning issues.

West London Tram

- 4.11 Group Public Affairs are producing a report on the outcomes of the public consultation held in Summer 2004. It is anticipated that this will be published in early March. There are a number of issues that have been raised in the consultation, including the impact of traffic on residential streets, the restrictions to movement by car as result of road closures and congestion, the loss of trees and the impact on businesses of restrictions to access. The WLT Project Team has considered the outcomes and considers that most of the suggestions to mitigate against the impact of the tram can be included or addressed in some form without undue impact upon the business case.
- 4.12 In parallel with the consultation, a consolidated engineering design, an Environmental Impact Assessment and all documentation for the submission of a Transport and Works Draft Order are being prepared by the project team.

ORGANISATIONAL ISSUES

Freedom of Information

- 4.13 TfL became compliant with the Freedom of Information Act (FOIA) on 1st January 2005. In the first 2 weeks of the year, sixty-two requests have been received. Incoming requests to Customer Services are deemed normal for the time of year with no perceived increase in enquiry levels. Environmental requests are minimal at present (three). Two complex requests have been escalated to General Counsel.
- 4.14 Now that we are in a 'live' environment, we are using early experiences to refine and implement changes to our internal handling processes. Logging, reporting and monitoring practices are receiving special attention.
- 4.15 We will shortly be evaluating the effectiveness of our FOIA communications and training programmes and developing a refresher campaign to ensure continued awareness and compliance among TfL staff.

Changes to Corporate Services

- 4.16 Corporate Services has been renamed Group Services, with Maggie Bellis MD of Group Services, to better reflect the broad nature of this department's responsibilities.
- 4.17 Liz Barrett, Director of Group HR, has left TfL to pursue other career opportunities. Maggie Bellis has taken this opportunity to effect the integration of the two Group HR functions. Effective immediately, Hugh Hood will take over responsibility for all Group HR activities.

Changes to TfL Group Communications

- 4.18 I am delighted to announce the appointment of Ben Plowden as Managing Director Group Communications with effect from 1 February 2005, reporting directly to me.
- 4.19 As most of you know, Ben joined Transport for London in July 2002 and is currently Director of Borough Partnerships. The Borough Partnerships directorate will transfer to Group Communications on the same date and therefore Ben will retain responsibility for this important function.
- 4.20 I know that you will join me in congratulating Ben on his appointment and wishing him every success in this role.

Robert R Kiley
Commissioner for Transport
January 2005

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT: 3rd QUARTER FINANCE AND PERFORMANCE REPORT

MEETING DATE: 9 FEBRUARY 2005

1. PURPOSE

1.1 To inform the TfL Board of progress on operational and financial performance against budget and target for the third quarter of 2004/05 (19 September 2004 to 11 December 2004).

2. KEY HIGHLIGHTS

2.1 The principal highlights arising from the third quarter of 2004/05 are as follows:

- All London Underground and DLR operational performance indicators for the third quarter of 2004/05 (**Annex 1** attached) were on or above target. All London Buses performance indicators for the third quarter were met or exceeded with the exception of the customer satisfaction score for information.
- In respect of London Underground's patronage, the third quarter has been good with passenger numbers 4% higher than the equivalent period of 2003/04. However, a longer period is needed to determine whether this is sustainable. Bus and DLR patronage also continues to grow and was 6% higher on buses and 5% higher on DLR in the third quarter of 2004/05 than for the equivalent quarter in 2003/04.
- The third quarter of 2004/05 recorded significant reductions in the number of major injuries and fatalities on London's roads. Reductions of 11-12% were reported on roads London-wide, compared with the same quarter in 2003/04.
- Total spend for the year is currently forecast to be in line with budget.
- Within this overall balance picture, capital spend is forecast to be £66m above budget by year end. Project managers across TfL are currently forecasting a very high level of activity in the final quarter of the year, with gross spend some £53m above budget. If realised, this reflects a welcome upturn in the level of capital activity and means that the over-programming of £80m for 2004/5 was too large. Although this upturn is to be welcomed, it reinforces the tightness of the financial position for 2005/6 where we have included some £160m of over-programming in the Business Plan.

3. OPERATIONAL PERFORMANCE REVIEW

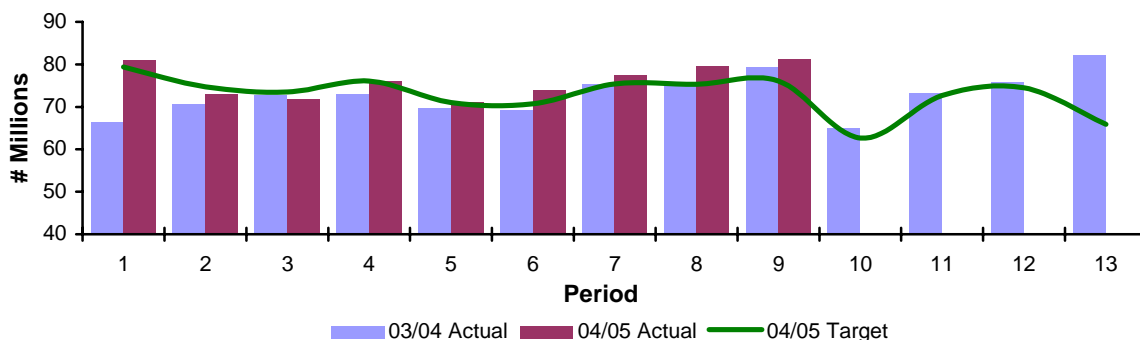
3.1 The operational scorecard reporting the performance against target for the key indicators approved by the TfL Board on 24 March 2004 is attached to this report as **Annex 1**. The scorecard also includes PPP performance against target as well as the Group performance indicators that appeared for the first time in the second quarter 2004/05 report.

London Underground

3.2 All London Underground operational performance indicators for the third quarter of 2004/05 included in the scorecard were on or above target. In addition, all matched or improved on performance in the same quarter in 2003/04, which had been affected by the Camden derailment.

3.3 Passenger journeys on the London Underground in the third quarter of 2004/05 at 238m were above target by 6%. This is a good result compared with the depressed levels seen in late 2003 and early 2004. The passenger journey forecast for the year now stands at 967m, 3% above target, and close to the levels of 2000/01. However, some of the increase has resulted from switching between products (typically Ordinary to Off-Peak or Period Travelcards) which has increased passenger journeys (i.e more journeys per ticket) but not fare income. Time will tell to what extent this is sustainable.

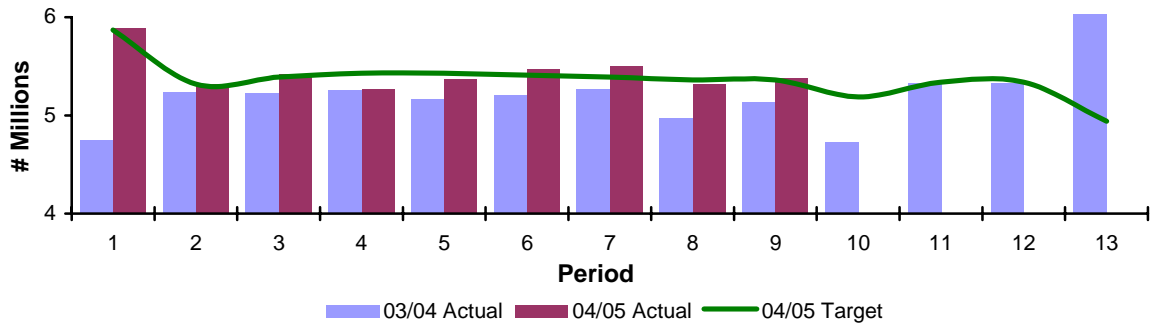
Figure 1: London Underground - Passenger Journeys



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

3.4 Kilometres operated in the third quarter of 2004/05 were slightly above target at 16.2m, a 6% increase on the same period in the previous year. The percentage of schedule operated was also above target at 95.4%. Both were affected during the quarter by a three-day failure of the Northern line train radio. Redeployment of some station staff and use of volunteers to assist with the necessary double manning of trains helped to reduce the impact, but even so it was only possible to operate around 60% of the line’s scheduled service on 7 and 8 December 2004. In period 8 as represented in figure 2, kilometres operated fell slightly below target due to the unusually high level of planned engineering works.

Figure 2: London Underground - Kilometres Operated



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

3.5 Customer satisfaction scores were all on or above target for the third quarter of 2004/05, with the crowding score at 73, 5 points above target and the overall satisfaction 2 points above target and 3 above the same quarter last year.

PPP Performance – BCV

3.6 The total number of Lost Customer Hours attributed to Metronet BCV for the third quarter of 2004/05 has shown marked improvement from the previous quarter, particularly on the Central line. There was a 35% reduction in the agreed Lost Customer Hours attributable to Metronet BCV in this quarter compared with the third quarter of 2003/04. Availability performance for both the Bakerloo and Central line were better than the contract benchmark (earning the Infraco bonus payments) in all three periods of the third quarter. Total Metronet BCV Lost Customer Hours performance for the third quarter 2004/05 was the best since Transfer.

3.7 Ambience performance for the third quarter 2004/05 for Metronet BCV remained better than the contract benchmark, despite a fall from the second quarter scores. Performance deteriorated on all BCV lines in the quarter, with performance on the Victoria line suffering most, a 4% reduction compared to the third quarter of 2003/04. Service points for facilities faults remain worse than the contract threshold. Some improvements in PA and toilets have been recorded in the third quarter. This represents an improvement of 18% compared to BCV facilities performance for the third quarter of 2003/04.

PPP Performance – SSL

3.8 Lost Customer Hours attributed to Metronet SSL for the third quarter 2004/05 has again shown improvement from the previous quarter, the fourth consecutive quarter of reduced Lost Customer Hours per period. There was a 52% reduction in the agreed Lost Customer Hours attributable to Metronet SSL in this quarter compared with the third quarter of 2003/04. Availability performance for the District as well as the Metropolitan, Circle and Hammersmith & City lines was better than the contract benchmark (earning the Infraco bonus payments) in all three periods of the third quarter. The Metropolitan, Circle and Hammersmith & City lines Lost Customer Hours performance for the third quarter 2004/05 was the best since Transfer.

3.9 Ambience performance for the third quarter 2004/05 for Metronet SSL fell from the previous quarter. Year on year ambience performance for SSL has, however, improved by 2% compared to the third quarter 2003/04, largely due to better anti-graffiti measures on trains. This and other ambience initiatives have resulted in train

ambience for SSL improving by a very significant 5% year on year for the third quarter. The number of service points accrued by Metronet SSL for facilities faults during the third quarter of 2004/05 was below the contract threshold, and better than performance in the previous quarter. Year on year SSL facilities performance has improved by 10%, mainly due to improvements in CCTV and PA performance. There has, however, been some deterioration in Mobility Impaired Lifts and Cleaning Audits performance over the same period.

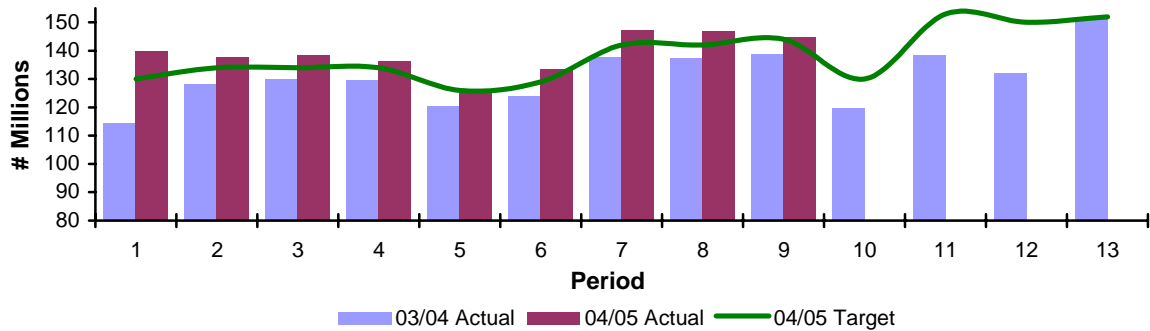
PPP Performance - JNP

- 3.10 Lost Customer Hours attributed to Tube Lines (JNP) for the third quarter 2004/05 has shown a reduction from the previous quarter. There has been a marked improvement in performance in this year with a 27% reduction in the agreed Lost Customer Hours attributed to Tube Lines (JNP) in this quarter compared with the third quarter of 2003/04. Availability performance for both the Jubilee and Piccadilly lines was better than the contract benchmark (earning the Infracore bonus payments) in all three periods of the third quarter. However, Northern line performance, including service disruptions attributed to Tube Lines but not yet agreed, was worse than the contract benchmark in all three periods, mainly due to continuing signalling problems on the line. There was also a Partial Line Suspension on the Northern line caused by a track obstruction resulting in damage to the train and track-side cabling when run over by a train in service. Notwithstanding the problems on the Northern line, the total Tube Lines (JNP) Lost Customer Hours performance for the third quarter 2004/05 was the best since Transfer.
- 3.11 Ambience performance for the third quarter 2004/05 for Tube Lines (JNP) fell below the contract benchmark. Performance deteriorated on all JNP lines in the quarter, with performance on the Jubilee line suffering most, a 2% reduction compared to the third quarter of 2003/04, largely due to a deterioration of ambience performance at Jubilee line stations. Service points for facilities faults remain worse than the contract threshold. JNP facilities performance for the third quarter is largely unchanged from the previous quarter, but represents an improvement of 28% compared to performance for the third quarter 2003/04. This improvement is mainly in the areas of CCTV, PA and Toilets, with fewer faults on these assets in this quarter.

Surface Transport

- 3.12 **Bus Network** – Bus patronage continued to grow on a year by year basis, as can be seen in the following chart, and was 6% higher in the third quarter of 2004/05 than for the equivalent quarter in the previous year. This results from the improved quality of the service offered, including the impact of congestion charging, QIC contracts and better supervision. Since the new fares package only came in on 2 January, its impact on patronage is as yet unknown.

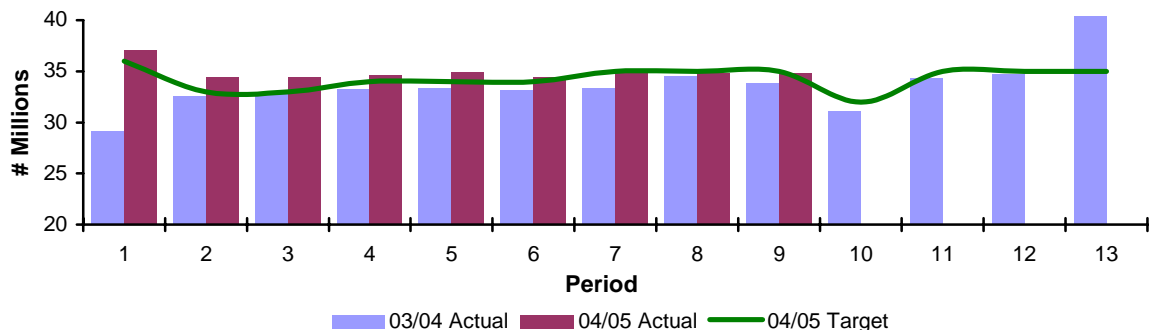
Figure 3: London Buses - Passenger Journeys



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

Bus kilometres operated in the third quarter of 2004/05 were 104.5m. This represents an increase of 3% on the equivalent quarter in 2003/04, in line with target for 2004/05.

Figure 4: London Buses - Kilometres Operated



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

3.13 All London Buses performance indicators for the third quarter of 2004/05 were met or exceeded, and showed improvements on performance levels in the equivalent quarter of 2003/04, with the exception of the customer satisfaction score for information. Excess Wait Time on high frequency routes improved over the same quarter last year by 19%. This results from the ongoing expansion of Quality Incentive Contracts, and policing and enforcement initiatives. Other initiatives to improve control of routes and traffic flow continue to play a part as well. The percentage of schedule operated at 97.2% was slightly above target and the equivalent quarter for 2003/04. On-time performance of night buses at 82% was 4 percentage points above target and 4 percentage points ahead of the same quarter in 2003/04.

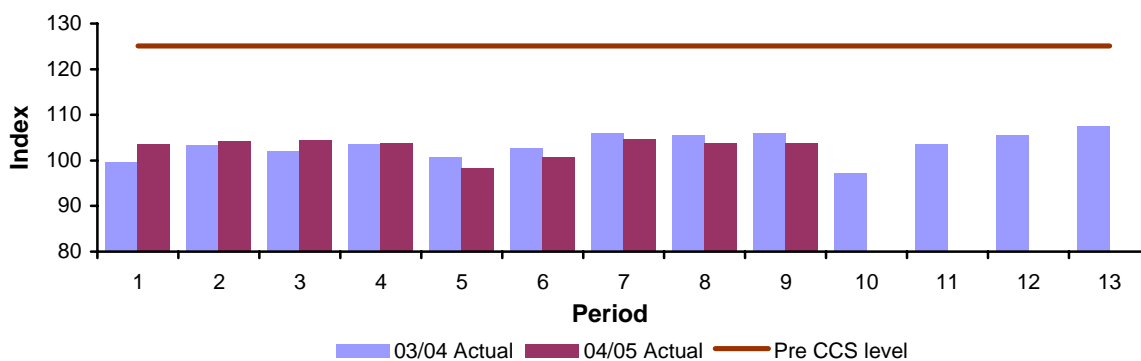
3.14 The customer satisfaction rating for personal safety and security of 82 is 2 points above target and 1 point ahead of the same quarter in the prior year. Overall satisfaction with bus services, which has seen a broadly upward trend since 2001/02, has recovered from the slight falls seen in the previous two quarters, and is currently back in line with the target level at 78. Satisfaction with information provided remained below target with initiatives to further simplify information at bus stops and on-bus continuing to be rolled out in an effort to improve effectiveness.

3.15 **Croydon Tramlink** – Following the completion of an extensive programme of closures for track repairs during the second quarter of 2004/05 the number of passenger journeys in the third quarter recovered to 4.5m, a 5% increase on the same quarter in 2003/04. The period 9 figure for passenger journeys was the highest since the Tram opened in 2000. The overall satisfaction score at 87 is 1 point below target, a 1 point

improvement on last year. The percentage scheduled service operated in the quarter was slightly above target. However, the percentage schedule year to date remains below target following the extensive programme of closures for track repairs during the second quarter of 2004/05.

3.16 Congestion Charging – Traffic levels in the third quarter of 2004/05 were 21% lower than prior to the introduction of the scheme, and 2% lower than the same quarter in the previous year.

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



3.17 Road Network Operations – The percentage of streetlights working has improved during the third quarter of 2004/05. The average level was marginally below target, however, performance during the last 2 periods in the quarter exceeded target. The improved performance is an encouraging response to a programme of actions to produce progressive service improvements.

3.18 The dramatic increase in cycling levels on the TLRN has been sustained in the third quarter of 2004/05. The index of cycling on the TLRN averaged 150 in the third quarter of 2004/05 (compared with a baseline level of 100 in March 2000). This was 23 points above target and compares with an index of 123 in the same period last year. An exceptionally dry November meant that the number of cyclists did not fall as much as expected following the end of the summer, with levels recorded being much higher than observed in the previous two years.

3.19 Progress continues towards reducing the number of major injuries and fatalities on London’s roads. The Londonwide total of casualties for the third quarter reduced by 12% compared with 2003/04. Major injuries and fatalities in the third quarter on the TLRN were 11% lower than the equivalent quarter in 2003/04. TfL road safety initiatives that have contributed to this performance include road engineering schemes, award winning TV and cinema ads, the Children’s Traffic Club and nursery playgroup packs.

3.20 London River Services – Passenger journeys in the third quarter of 2004/05 were 22% below target. However, year to date figures remain above target, and 9% ahead of 2003/04, as the result of prolonged good weather in the early summer and a high number of charter bookings.

3.21 Dial-A-Ride – The cost per trip for Dial-A-Ride was 12% above budget during the third Quarter. Currently there is a major I.T. system implementation to improve call handling and vehicle scheduling, which is reflected in overall customer satisfaction being a point below target, and two points lower than the same quarter last year. The

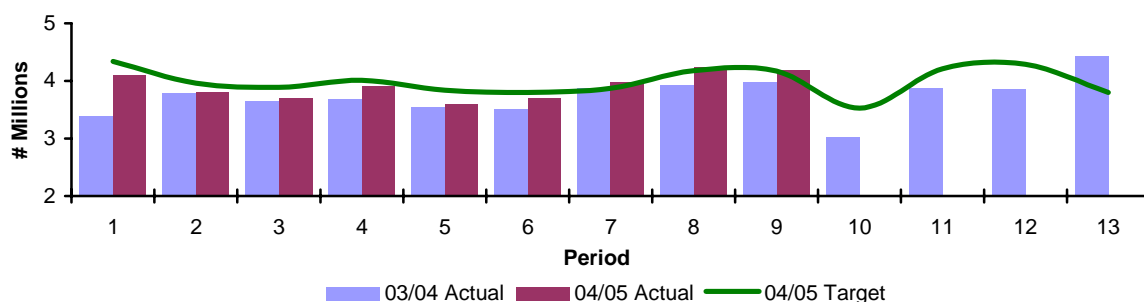
new I.T. system (Project Tightrope) will begin rolling out in summer 2005 and will improve cost per trip and customer satisfaction.

London Rail

3.22 **DLR** – The year on year increase in ridership on the DLR continued into the third quarter of 2004/05 with passenger journeys 5% ahead of 2003/04 and 2% above target following the occupation of new developments in Canary Wharf.

3.23 The railway continues to perform well with all operational performance targets achieved or exceeded in the quarter. All DLR Customer Satisfaction Survey results for the third quarter of 2004/05 were above target with the overall rating at 96, the highest level achieved by DLR.

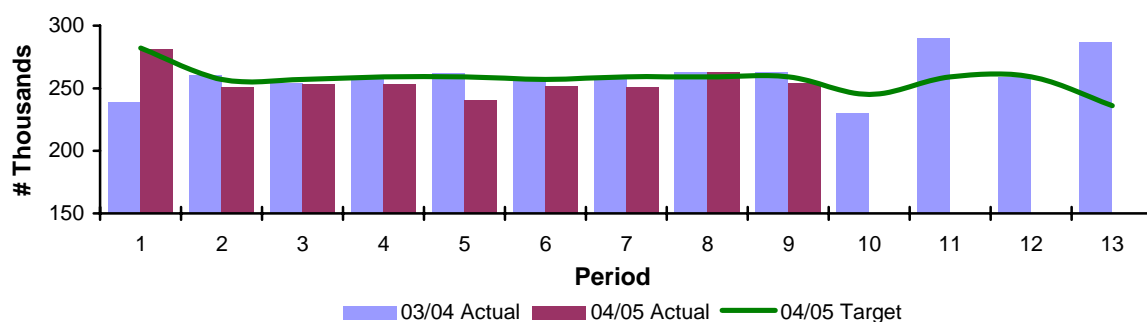
Figure 5: DLR - Passenger Journeys



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

3.24 As shown in the following chart, train kilometres operated in the quarter were in line with target at 768k.

Figure 6: DLR - Kilometres Operated



P1 2003/04 consisted of 26 days; P1 2004/05 consisted of 31 days

4. ACTIVITY PERFORMANCE REVIEW

4.1 The TfL 2004/05 budget comprises 170 activities. TfL monitors the success of each activity using key metrics including cost, milestone dates and key performance indicators. The performance of these activities is reported based on significant achievement as well as variances, both financial and programme related, against the deliverables approved by the TfL Board on 24 March 2004.

LONDON UNDERGROUND

- 4.2 **Station Projects** - Work to modernise London Underground's Oxford Circus station began in December. The work to be carried out by Metronet BCV will bring major benefits to both customers and staff and should be completed by spring 2008. Oxford Circus station is more than 100 years old and is one of the busiest stations on the network. However, the majority of works will be carried out during engineering hours and should cause little disruption to the 85,000 customers who pass through the station daily.
- 4.3 **Wembley Park** - Some of the major work packages, including cladding and roofing will commence on site in the last quarter of the financial year. LUL has worked closely with Tube Lines to develop a construction programme that allows completion of the capacity related elements by September 2005 (to tie in with the completion of the new Stadium). Eventually, capacity will be raised to 37,500 passengers per hour.
- 4.4 **CTRL at Kings Cross** - Works on the main staircase and other architectural, mechanical and electrical works in the Tube ticket hall continue. In the Western ticket hall, ceiling and finishing works, the installation of primary and secondary power and a lift within the ticket hall are under way as is the reinstatement of dismantled heritage elements of the St Pancras Forecourt Façade Wall. Major works in the Northern ticket hall are still on hold awaiting a Ministerial decision on continuation of Phase II works, following the temporary restriction of expenditure.
- 4.5 **PPP JNP** - A 19-tonne escalator has been returned to service in record time at Green Park station. Tube Lines have branded a Jubilee line train with Olympic livery in support of the 2012 Olympic bid.
- 4.6 **PPP BCV** - Metronet have recently been instructed to commence design of platform humps, to allow step free access to trains, at four stations on the Central line (Epping, Hainault, Stratford and Tottenham Court Road) and seven stations on the District line (Dagenham Heathway, Elm Park, Fulham Broadway, Upminster, Upney, West Ham and Westminster). The work is due to be completed during May 2005.
- 4.7 **PPP SSL** - As part of the modernisation project at Earl's Court station, two new lifts entered service on 8 October providing step-free access to the District line platforms. The Piccadilly line platforms were already accessible by lifts from the Earl's Court Road ticket hall. The performance of the new lifts has proved to be unsatisfactory as a result of several design and operational problem which are currently being resolved. These lifts are pilots for a larger scale accessibility lifts programme.

SURFACE TRANSPORT

- 4.8 **Bus Garages** - The planning application for the bus garage at North Acton was rejected by LB Ealing on 10 November 2004 despite Borough officers' recommendation for approval. An appeal will be submitted in January 2005. Temporary garage solutions continue under urgent investigation. A revised and updated application for Hanworth Road is being prepared for submission in early 2005, following a meeting with key stakeholders.
- 4.9 **A13 Thames Gateway DBFO** - 4 of the 5 Permits to Use have now been issued, and the A13 and most side roads are now fully open to traffic. Communications works continue, and are due for completion in June 2005.

- 4.10 **Transport Policing and Enforcement** - From 15 November 2004 TfL are responsible for enforcing parking contraventions on London's Red Routes. Traffic wardens and transport police community support officers are patrolling the Red Routes and will be issuing £100 fines to anyone parking illegally on a Red Route. These new measures are expected to increase levels of compliance with parking restrictions and lead to improved traffic flows and reduced congestion. It will also help to deliver improvements in journey times and reliability of road traffic. A marketing campaign with the message that 'it only takes one driver to clog up London's roads' was launched on 1 November 2004. The campaign included radio, road-side ads, buses, bus-stop posters, online banners, billboards, leaflets and press. Information was also posted on to the TfL website.
- 4.11 **Vauxhall Cross** - Vauxhall Cross Interchange opened to buses on 4 December 2004. There are currently 12 bus routes through Vauxhall Cross, carrying around 25,000 passengers in peak periods. The new interchange allows quick and convenient transfer to tube or rail.
- 4.12 **Putney Bridge Bus Station** - Work commenced on Putney Bridge bus station on 29 November which includes installing more accessible paving, CCTV technology for safer travel, resurfaced flooring and a new drainage system. The bus station will be closed until March 2005 during construction works.

LONDON RAIL

- 4.13 **London City Airport** - Good progress is being made with the London City Airport Extension and the viaduct is nearly complete. Track laying has progressed as far as West Silvertown and the stations are now taking shape. The contractual opening date remains 15 December 2005.
- 4.14 **Woolwich Arsenal** - Re-priced bids were received from the two remaining bidders on 26 November and a preferred bidder (WARE) was appointed on 17 December. Discussions continue with landowners on the compulsory acquisition of properties using DLR Compulsory Purchase Order powers.
- 4.15 **Railcar Refurbishment** - Ten vehicles are now in passenger service. At the time of writing, one vehicle is at Beckton finishing testing and seven vehicles are at Alstom undergoing works. Alstom have submitted a revised programme that indicates possible completion by the end of 2005. As this will potentially affect London City Airport commissioning (as not enough vehicles will be available), Alstom have agreed to review this programme. It is anticipated that Alstom will submit a final revision in Jan/Feb 2005.
- 4.16 **DLR Capacity Enhancements** - A small number of objections to the 3-car upgrade have been withdrawn and discussions are now underway with all remaining objectors. The Public Inquiry is scheduled for 7 February 2005 and is expected to last for three weeks. If DLR receives the necessary powers, works would commence in spring 2007 and be complete by autumn 2009.
- 4.17 **Stratford Station** - DLR was granted planning permission by Newham Council on 15 September to enhance the station at Stratford by providing two new platforms, and tendering is now underway. Construction will start in the first half of 2005 and be completed in 2006.

- 4.18 **Stratford International** - Discussions are progressing with Network Rail on the conversion of the North London Line between Stratford to Custom House to DLR. Technical and Property/Commercial workstreams are now underway. Consultation has commenced on the DLR scheme which would connect with Javelin (the high speed shuttle service that will link Central London to the Olympic Park) and Kent commuter services to the lower Lea Valley and would serve three new stations (Olympic village sites). Some trains would run through to London City Airport and cross-river to Woolwich Arsenal (by integration with the Woolwich scheme). Initial feedback from existing and potential users has been extremely positive. Submission of the Transport and Works Act Order Application is scheduled for the first half of 2005.
- 4.19 **East London Line Extension** - Responsibility for the East London Line project was officially transferred to TfL from the SRA on 12 November 2004. The extension forms a key part of TfL's 5 Year £10bn Investment Programme. It will help underpin London's bid to host the Olympic Games in 2012 and boost economic development in north east, south east and south London. The East London Line will run a 'metro' service with trains running at Tube-style frequency.
- 4.20 **Crossrail** - The SRA shares in the Crossrail Company have now been transferred to DfT and Adrian Montague has been appointed as Chairman by the Secretary of State. A further review of the route plan and scheme definition has taken place in conjunction with Government Advisers and the scheme is now frozen on the basis of routing from Maidenhead/Heathrow to Whitechapel/Stratford/Shenfield, and also Canary Wharf/North Kent via the Royal Docks. The Government intends to introduce the Hybrid bill into Parliament for a first reading early in 2005.

CORPORATE DIRECTORATES

- 4.21 **West London Tram (WLT)** - The three month public consultation on the West London Tram (WLT) proposal to build a tramway between Shepherd's Bush and Uxbridge finished on 8 October 2004. Nearly 9,000 people turned up to the road shows to find out more about the scheme and to give their views about the proposed route, and over 17,000 questionnaire responses were received from people living, working and travelling through the area. A full report about the consultation will be published once all of the responses have been analysed.
- 4.22 **Greenwich Waterfront Transit** - Public consultation to safeguard a route for the first phase of the project, between Abbey Wood Station, Thamesmead Town Centre and Woolwich Ferry roundabout, is currently underway and will end on 21 January 2005. TfL is consulting the public on three route options for Greenwich Waterfront Transit in Royal Arsenal and Gallions Hill.
- 4.23 **Thames Gateway Bridge** - The London Boroughs of Greenwich and Newham have both granted planning permission for TfL's plan to build the Thames Gateway Bridge. TfL has also applied for a range of powers from Central Government and other agencies that are required to build the bridge. On 19 January 2005 the Secretary of State announced he wished to call-in the planning application and decide himself whether planning permission should be granted. The Public Inquiry will therefore be held later than currently planned and will also cover planning issues.

5. FINANCIAL PERFORMANCE REVIEW

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

£m	Year to Date		Full Year	
	1 Apr to 11 Dec	Variance to Budget	Forecast	Variance to Budget
Income	(1,817)	(56)	(2,612)	(64)
Operating Expenditure	3,018	(49)	4,470	(11)
Gross Margin	1,201	(105)	1,858	(75)
Capital Expenditure*	302	(85)	579	48
Capital Receipts	(80)	37	(133)	43
Contingency				(25)
Capital Programme	222	(48)	446	66
Net Expenditure	1,423	(154)	2,304	(9)

Income above budget and expenditure below budget are shown by variances in brackets
Net of Over-programming

5.2 The detailed financial results are set out in **Annex 1** and the variances are discussed below.

OPERATING BUDGET

Income

5.3 Total income for the period to 11 December 2004 amounted to £1,817m, which is £56m (3%) above the revised budget as shown in the table below.

£m	Year to Date		Full Year	
	1 Apr to 11 Dec	Variance to Budget	Forecast	Variance to Budget
Underground Traffic Income	(856)	(12)	(1,223)	(21)
Bus Network Income	(595)	(6)	(874)	(8)
Congestion Charging Income	(136)	(12)	(186)	(7)
Other	(230)	(26)	(329)	(28)
Total	(1,817)	(56)	(2,612)	(64)

Income above budget is shown by variances in brackets

5.4 Traffic income in London Underground at £856m was £12m (1%) above budget, following sustained revenue levels at the end of the tourist season from increasing employment levels in Central London. Bus network income at £595m was £6m (1%) above budget as a result of higher overall demand and higher than anticipated demand for more expensive products. Congestion Charging income at £136m was £12m (10%) above budget largely as a result of higher Penalty Charge Notice (PCN) income.

5.5 Other income at £230m was £26m (13%) above budget which generally relates to specific one-off circumstances not expected to recur. This includes higher than budgeted receipts within the Corporate Directorates of £17m which mainly consists of

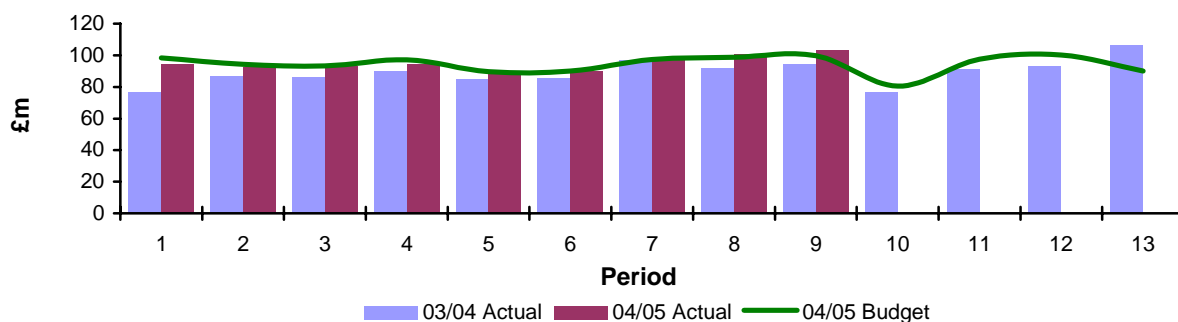
additional rental receipts of £6m, property sales proceeds of £5m, insurance income of £3m in LT Insurance (Guernsey) and higher than expected bank interest of £3m. There were £4m of additional receipts in London Underground from advertising and property rental and higher than budgeted gross income of £5m from non-traffic income in London Buses, which includes higher than expected external rail replacement services income. This is partially offset by an additional cost included in operational costs.

5.6 Full year income is expected to be £2,612m, which is £64m above the revised budget as a result of increased London Underground traffic income of £21m, additional bus network income (£8m) and additional Congestion Charging income (£7m). Other income in the final quarter of 2004/05 is forecast to be marginally above the budgeted level following the one-off increases, described above, experienced in the year to date.

Revenue Trends

5.7 London Underground traffic revenue for the full year is projected to be £1,223m in 2004/05 (6% up on 2003/04), with passenger journeys forecast to be 967m (3% up on 2003/04). London Underground revenue in 2003 and early 2004 was severely distorted by the Central Line closure and its impact on user confidence, the start of Congestion Charging and the boost it gave to bus service quality, and the start of Oyster Travelcard sales - with switching between TOC and TfL outlets. London Underground are forecasting that revenue for the year will recover almost fully to the level initially expected at the beginning of 2004/05, some £20m above the revised budget.

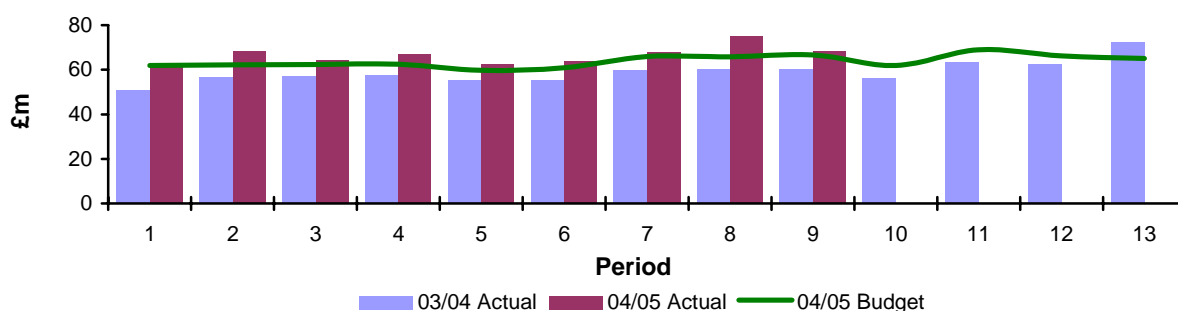
Figure 1: London Underground - Traffic Income



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

5.8 Bus revenue for the full year is projected to be £874m (14% up on 2003/04). Ridership is projected to be 1,806m journeys (6% up on 2003/04). The projected outturn is some £8m above the revised budget for 2004/05.

Figure 2: Bus Network Income



* P13 2003/04 was 4 days longer than a standard period

- 5.9 Whilst recent experience is encouraging, it should not be assumed that increased demand resulting in higher revenues will continue to be sustained in 2005/6. The uncertainty on future revenues is particularly significant this year given the major changes to the overall fares structure that will be introduced over the next year – changes already planned include the introduction of capping in the first half of 2005, free fares for Under 16s in the Summer and peak/off peak fares on Buses.
- 5.10 On the Underground, fares income has been stronger in the third quarter. This, as mentioned earlier, is a very recent development since only a few months ago the budget was reduced since LUL was not expected to meet its target for the year. Even with this strong performance, LUL will only meet its original budget..
- 5.11 Bus revenue in 2004/5 is forecast to be £8m greater than the revised budget. The impact of the January 2005 fares increase remains uncertain, as customers are still adjusting to it and we are currently not in a position to be able to draw firm conclusions. Revenue forecasts for 2005/6 will also be affected by a further RPI+10% increase in January 2006, if confirmed by the Mayor. The impact of continued increase in fares above inflation is more difficult to predict and increases the estimation error associated with the revenue forecasts for 2005/6.

Operating Expenditure

- 5.12 Total operating expenditure for the period to 11 December 2004 was £3,018m, which is £49m below the revised budget, as shown below.

£m	Year to Date		Full Year	
	1 Apr to 11 Dec	Variance to Budget	Forecast	Variance to Budget
London Underground	1,495	(11)	2,152	(12)
Surface Transport	1,301	(26)	1,954	(9)
London Rail	72	(5)	131	10
Corporate Directorates	150	(8)	233	1
Total	3,018	(49)	4,470	(11)

Expenditure below budget is shown by variances in brackets

- 5.13 Surface operating expenditure is £26m lower than budget mainly due to revised phasing in expenditure on Congestion Charging (£7m), road and signal maintenance (£9m), as well as savings in Enforcement (£4m).
- 5.14 Corporate Directorates are £8m below budget which includes savings of £3m on the budgeted cost of the implementation of the finance shared services centre and a rephasing of expenditure within Borough Partnerships of £9m, as the Boroughs tend to back end their expenditure.
- 5.15 Total operating expenditure for the full year is forecast to be £4,470m, which is £11m below budget. The London Underground favourable variance of £12m includes £8m lower than expected use of the provision for business risk and £5m against the PFI contracts. The Surface Transport variance of £9m includes savings in Bus Network operational costs of £14m reflecting continuing efficiencies from better operating conditions, delayed conversion of non-TfL funded London Local Service Agreement (LLSA) routes to TfL funded routes. This is in addition to the savings in commission

resulting from the change in income mix resulting from the slower than expected movement from cash fares to other products.

CAPITAL BUDGET

Capital Expenditure

5.16 Gross capital expenditure for the year to 11 December 2004 totalled £302m, which was £85m below budget before taking account of the overprogramming provision (£80m for the full year). The variance relates partially to lower than budgeted expenditure on the East London Line Extension of £15m and the Channel Tunnel Rail Link work at Kings Cross of £13m. Both these schemes were externally funded with the lower expenditure matched by lower capital receipts and as a result had no net impact on the TfL budget. Funding for the East London Line Project from the fourth quarter is included within the TfL budget. Gross capital expenditure for the year to date on non-reimbursed schemes was £248m, £57m (18%) below budget.

£m	Year to Date		Full Year	
	1 Apr to 11 Dec	Variance to Budget	Forecast	Variance to Budget
London Underground	162	(29)	282	(18)
Surface Transport	121	(35)	251	(7)
London Rail	6	(15)	13	(5)
Corporate Directorates	13	(6)	33	(2)
Overprogramming				80
Capital Expenditure	302	(85)	579	48
Reimbursed Expenditure*	(54)	28	(95)	26
Capital Receipts	(26)	9	(38)	17
Contingency				(25)
Net Capital Expenditure	222	(48)	446	66

* Including East London Line Extension and CTRL at Kings Cross
Expenditure below budget is shown by variances in brackets

5.17 Surface Transport capital expenditure is £35m below the budget. This includes £6m on technology refresh for Bus Radio due to later than expected contract completion, £7m on a range of Bus Priority schemes, £9m on the Road Safety Plan, £4m due to delays by utility companies and local authorities on the safety scheme to replace the two bridges on the A406 and £1m as a result of planning delays for the North Acton bus garage. These are all forecast to be delivered to budget before the end of 2004/05 with the exception of North Acton and some of the Bus Priority schemes.

5.18 London Rail capital expenditure is £15m lower than budget of which £9m is due to the decision to purchase new railcars for the Woolwich Arsenal extension and 3 car upgrade by finance lease which has delayed the contract award to later in the year. In additional £5m relates to the number of DLR railcars that have been refurbished being lower than originally committed to by the contractor.

5.19 The forecast for the end of the year is for total capital expenditure of £579m, £32m below budget before taking account of the overprogramming and contingency. After taking account of overprogramming, capital expenditure is forecast to be £48m above budget at the year end, highlighting that the adjustment for overprogramming was too great. Such trends will need careful monitoring next year where we have an aggressive overprogramming adjustment.

- 5.20 The variance on reimbursed expenditure relates principally to the lower than budget expenditure on the East London Line Extension of £14m and the Channel Tunnel Rail Link at Kings Cross of £12m
- 5.21 Project managers across TfL are currently forecasting a very high level of activity in the final quarter of the year, with gross spend some £53m above budget. If realised, this reflects a welcome upturn in the level of capital activity and means that the over-programming provision of £80m for 2004/5 will not be fully used.

Capital Receipts

- 5.22 Capital receipts for the year to 11 December 2004 totalled £26m, which is £9m below budget, mainly as a result of lower than budgeted property receipts following the deferral of the disposal of surplus properties connected with the A406 improvements at Bounds Green. The forecast for the end of the year is for total capital receipts of £38m, £17m below budget, mainly as a result of the Bounds Green related property receipts.
- 5.23 There may be further pressure on property sales proceeds in 05/06. TfL is discussing with the GLA and LDA participation in English Partnership's First Time Buyer's Initiative under which we would consider releasing suitable TfL property for affordable housing development. Whilst full value will be received for any property transferred, the timing of the receipts may fall later in the Business Plan period.

6. EFFICIENCIES

- 6.1 TfL's efficiency targets are built into the new 2005/6 – 2009/10 Business Plan, and into the revised 2004/5 budget. Efficiencies are delivered through better procurement, staff reductions (some enabled by the introduction of SAP) and reassessment of operational expenditure.

Expanded efficiencies programme in 2004/5

- 6.2 The original efficiencies target, built into the 2004/5 budget was £73m, including sustained savings from previous years. This target has subsequently been revised upwards to £107m, reflecting the incorporation of operational efficiencies due to the expansion in scope of the programme. These operational efficiencies primarily consisted of savings in London Underground due to revised arrangements for the delivery of operational communications infrastructure (project TIMIS).
- 6.3 Key developments in progress towards this target since the last Board report have been:
- Implementation of the HR Service Centre during January 2005. This is forecast to deliver £1.5m in benefits in 2004/5 due to reduction in staff posts. Benefits from 2005/06 will equate to £8.1m pa.
 - Finalisation of arrangements to deliver operational communications functionality in LU previously budgeted for under project TIMIS. This has resulted in a net saving of £31.8m in 2004/5.
- 6.4 The programme is currently on track to deliver the revised target of £107m. All of these efficiencies have been identified, and plans are in place to deliver the necessary

actions to ensure budgets are delivered (for example plans in place to reduce headcount to agreed end of year levels in specific targeted areas). Identified procurement efficiencies exceed the target by 15%, the level which experience shows is necessary to confidently forecast target delivery. This is further explained below.

Progress towards delivery of 2005/6 business plan targets

6.5 Work continues to sustain current year savings and identify new efficiencies to support the 2005/6 – 2009/10 business plan. Examples include:

- Requiring all new requests for staffing above the current agreed baseline to present a business case which is considered at Group level
- Organisational reviews e.g. Group Property and Facilities to examine delivery methods and the scope for further efficiency
- Work is commencing to examine the potential for efficiencies in the delivery of the Investment Programme, including proactive Procurement involvement early in the project lifecycle and other mechanisms to ensure value for money is delivered.
- Identification of 'non-cashable' savings allowed under the Gershon definition.

7. STAFF NUMBERS

7.1 As shown in **Annex 2**, the total Full Time Equivalents (FTE) for TfL staff at 11 December 2004 was 19,127 which was 126 (FTEs) below budget. The main areas with staff levels below budget are in London Underground Programmes by 23 and Surface Transport by 141 and these are partially offset by staffing levels above budget in Group Services by 122.

7.2 The variance in Surface Transport of 141 includes lower than budgeted staff levels for Road Network Operations (53) where a major restructuring programme has delayed recruitment, and Dial-a-Ride (57) which is in process of recruiting 40 drivers for depots. The remaining positions are on hold pending a reorganisation relating to the new call centre.

7.3 Group Services headcount is 122 over budget resulting from higher temporary staff than budgeted in Information Management as a result of additional project activity and Human Resources staff transferred from modes for the HR Service Change Programme. The full year forecast, which represents a reduction of 270 staff in the final quarter, is 18 above budget and this is expected to be achieved through the phased reduction of FTE throughout the remainder of year.

7.4 Total TfL staff at 31 March 2005 is forecast to be 19,125, which is 70 above budget, consisting mainly of London Underground Operations of 25 in response to increasing workloads on the PPP and Corporate and Support of 26 resulting from the use of agency staff instead of more expensive consultancy commissions and Group Services staff of 18 above budget. These are partially offset by lower than budgeted levels of staff in Dial-A-Ride of 21.

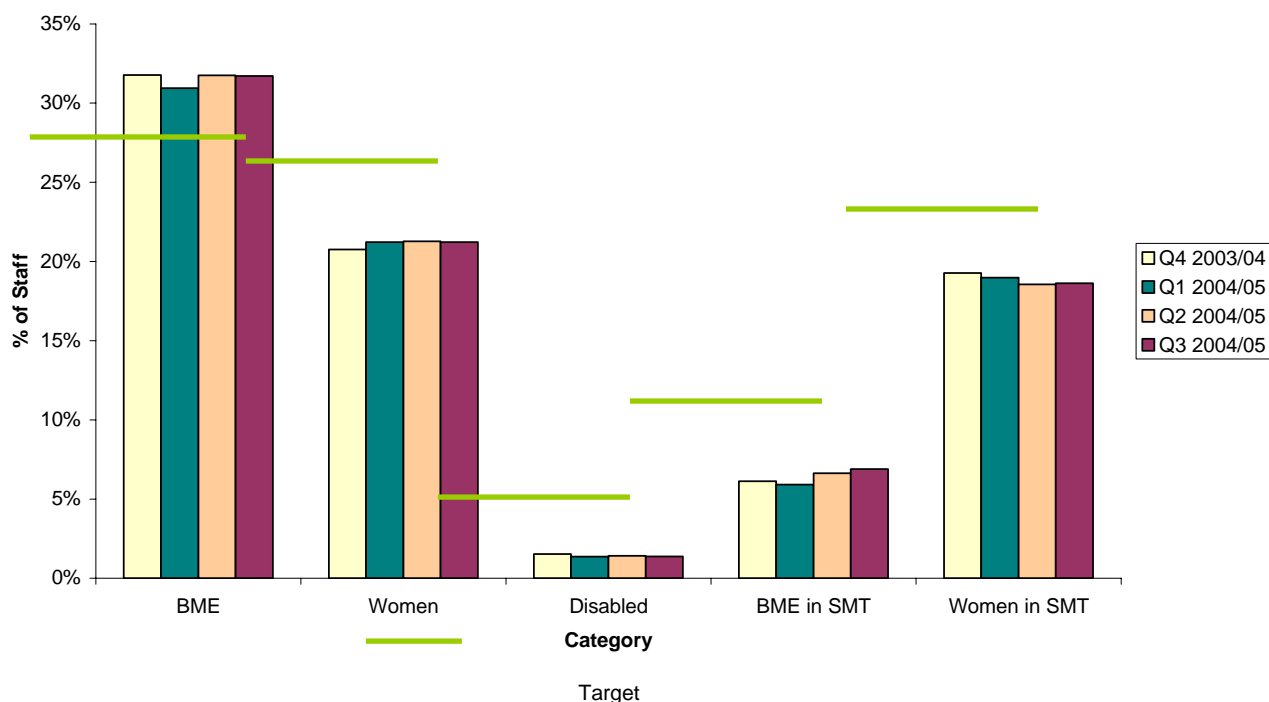
8. WORKFORCE COMPOSITION

8.1 Overall, the figures have not changed significantly from the last Quarter. There has been a slight improvement in the number of women employed (21.1% to 21.3%). Despite this, the number of women in the senior management team in the organisation has decreased marginally by 0.5%. Targeted recruitment campaigns, encouraging

women to apply for traditionally male dominated jobs will, in time, increase the number of women employees.

- 8.2 BME staff numbers have remained at just under 32%, which is well above the average economically active population in London. BME staff in senior management has shown a slight increase during this Quarter, but is still below the 2004/05 target of 8.8%. Positive strategies around recruitment and staff development will continue to be developed, to improve performance in this area.
- 8.3 The number of staff declaring a disability stands at 1.3%, and it is worth noting that there remains a lack of confidence in whether employees wish to confirm their disability status, despite improvements in how a disability is declared and recorded. Recruitment and retention practices are consistently being reviewed, in order to increase these figures. In addition TfL are currently collecting data in order to monitor the number of disabled in the SMT and this will be included in the workforce composition section in the next Finance and Performance report.
- 8.4 It should be noted that the Businesses have been given the opportunity to review and adjust targets, to ensure that they are realistic, achievable, yet challenging. This will be reflected in 2005/06 targets and beyond. TfL are working towards reporting on the sexual orientation of staff from the first quarter of 2005/06.

Workforce Composition



9. CONTACTS

For detailed enquiries on the Finance and Performance content of this report, please contact:
 Name: Richard Browning – Director, Group Business Planning and Performance
 Telephone: (0207) 941-4740

For detailed enquiries on the Workforce Composition content of this report, please contact:
 Name: Valerie Todd – Director, Group Equality and Inclusion
 Telephone: (0207) 941-4101

OPERATIONAL SCORECARD

Performance Indicators		Third Quarter				Year to Date			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
LONDON UNDERGROUND									
Safety									
Total number of major injuries and fatalities	#	26	n/a	n/a	47	81	n/a	n/a	97
CSS: personal safety and security	Score	81	79	2	79	81	79	2	80
Service Volumes / Ridership									
Usage: passenger journeys	M	238.1	223.9	14.2	230.0	684.9	664.7	20.2	651.5
Train kilometres operated	M	16.2	16.1	0.1	15.3	49.0	49.0	0.0	46.2
CSS: crowding	Score	73	68	5	71	74	68	5	73
Reliability & Service Quality									
Percentage of scheduled service operated	%	95.4	94.8	0.6	91.0	95.1	94.8	0.3	92.6
Excess journey time – unweighted	Mins	3.4	3.3	0.1	3.9	3.3	3.3	0.0	3.4
CSS: overall satisfaction	Score	78	76	2	75	77	76	1	76
CSS: information	Score	78	77	1	78	78	77	1	78
Peak Hour Trains cancelled	%	2.2	3.6	1.4	7.1	2.9	3.6	0.7	6.0
PPP PERFORMANCE									
BCV									
Availability - Lost Customer Hours*	('000) LCH	1,028	1,226	198	1,442	3,879	3,678	(201)	4,417
Ambience	Score	68.1	68.0	0.1	70.3	69.0	68.0	1.0	69.5
Facilities Faults	Points	13,652	11,880	(1,772)	16,600	48,041	35,640	(12,401)	51,543
JNP									
Availability - Lost Customer Hours*	('000) LCH	1,135	1,472	337	2,084	3,484	4,396	912	4,660
Ambience	Score	70.4	71.0	(0.6)	70.8	70.9	71.0	(0.1)	70.3
Facilities Faults	Points	29,460	21,960	(7,500)	40,878	92,842	65,880	(26,962)	107,190
SSL									
Availability - Lost Customer Hours*	('000) LCH	444	1,582	1,137	611	1,346	4,745	3,399	1,989
Ambience	Score	70.0	70.0	0.0	68.3	70.1	70.0	0.1	69.1
Facilities Faults	Points	12,984	14,250	1,266	14,421	40,983	42,750	1,767	51,782

* Agreed and abeyance

OPERATIONAL SCORECARD

Performance Indicators		Third Quarter				Year to Date			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
LONDON BUSES									
Safety									
Total number of major injuries and fatalities	#	186	n/a	n/a	372	850	n/a	n/a	849
CSS: personal safety and security	Score	82	80	2	81	84	80	4	81
Service Volumes									
Usage: passenger journeys	M	438.8	428.0	10.8	414.0	1,248.3	1,215.0	33.3	1,163.0
Bus kilometres operated	M	104.5	103.9	0.6	101.7	314.3	311.7	2.6	296.2
CSS: crowding	Score	77	77	0	76	78	78	0	78
Reliability & Service Quality									
Percentage of scheduled service operated	%	97.2	96.9	0.3	97.0	97.6	97.3	0.3	96.4
Excess wait time – high frequency routes	Mins	1.3	1.7	0.4	1.6	1.2	1.5	0.3	1.4
On time performance - low frequency routes	%	74.2	70.5	3.7	71.4	76.8	73.0	3.8	74.3
On time performance - night buses	%	81.5	78.0	3.5	77.6	81.5	77.5	4.0	78.4
CSS: reliability – journey/wait time	Score	80	79	1	78	80	79	1	78
CSS: overall satisfaction	Score	78	78	0	76	78	78	0	77
CSS: information	Score	72	75	(3)	73	73	75	(2)	73
Access									
Percentage of 'Low Floor' Buses	%	94.0	93.0	1.0	86.0	94.0	93.0	1.0	86.0
LONDON TRAMS									
Usage: passenger journeys	m	4.5	n/a	n/a	4.3	13.2	n/a	n/a	13.2
Percentage of scheduled service operated	%	98.8	98.0	0.8	99.7	95.5	98.0	(2.5)	99.8
CSS: overall satisfaction	Score	87	88	(1)	86	87	88	(1)	87
PUBLIC CARRIAGE OFFICE									
No. of taxi drivers licensed	000	24.8	25.6	(0.8)	24.8	24.8	25.6	(0.8)	24.8
No. of private hire drivers licensed	000	12.6	15.5	(1.9)	2.3	12.6	15.5	(1.9)	2.3
LONDON RIVER SERVICES									
Usage: passenger journeys	000	380.3	490.0	(109.7)	403.0	1,932.3	1,800.0	132.3	1,766.0
Percentage of scheduled service operated	%	99	99	0	99	99	99	0	99
VICTORIA COACH SERVICES									
Usage: Number of coach departures	000	48.3	43.0	5.3	44.0	151.4	131.9	19.5	134.8
CSS: overall satisfaction	Score	81	72	9	75	76	72	4	74
DIAL-A-RIDE									
Total costs per trip	£	14.8	13.2	(1.6)	13.1	15.6	14.0	(1.6)	13.4
CSS: overall satisfaction	Score	92	93	(1)	94	92	93	(1)	93

OPERATIONAL SCORECARD

Performance Indicators		Third Quarter				Year to Date			
		Actual	Target	Var	Prior Year	Actual	Target	Var	Prior Year
ROAD NETWORK OPERATIONS									
Safety									
No. of major injuries and fatalities (TLRN)	#	301	n/a	n/a	338	775	n/a	n/a	958
No. of major injuries and fatalities (Londonwide)	#	1,116	n/a	n/a	1,271	2,976	n/a	n/a	3,462
Service Volumes									
Cycling on TLRN (index April 2000 =100)	#	141.3	126.2	15.1	122.7	149.8	126.7	23.1	122.8
Reliability and Service Quality									
Street Lights working	%	97.6	98.0	(0.4)	97.4	96.3	98.0	(1.7)	97.2
Traffic Signals operating effectively (Londonwide)	%	97.4	97.0	0.4	97.5	97.4	97.0	0.4	97.2
Days of control/closure on sensitive roads	%	0	9	9	0	0	23	23	15
DOCKLANDS LIGHT RAILWAY									
Safety									
RIDDOR reportable injuries to staff/passengers	#	3	n/a	n/a	1	8	n/a	n/a	6
CSS: personal safety and security	Score	92	86	6	91	91	86	5	92
Service Volumes									
Usage: Passenger journeys	M	12.4	12.2	0.2	11.8	35.3	36.1	(0.8)	33.3
Train Kilometres Operated	M	0.8	0.8	0	0.8	2.3	2.3	0	2.3
Reliability and Service Quality									
Percentage of scheduled service operated	%	98.5	98.0	0.5	98.2	98.4	98.0	0.4	98.2
On-Time Performance – adherence to schedule	%	96.9	96.0	0.9	96.1	96.0	96.0	0	96.5
CSS : Overall Satisfaction	Score	96	84	12	94	95	84	11	94
CSS : Information	Score	96	86	10	95	96	86	10	95
Access									
% of system accessible	%	100	100	0	100	100	100	0	100
TfL GROUP (Consolidated Modal Results)									
Safety									
Total Major Injuries & Fatalities (exc Roads)	#	215	n/a	n/a	420	939	n/a	n/a	952
Service Volumes									
Usage: passenger journeys	M	695	672	23	661	1,985	1,939	46	1,864
Reliability and Service Quality									
Reliability of Service (Delay Index)	#	122	n/a	n/a	131	110	n/a	n/a	117
CSS: overall satisfaction (weighted)	Score	78	77	1	77	78	77	1	77

 Target achieved

 Performance below target
Notes/Key:

Negative variances are adverse.

INCOME AND EXPENDITURE

	Year to Date		Full Year	
	1 Apr to 11 Dec £m	Variance to Budget £m	Forecast £m	Variance to Budget £m
INCOME				
London Underground				
Traffic Revenue	(856)	(12)	(1,223)	(21)
Advertising	(33)	(2)	(47)	(1)
Property Rental	(24)	(2)	(32)	
	(913)	(16)	(1,302)	(22)
Surface Transport				
Bus Network	(595)	(6)	(874)	(8)
Other London Buses	(16)	(4)	(20)	(4)
Congestion Charging	(136)	(12)	(186)	(7)
Road Network Operations	(2)	(1)		1
Transport Policing & Enforcement	(12)	1	(20)	4
Other Surface Transport	(26)	1	(43)	(7)
	(787)	(23)	(1,143)	(21)
London Rail				
Docklands Light Railway	(30)	1	(42)	1
London Rail Core	(2)	(0)	(3)	(1)
	(32)	0	(46)	1
Corporate Directorates	(85)	(17)	(121)	(21)
TOTAL INCOME	(1,817)	(56)	(2,612)	(64)
OPERATING EXPENDITURE				
London Underground				
Operations	399	(13)	590	(3)
Programmes	995	7	1,410	(11)
Central Services	101	(5)	152	2
	1,495	(11)	2,152	(12)
Surface Transport				
Bus Network	883	1	1,299	14
Other London Buses	79	1	115	(23)
Congestion Charging	71	(7)	108	(8)
Road Network Operations	132	(12)	202	(3)
Transport Policing & Enforcement	64	(6)	103	(4)
Other	73	(3)	127	14
	1,301	(26)	1,954	(9)
London Rail				
Docklands Light Railway	47	(2)	80	1
London Rail Core	26	(3)	51	9
	72	(5)	131	10
Corporate Directorates	150	(8)	233	1
TOTAL OPERATING EXPENDITURE	3,018	(49)	4,470	(11)

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

CAPITAL EXPENDITURE

	Year to Date		Full Year	
	1 Apr to 11 Dec £m	Variance to Budget £m	Forecast £m	Variance to Budget £m
GROSS CAPITAL EXPENDITURE				
London Underground				
Operations	19	(20)	45	(21)
Programmes	147	(12)	235	(5)
Central Services	(4)	2	2	7
	162	(29)	282	(18)
Surface Transport				
London Buses	14	(8)	33	5
Congestion Charging	3	(2)	8	(3)
Road Network Operations	67	(20)	137	(4)
Transport Policing & Enforcement	2	(0)	2	0
Other	35	(6)	71	(4)
	121	(35)	251	(7)
London Rail				
Docklands Light Railway	6	(15)	13	(5)
Corporate Directorates Overprogramming	13	(6)	33	(2)
				80
GROSS CAPITAL EXPENDITURE	302	(85)	579	48
Capital Receipts Contingency	(74)	37	(124)	43
				(25)
NET CAPITAL EXPENDITURE	228	(48)	455	66

Expenditure below budget is shown by variances in brackets.

Staff Employed

31 March 2004		11 December 2004		31 March 2005	
		Actual	Variance to Budget	Forecast	Variance to Budget
	London Underground				
12,304	Operations	12,379	(12)	12,508	25
515	Programmes	509	(23)	528	(8)
589	Central Services	532	(6)	509	26
13,408		13,419	(42)	13,545	44
	Surface Transport				
640	London Buses	608	(17)	634	9
92	Congestion Charging	133	15	121	3
430	Road Network Operations	515	(53)	572	4
359	Transport Policing & Enforcement	412	(34)	446	
111	Traffic Management	143	(30)	173	
211	Public Carriage Office	216	7	215	6
433	East Thames Buses	444	13	433	2
550	Dial-a-Ride	559	(57)	595	(21)
16	London River Services	16		16	
115	Victoria Coach Station	113	(11)	124	
441	Management Support & Strategy	560	26	514	
3,398		3,719	(141)	3,843	3
	London Rail				
23	Docklands Light Railway	32	1	34	3
31	Other London Rail	29	(3)	32	1
54		61	(2)	66	4
	Corporate Directorates				
21	Office of the Commissioner	14	(7)	21	
128	General Counsel	104	(31)	108	(2)
168	Group Communications	55	(4)	57	
660	Finance & Planning	802	(21)	802	3
837	Group Services	953	122	683	18
1,814		1,928	59	1,671	19
18,674	Total Staff Employed	19,127	(126)	19,125	70

Variations below budget are shown in brackets.

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: Congestion Charging – Operations and Western Extension Update

DATE: 9 February 2004

1. BACKGROUND

1.1 This report provides the TfL Board with an update on:

- The operation of the current Congestion Charging Scheme.
- The current consultation on proposals to increase the £5 charge to £8 and a number of customer improvements to reduce hassle through the introduction of Variation Orders.
- Preliminary consultation on the proposal to introduce the Western Extension.
- The procurement strategy for the western extension and details of the negotiation with Capita and the enforcement infrastructure procurement.
- Road User Charging – going forward.

2. OPERATIONS

Service Provision and Capita's performance

2.1 The operation of the scheme has improved significantly during 2004 as demonstrated across a range of access, quality and satisfaction measures. The foundation of the improvements to the scheme can be found in the revisions to the contract with the main service provider, Capita, which were introduced in stages between September 2003 and April 2004. These revisions resulted in improved processes, IT systems and management, additional and better-trained staff, closer monitoring by TfL and a tough contract performance regime.

2.2 The changes, which focused on improving the quality of operations across the board have resulted in:

- Improved accessibility to the call centre. There are now very few problems in getting through to the call centre. The average time that a customer has had to wait to get through to the call centre has averaged 11 seconds and been consistently below 20 seconds since February 2004. Similarly the number of abandoned calls has been well below 1% of total calls since January.
- A reduction in the number of errors made in call centre payment processing - errors now account for 0.01% of all payments processed.
- Improvements to the Blue Badge and resident registration application process

- Complaint levels reducing by 60% and customer satisfaction increasing to 75% for those making an enquiry (up from 49% in March 2004) and increasing to 87% for those making a payment (up from 81%).
- Underpinning this has been much tighter monitoring of performance, with, for example, call centre monitoring showing performance up almost 50% year-on-year. This has been augmented with the introduction of mystery shopping for the retail and call centre channels.
- The inclusion of images of the vehicle on the PCN and a short, clear and simple information leaflet on the enforcement process provided with the PCN from July 2004. These have led to increased awareness and understanding by the keeper of the vehicle in relation to the offence committed and what and when to do next, and how to do it.
- Improved PCNs, processes, staffing levels and systems improvements to ensure that the processing of representations and appeals is fairly, efficiently and consistently applied. This has included the introduction of new, separate and dedicated teams of enforcement staff responsible for dealing with escalated calls from the call centre; for processing representations, appeals, complaints and queries from hire and lease companies and dealing with fleet issues.
- The contract with Capita contains 39 key performance indicators (KPIs) focussed mainly on availability and timeliness of key services and 13 additional indicators (QPIs) focussed on the quality of service across the board. In October 2003 some 35% of the performance indicators (KPIs plus QPIs) were not fully met, some to a very significant degree with consequential cost to Capita of some £580,000/month. By October 2004 the overall picture was much improved with 21% of the performance indicators not being met with the cost to Capita reduced to some £100,000/month.
- Looking forward TfL is continuing to seek further improvements in the ease of use of congestion charging and is working on developing options for improved payment schemes and other customer improvements.

Payments and Enquiries

- 2.3 Charge payments have remained very stable throughout 2004 at around 96,000 per day (excluding fleet payments). This is very similar to the level prevailing throughout 2003. 17% are made in respect of vehicles registered for the 90% in zone residents' discount.
- 2.4 The volume of charges by payment type also remains very consistent with 68% of full charge payments being 1-day (daily), 11% being 5-day (weekly) 9% being 20-day (monthly) and 12% being 252-day (annual).
- 2.5 While the payment split is well established since the start of the scheme there has been a consistent, steady pattern of migration between payment channels. The retail channel, which at the start of 2004 was used by 35% of customers, is now used by only 31%. This corresponds to the growth of the web and mobile phone SMS text message payment channels. At the current rate of migration web will overtake retail as the most popular channel in early 2005.

- 2.6 The breakdown of payments through retail outlets has remained consistent with 91% made through PayPoint machines located in shops and petrol stations. On average over the last twelve months, some 23% of PayPoint retail payments are made at petrol stations, 41% at other PayPoint outlets inside the charging zone and 36% outside the zone. The remaining 9% of retail payments are made using the Metric Self Service terminals mostly located in car parks in and around the congestion charging zone.
- 2.7 The growth in the mobile phone SMS text message payments is driven by the speed and simplicity of the service. Over 90% of users are satisfied with the service.
- 2.8 Payment of the charge via the contact centre has remained stable over the year at 19% with a small increase for payments by an agent and a similarly small decline for payments via Interactive Voice Recognition (IVR). The volume of calls handled by the call centre remains consistent at between 250,000 and 300,000 calls per month. Some 70% of these are payment calls with 30% of calls being enquiries and complaints.

Registration and Discounts

- 2.9 Registrations for fleet accounts have remained stable over the past 12 months with some 7,300 vehicles per day from 950 automated scheme accounts and some 4,500 vehicles per day from some 800 notification scheme accounts. Initially, a minimum of 25 vehicles had to be registered for a fleet to be eligible. The notification scheme is open to all vehicle types, but is primarily aimed at fleets of cars. The automated scheme is open to light vans, light goods vehicles and heavy goods vehicles but not cars. It is expected that the volume of fleet vehicles will increase substantially in 2005 as a result of the reduction in the eligibility threshold for the Automated Fleet Scheme from 25 vehicles down to 10 in December 2004.
- 2.10 Active residents, 9+ seater and other (mainly alternative fuel) vehicle discounts decreased at the end of the first year of operation as some users did not renew their discounts. Since then, there has been a steady increase in the number of accounts as a result new applications for the discounts. Blue Badge accounts have reduced month on month reflecting non-renewal of a proportion of these discounts. In October 2004 there were some 103,200 blue badge holder, 22,800 in zone resident, 11,000 9+ seater and 6,700 alternative fuel vehicles registered.

PCN Issue and Payment

- 2.11 The number of PCNs issued has gradually reduced and compliance improved over the course of 2004. PCNs issued per charging day has fallen from some 8,000 in March 2004 to some 6,600 in November and PCN payment levels have risen as a result of various factors, including:
- Improvements to the quality of front and back office services.
 - Improved awareness by customers of payment and enforcement processes, common mistakes and when, where and how the scheme operates.
 - Inclusion of an image on the PCN and an information leaflet with the PCN.
 - Increase in the penalty charge from £80 to £100 in July 2004.

- 2.12 TfL expects that this general trend of improved compliance will continue. A further reduction in PCNs issued is predicted as a result of the reduced fleet threshold and, subject to consultation and Mayoral approval, the introduction of the proposed further enhancements to the fleet scheme and discounts for monthly and annual payments.
- 2.13 The percentage of recovered PCNs and level of payment have continued to increase since the start of the scheme - average payment rate for PCNs issued between March 2004 and November 2004 is 71%, with average payment values reaching £57 for PCNs issued between August and November 2004 (£100 full rate).

Representations and Appeals

- 2.14 Since the introduction of congestion charging there has been a month-on-month reduction in the percentage and volume of representations made. The percentage of representations made from a high of 64% to current levels of less than 20% demonstrating improved processing by Capita and a better understanding of the scheme and the enforcement process by customers.
- 2.15 In the first year the main reasons for representations were as a result of errors by customers or Capita in paying the charge for the correct vehicle registration number or date of travel or incorrect registration or processing of discounts or exemptions. These have been substantially addressed and the current main reasons for representations relate to transfer of vehicle ownership and hire car companies transferring liability to the hirer of the vehicle at the time of the offence. There are still, however, a high number of representations as a result of customers entering their vehicle registration numbers incorrectly.
- 2.16 The volumes of appeals received has also consistently reduced from a high of around 3.8% in October 2003, to a rate of 2% in October 2004.
- 2.17 The percentage of appeals “won” by TfL at current appeal hearings has also improved and is currently consistently 70% or higher.

Debt Collection and Persistent Evasion

- 2.18 Where a PCN remains unpaid and there is no outstanding representation or appeal then the debt is registered at County Court and a warrant passed to bailiffs for recovery of the debt. The debt registration process does not result in a County Court Judgement or contribute to credit history or ratings. As at November 2004 some 314,000 warrants had been issued to bailiffs for recovery of the outstanding debt that equates to 11% of the PCNs issued. Since the start of charging an average of 13% warrants issued have resulted in payment. It is expected that the overall recovery rate will continue to improve and stabilise at around 20% over the course of 2005.

- 2.19 In addition to bailiff recovery TfL operates a dedicated on- street enforcement service using powers provided in Regulations to clamp and remove vehicles that are persistent evaders of the congestion charging scheme. A persistent evader is defined as a vehicle that has 3 or more outstanding PCNs with no representation or appeal outstanding. The effectiveness in identifying persistent evaders and enforcing against them has also improved over 2004. Up to the end of November 2004 TfL had clamped or removed 1,441 vehicles including some 200 in November resulting in the recovery of over £800,000 in otherwise “lost” revenue.
- 2.20 In addition to the on-street enforcement of persistent evaders TfL and its service providers are involved in monthly on street “filter” operations with the Metropolitan Police and other enforcement agencies such as the DVLA and the Vehicle Inspectorate. These exercises co-ordinate the intelligence led enforcement activities to target vehicles that are of interest to TfL, the Police and the other enforcement agencies. During 2004 there have been 29 such operations which have resulted in the identification of 170 persistent evaders, 31 tampered numberplates, 11 vehicles driving without insurance, 8 vehicles without valid driving licences and 282 vehicles without road fund licence. The exercises have also proven to be an excellent source for the Police for the identification of more serious criminal activity.

3. VARIATION ORDERS

- 3.1 Public and stakeholder consultation commenced on 7 December on two 'major' Variation Orders.
- 3.2 Variation Order No. 4 proposes to:
- Discontinue the fleet 'notification' scheme from October 2005, and
 - To reduce a number of residents' administration charges from £5 to £2.50
- 3.3 Variation Order No. 5 proposes to:
- Increase the charge from £5 per charging day to £8
 - Raise the charge from £5.50 per charging day to £7.00 for vehicles on the 'automated' fleet scheme and from £5.00 to £7.00 for vehicles on the 'notification' fleet scheme, and
 - Provide a 15% reduction for monthly and annual charge payments for non-residents.
- 3.4 The consultation is for a period of 12 weeks ending on 28 February. TfL will then prepare a report to the Mayor on the outcome of the consultation and present this to him, together with all representations received. The Mayor will then need to consider whether or not to confirm the changes, with or without modifications. It is currently anticipated that the Mayor would be in a position to make this decision in late March or early April 2005 with the agreed changes coming into operation in July 2005 .

4. WESTERN EXTENSION CONSULTATION

- 4.1 Preliminary consultation with key stakeholders on a draft Variation Order to allow a western extension of the central London congestion charging scheme commenced on 18 January 2005. TfL is consulting some 100 or so 'key' stakeholders, including the 33 London Boroughs, the ALG, business and freight representative groups, London Assembly Members, the GLA Functional Bodies, and motoring organisations.
- 4.2 The purpose of the preliminary consultation is to further assist TfL in refining the details of the design of the scheme and its operation prior to a public consultation planned for the Spring.
- 4.3 The draft Variation Order and supporting materials set out TfL's preferred scheme following further analysis and consideration of the range of alternatives suggested by respondents to the Transport Strategy Revision consultation and 'informal' discussions with the 10 most directly affected London Boroughs. The materials illustrate the predicted impact on preferred scheme based on the existing charge level (£5) as well as that currently being consulted upon (£8).
- 4.4 Preliminary consultation will run for five weeks (ending 22 February 2005). Depending on the outcome of this consultation, TfL would expect to be in a position to commence public and stakeholder consultation on a Variation Order for a western extension in late April 2005; this will be after the Mayor will have made a decision on the outcome of the charge increase consultation, and so the consultation will illustrate the impact of any such charge increase on the proposed western extension.

5. PROCUREMENT STRATEGY FOR THE PROPOSED WESTERN EXTENSION

WEZ Procurement strategy

- 5.1 The procurement strategy for the Western Extension Zone (**WEZ**) sets out to achieve the following objectives:
- Maintain/improve level of service for existing and new customers, and avoid a break in service to central scheme
 - Maintain a single customer interface (telephone number, web and SMS) and reduce hassle for customers
 - Achieve best value for TfL
 - Secure proven technology upgrades
 - Meet national and international legal and competition requirements
- 5.2 There are numerous individual contacts and arrangements which go together to form a "package" of contracts which will need to be put in place in order to implement the proposed Western Extension. These contracts vary considerably in value and in aggregate may exceed £100 million. The lead-in times for each contract also varies and consequently these contracts will be entered into at various stages leading up to the implementation of the Western Extension, should the relevant Variation Order be confirmed by the Mayor.

5.3 Each of these contracts will be awarded following the appropriate competition or negotiation in accordance with the prescribed WEZ procurement strategy described below and subject to the relevant approvals.

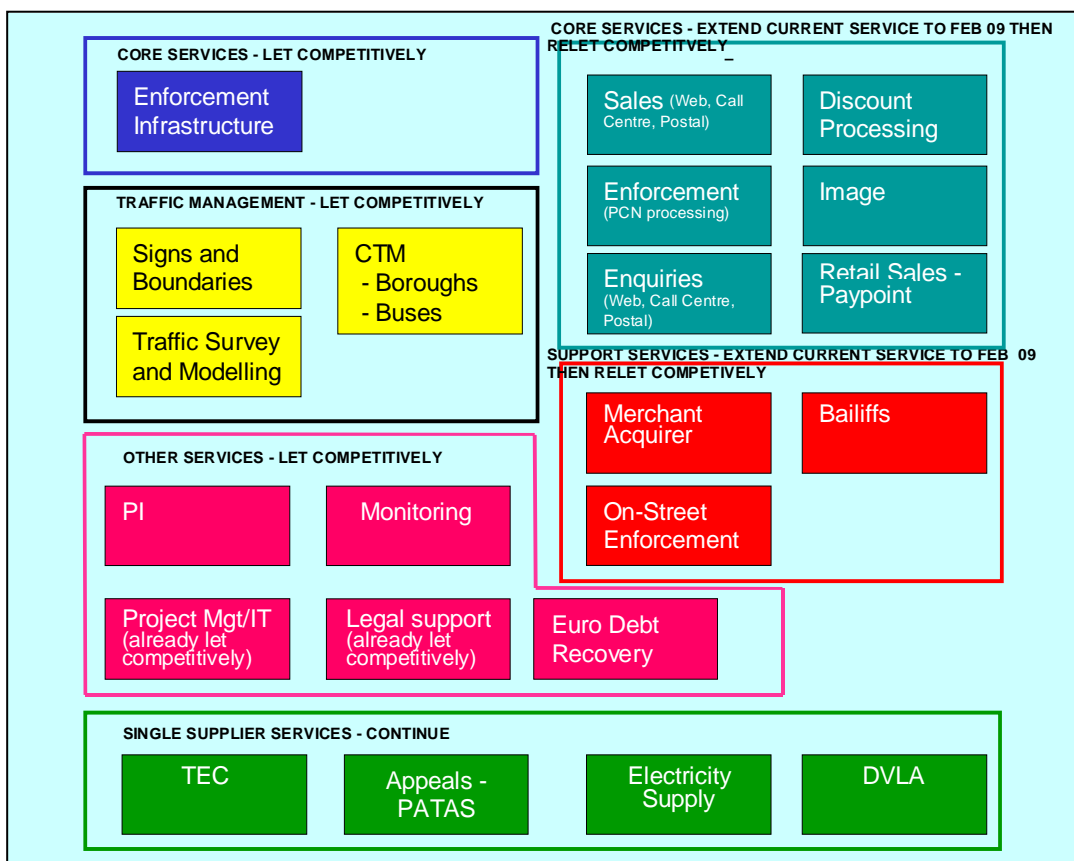
5.4 The overall procurement strategy for WEZ is to:

- Let competitively those services which are capable of being separated effectively
- Scale up those services that cannot be separated effectively including some of the core services currently undertaken by Capita and on-street enforcement services undertaken by NCP; and
- Carry on using monopoly services including those provided by DVLA and PATAS.

5.5 The “package” of contracts for the provision of equipment and services to support the proposed Western Extension includes the following key contracts and services:

- WEZ Supplemental Agreement
- Enforcement Infrastructure Contract
- Traffic Management
- Modelling and Monitoring
- Support Services
- Single Source Contracts (Monopoly Services)

5.6 The following diagram shows the procurement approach for each contract/service:



5.7 Key factors supporting the rationale of this procurement approach are:

- Current service provision for core services (Capita), on-street enforcement (NCP), Merchant Acquirer (Barclays) are satisfactory and the proposed customer improvements will further reduce the level of "hassle".
- Cost of early termination of the Capita contract at TfL's convenience to procure a common service across the combined central and western zones in February 2007, through a new competition, is high (£16.4M) and may adversely affect continuity and level of service.
- The core services currently provided by Capita are scalable for WEZ and lend themselves to securing a transparent cost plus pricing mechanism, largely determined in accordance with the existing change control mechanism and which offers a best value solution to TfL, predictability of service and advantages in terms of emerging new enforcement infrastructure technology in 2007.
- Full competition for WEZ alone with a go live in Feb 2007 would require considerable additional investment by alternative suppliers for a relatively short contract term (approximately one or two years) estimated at around £55m for the extended core services (excluding the enforcement infrastructure) which is unlikely to offer value for money.
- Full competition for WEZ alone would also; add cost to TfL, result in an impractical designation of responsibilities between service providers over common services between the central zone and proposed extension, add risk to maintaining quality of service on the central scheme and be premature in terms of Tag and Beacon technology, which would allow further improvements to the operation of the scheme.
- The existing Capita and other key contracts allow for a one year extension to their five year term to February 2009 which would allow for extended use of existing assets and tie into the potential offered by Tag and Beacon technology in 2009.
- With a re-let in Feb 2009 for the combined zone, WEZ services will operate for two years at a more reasonable cost to TfL than if the Capita contract was not extended beyond February 2008.

5.8 The procurement approach, extending/letting contracts and delivery of a full go-live for the proposed western extension in February 2007, depends on a number of key decisions:

- A decision by the Mayor following public consultation to confirm a new Scheme Order for a western extension. This is due to be in Sep 05.
- An acceptable best value WEZ Supplemental Agreement with Capita and other service providers can be agreed.
- The "New Technology" solution of using roadside ANPR and broadband communications is proven to work and is value for money. If a "New Technology" solution does not work, contracts will be placed to use existing technology. The new/old technology decision will be made in May 05.

WEZ Supplemental Agreement

- 5.9 In accordance with the prescribed WEZ procurement strategy, TfL are negotiating a WEZ Supplemental Agreement to the existing Rebaselined Combined Services Agreement with Capita (**WSA**) for the extension of some of the services currently provided by Capita in connection with the central scheme.
- 5.10 In addition to the overall WEZ procurement strategy described above, the following arguments support the strategy for negotiation of the WSA from a legal perspective.
- Boundary changes are within the contemplation of the original contract and may be invoked through the Mandatory Change Procedure as a permitted variation.
 - Capita already provide some retail services to residents in WEZ under the terms of the existing contract.
 - The provision of core services and image management to WEZ will be the same as for the CLoCCS service, only a larger scale.
 - For technical reasons and reasons connected with the protection of exclusive rights Capita would be the only contractor able effectively to provide those core services which are to be extended for a limited term. As far as practicable, all other services will be competitively let and/or called-off from existing frameworks.
 - Procurement of all congestion charging services for the re-let of the proposed combined zone is planned to start in early 2006 with a proposed commencement date of February 2009.
- 5.11 The key features of the proposed WSA are:
- The WSA will become part of the current contract with Capita through the established change control mechanisms contained within the current contract.
 - Operation of the WEZ will essentially involve a scaling up of some of the core services currently provided by Capita including for example some 40% additional standard charge payers.
 - The impact of Variation Orders 4 and 5 (to the extent that they may be confirmed by the Mayor) on vehicle and transaction volumes on the current scheme will be measured in the last three months of 2005 and reflected in the level of build and staffing required for the WEZ using transaction volume bands set out in the WSA.
 - The current quality and performance management regime will be retained and there will be additional quality and performance regimes to address new interfaces with other service providers, such as Enforcement Infrastructure.
 - Prior to confirmation of the Scheme Order, any work undertaken by Capita is limited to design and planning services plus technical trials and is subject to prior approval by TfL.
 - Prior to confirmation of the Scheme Order, Capita will be paid for approved work and services in accordance with the staff rates and general principles established by the change control mechanism under the current contract.
 - TfL will have the right to suspend or delay any work or services prior to confirmation of the Scheme Order and ultimately may terminate the WSA should the Scheme Order not be confirmed.

- TfL will reimburse Capita's set-up costs in respect of the capital expenditure and development costs incurred by Capita in scaling up its operations through a series of 6 milestone payments.
- The value of each milestone payment will be in proportion to the work delivered. Payment will only be authorised on the full achievement of the relevant milestone. In addition, a substantial percentage of the overall set-up costs will be retained and paid against the final milestone which is 3 months after go-live, to ensure that the extended service is operating properly.
- Capita's Set-up costs include development effort, programme management, delivery, implementation, testing & integration environments, investment in expanded infrastructure/systems, staffing, recruiting, training and accommodation.
- Title to all capital assets will be passed to TfL on expiry or termination of the contract.
- Capita's operating costs will be a mix of fixed monthly payments and a variable element depending on the volume of WEZ users. During the "bow-wave" period (approximately 3 months before to 3 months after Go-Live) additional operating costs will be paid based on the increased volumes for enquiries and successfully completed discounts above the current scheme baseline.
- The payment for successfully recovered PCNs will remain at the value agreed under the current contract.

5.12 In respect of the "package" of contracts which go to make up the contractual framework for the Western Extension it is proposed that only the WSA would be entered into prior to confirmation of the Scheme Order for the Western Extension. As outlined above, TfL will have the right to suspend or delay any work or services undertaken by Capita prior to confirmation of the Scheme Order and ultimately may terminate the WSA should the Scheme Order not be confirmed.

Current Status of Negotiations with Capita on the WSA

5.13 At the time of finalising this report negotiations with Capita on the WSA are nearing completion and it is anticipated they will be completed on or before the first week of February 2005 for a decision by the Commissioner subject to the TfL Board adopting recommendation (c) in this paper. A verbal update will be provided at the Board meeting.

5.14 The key issues still to be resolved in the negotiations with Capita at the time of finalising this report are:

- The overall and disaggregated set up and operating costs
- The percentage of the set-up costs to be allocated to each milestone.
- The transaction volume bands which determine the level of resources required to build and operate WEZ taking account of the observed impact of Variation Orders 4 and 5.
- The balance between the fixed and variable elements of the operating costs.

5.15 TfL's main concern is to ensure continuity and quality of service for the current scheme and the same level of service and quality for the proposed western extension from go-live at a reasonable cost. The WSA will not be signed unless this is achieved.

Enforcement Infrastructure Contracts

- 5.16 One of the key services in the “package” of contracts for the Western Extension is the provision of Enforcement Infrastructure equipment and services based on either “new technology” or if this is not feasible or too risky “current technology”.
- 5.17 TfL is seeking to take advantage of new technology for the enforcement infrastructure (cameras and communications links) which could be used in connection with any potential extension to the congestion charging scheme or subsequent re-let. The key feature of this technology is the use of roadside automatic number plate recognition systems which will allow the data from the camera to be transmitted over broadband links as opposed to the fibre optic cables used in the current system. Following the issue of an OJEU in August 2004 and detailed review of responses to the ITN Kapsch and Siemens were recently selected to go forward to the Technical Design Evaluation (TDE).
- 5.18 The TDE will run from February 05 through to June 05. A decision whether the new technology for Enforcement Infrastructure is feasible will be made in May 2005. The final outcome of the TDE and subsequent negotiations will be an agreed contract with one supplier to implement the WEZ Enforcement Infrastructure should a Scheme Order for the western extension be confirmed. This contract could be placed in September 2005.
- 5.19 An OJEU notice for the procurement of Broadband for the New Technology option was published on the 10 December 2004 with a view to obtaining bids and agreeing prices prior to the TDE decision in May 05. Any contract for the provision of Broadband would only be awarded if the Scheme Order is confirmed.
- 5.20 If the TDE demonstrates that the new technology is not feasible, or is too risky, the Enforcement Infrastructure will be provided using current technology. Should this be necessary then an ITT for the procurement of additional cameras will be issued in June 05 following an OJEU in August 2004. Communications links for a system based on current technology would be procured through existing framework agreements.

Traffic Management

- 5.21 The supply and installation of signs, boundary markings and monitoring cameras will be procured through existing framework agreements.

Modelling and Monitoring

- 5.22 Consultancy services for the provision of monitoring and modelling are being procured competitively through an OJEU Notice and restricted procedure.

Support Services

- 5.23 Support services include bailiff services provided by four organisations and On-Street Enforcement through NCP. These services will be extended through agreed changes to the existing contracts.

Single Source Contracts

- 5.24 Certain services are only available from a single source, for example vehicle licensing details from DVLA. Existing single source contracts will be extended through agreed changes to cover the additional requirements of the Western Extension.

6. ROAD USER CHARGING- GOING FORWARD?

Government Feasibility Study – Conclusions

- 6.1 The Government's feasibility study last year into road pricing concluded:
- National road pricing is becoming feasible – the earliest it could be implemented using satellite technology is 2014
 - Road pricing could meet Government objectives - efficient pricing, fairness, inclusion, economic growth, environmental benefits
 - A national distance based charging scheme could reduce urban congestion by half - £10bn in social benefits and £9bn revenues pa
 - But there is a need for more public consensus and for Government to take a lead now in encourage local schemes, particularly in developing a trajectory for how to take charging forward, to promote debate, research and co-ordination

London's Congestion Problems

- 6.2 Despite the introduction on the existing Central London congestion charging scheme, London still has extensive problems which will only get worse as London's population increases. 40% of England's traffic congestion is in London; it is most intense in inner and central London; caused by:
- The conflicting and high demands for travel in dense urban area
 - The requirement to balance needs of drivers, delivery vehicles, public transport users, pedestrians and cyclists
 - The competition for limited road space particularly during 7am-7pm weekday periods

- 6.3 Some key indications of Congestion in London are:-

- Congestion levels around London - measured weekday average
(minutes per kilometre)
- Congestion charging zone - pre charging 2.3
- post charging 1.7
- Proposed Western Extension area 2.1
- Inner London (main road) 1.4
- Outer London (main roads) South East 0.6
South West 0.8
North West 0.7
North 0.9
North East 0.7

The Mayor's Transport Strategy – Policies for Reducing Congestion

6.4 The Mayor's Transport Strategy contains a number of policies aimed at reducing congestion:

- Better enforcement of parking and loading
- Better management of existing road capacity
- Additional local road capacity to aid development
- Improved co-ordination of street-works
- Demand management through congestion charging

6.5 With the appointment of a new Traffic Manager for London, TfL has a program to 'Get London Moving' with:

- London Traffic Control Centre (LTCC) - the central operations hub of Traffic Management
- London Traffic Information System (LTIS) - the principal information tool for the LTCC and a resource for public information
- Signals - over 60% of London's traffic signals can be adjusted remotely from LTCC to suit changes in traffic demand
- COMET - computer system combining information from several sources to build a real time picture of road conditions and provide early warning to the LTCC of congestion
- Transport Operational Command Unit (TOCU) partnership with Metropolitan Police - compliance with traffic regulations and reducing crime on London's transport network
- Streetworks Taskforce to seek better works co-ordination on the TLRN; better advance planning; quick and safe completion of works
- New planning and permitting tool (LondonWorks)
- Traffic Management Act introduced by DfT

6.6 The programme for traffic management improvements above are important but they are unlikely to solve the existing as well as forecast congestion problems by themselves. Examination of the position in 2015 shows that even with planned public transport improvements there will be increased demands for road space and increased congestion. A holistic solution embracing better highway management, public transport, walking, cycling and travel demand and management and in due course road user charging is being developed as "Roadplan" and will be put to the SAP and Board shortly.

The Future for Road User Charging?

6.7 TfL's initial modelling of the effects of a London wide satellite distance based charging scheme with example charges of some 10, 30 and 50 p/km for outer, inner and Central London roads could:

- Reduce weekday traffic levels by some 10%
- Reduce excess delays by some 50%
- Generate significant revenues for investment in further transport improvements

6.8 With such potential large benefits from such a scheme TfL is considering the implications of the Government's feasibility study and wanting to start the debate with others on examining the possible options for how charging could be taken forward, and in particular considering a possible trajectory for road pricing in London. In terms of going forward TfL is currently progressing

- Enlarging the central zone to extend the benefits of the existing scheme in the short term; based on a review of options we have:
 - the Mayor's Transport Strategy has been revised to enable a western extension
 - we have reviewed options for this and selected a preferred scheme for preliminary consultation
- Exploring new approaches; such as
 - customer improvements to reduce 'hassle'
 - technology trials to enable further improvements of the existing scheme as well as to determine what could be available/work for future further schemes in London
- Considering the implications of other developments
 - lorry road user charging, national road pricing feasibility study
 - a national structure?

6.9 Before going forward in the development of possible trajectories to get to distanced based charging through some combination of town centre charging, charging on key routes and area-wide charging, there are many issues that TfL, the Boroughs and Stakeholders will need to consider to understand more fully the scale of the problems to be addressed, the scope for other interventions and nature and scale of impacts of road user charging

- Need better understandings and analytical techniques
- Role for demand-influencing charges on public transport
- Better appreciations of underlying trends in demand
- The public acceptability of any new charges
- The value for money of pricing solutions
- Need to examine role for parking charges as well as moving charges
- The need to reduce implementation, operational costs
- And whether other 'newer' technologies offer improved value for money over that used in the existing central London scheme

6.10 There is a need for:

1. A better understanding of charging schemes:
 - behavioural responses to a western extension likely to have wider relevance across London
 - further monitoring approaches being considered
2. Better analytical techniques
 - developing modelling to examine effects of different types and levels of charges
 - various enhancements being considered
3. Improved understanding of what technologies are available and will work.

TfL's Technology Trials and developments

- 6.11 TfL has established a trials programme to determine whether or not 'newer' technologies such as GPS (satellite positioning), GSM (mobile phone) or DSRC (tag and beacon) can:
- Work in London environment?
 - Be accurate and enforceable
 - Have limited Infrastructure requirements - visual intrusion
 - Offer more flexible, cost effective charging
- 6.12 We have liaised closely with Department for Transport and Customs & Excise and European colleagues.
- 6.13 Early Trials Results are:
- ANPR and Camera
 - Roadside ANPR and camera solution being proved - improved detection rates - lower cost - broadband communications
 - 'Urban' Tag and Beacon
 - Positive results with high detection rates being achieved at two test sites
 - Conclusion
 - Tag and beacon plus cameras / ANPR for charge collection and enforcement possible in London by 2009
 - GNSS (Global Navigation Satellite System)
 - Preliminary results indicate concerns about positional errors in central London
 - GSM (Global System for Mobile Communications)
 - Cell ID positional error varies for existing mobile operator cell location services
 - Potential for small cells being studied
 - Conclusion
 - GPS, GSM not likely as affordable solution in London within next decade
- 6.14 Stage 2 Trials will examine:
- The scope for tag and beacon in an urban context. A mini zone will be established inside the existing charging scheme, south of the river with some 20 entry points with tag and beacon technology. Alternative systems will be trialled to explore the scope of what policy options could be pursued with tag and beacon. Some 100 or so volunteer vehicles will test the technology.
 - The output of the trials will inform what can be delivered to improve the existing scheme as well what policy options are possible for further schemes. The trials are planned to start in February 2005 with equipment in place on street in May. Initial results will be available at the end of the summer with full results at the beginning of 06.
 - Stage 2 will also keep abreast of developing GPS solutions, and the scope for using 'pico cells' to enhance GSM solutions

6.15 Trajectories for possible development by TfL and interested Boroughs could consider:

- Introduce new technology to improve policy flexibility in existing scheme and proposed extension; tag and beacon could be possible by 2009 onwards
- Role of parking charges?
 - exploratory independent review commissioned
 - theoretical benefits from increased parking pricing could be substantial
- Charging in strategic centres?
 - Could be possible from 2010 onwards?
 - need to develop a town centre model to inform the scope for any potential action, in particular the scale and scope of complementary traffic management and public transport improvements
 - tag & beacon trials will inform technology choices
- Charging on strategic routes?
 - tag & beacon solutions could be possible from 2010 onwards, GPS later?
 - need to study a selection of possible sample routes
 - need to undertake further traffic and travel behaviour surveys to better understand the effects of charging in different parts of London
- London area-wide distance based charging possible from 2015, but to be affordable it needs to be part of a national scheme. Further, we would need to continue to work with the DfT if a national scheme is to be pursued by 2015; work on determining an agreed specification for the technology would need to start now.

7. RECOMMENDATION

7.1 The Board is invited to:

- (a) NOTE the current level of service provision and performance, the public consultations on Variation Orders 4 and 5, the preliminary consultation with key stakeholders on the western extension and current work and possible options for the future of road charging.
- (b) NOTE that the aggregate value of the “package” of contracts which go to make up the contractual framework for the Western Extension may exceed £100 million; and
- (c) APPROVE in principle the entering into of the “package” of contracts required to implement the Western Extension and in accordance with the levels of procurement authority in Standing Order No 2, Appendix 2 (Procurement and Disposal Transactions) authorise:
 - the Commissioner;
 - the Managing Director, Surface Transport; or
 - the Directors of Congestion Charging,

to award contracts to whichever bidders offer best overall value for money (where contracts are subject to a competitive tender) and agree the final terms of the contracts (where contracts are subject to negotiation) and enter into such contracts on behalf of TfL.

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: Taxi Fares and Taxi and Private Hire Licence Fees

MEETING DATE: 9 February 2005

1. INTRODUCTION

- 1.1 The purpose of this paper is to seek approval from the Board for changes in April 2005 to taxi fares. It also seeks approval for changes to licence fees for taxis and taxi drivers, particularly in respect of the introduction of fees for taxi driver and taxi applications and for licensing application tests and re-tests.

2. TAXI FARES

Background

- 2.1 Taxi fares are normally revised each April basing the changes on a cost index in use since 1981. The index, agreed with the trade, combines changes in operating costs and national earnings to produce a change in average fares aimed at maintaining real earnings.
- 2.2 The last revision was on 3 April 2004 when Tariff 1 (weekdays) was increased by 2.8% in line with the cost index, and Tariffs 2 and 3 (covering evenings/weekends and nights) were increased by 4%, bringing the all-week average fare increase to 3.3%. The bigger increase for Tariffs 2 and 3 was in recognition that the April 2002 consolidation of separate extra charges into the basic tariffs under-compensated drivers working largely outside the Tariff 1 period. A 'Heathrow extra' of £1 was also introduced on metered journeys within Greater London as a contribution from customers towards the costs paid by drivers for the Heathrow ranks and the provision of booking desks at the Heathrow terminals.

Proposed Changes for April 2005

- 2.3 This year it is proposed to increase fares across all three tariffs in line with the increase in the cost index. The mid-January figure is 3.3%. This compares with current year-on-year increases of 3.5% in the headline retail price index and 3.8% in average national earnings.
- 2.4 The cost index increase in the year to mid-January was lower than the 3.5% forecast in the paper to the Surface Advisory Panel. The main factors that contributed to this were falls in fuel and tyre prices.

- 2.5 As part of the consultation with the taxi trade last year, the PCO undertook to review the construction of the cost index in time for any agreed changes to be implemented for April 2005. The review has shown that the overall level of the index was about right although the relationship between national average earnings and taxi operating costs had become unbalanced. As a result of consultation with the taxi trade organisations, application of the new cost index will be deferred until next year to allow the trade more time to assess the implications. The cost to the trade of fitting receipt printers to taximeters has also been factored into the index. The requirement for a printer has applied to any taxi presented for licensing at the PCO since 1 January 2005. Details of the cost index are given in Appendix 1.
- 2.6 The taxi emissions strategy announced by the Mayor on 20 December 2004 introduced an environmental charge of a flat rate fare of 20 pence per journey, raising the fixed minimum part of the fare, the flag-fall, to £2.20 from April 2005. This charge, over and above the usual cost of living rise, would meet the cost of converting taxis to reach new environmental standards, and will be reviewed after three years. The taxi emissions strategy is one of a number of measures being introduced to improve air quality and is part of the Mayor's commitment to make London a Low Emissions Zone.
- 2.7 The Government supported a recommendation in the report by the Office of Fair Trading on nationwide taxi and private hire regulation that taxi fares should be a maximum, and agreed that the situation in London should be clarified. It was clear that the metered fare was the maximum outside of London, and legal advice confirmed that London is no different from the rest of England and Wales. The Government was grateful that the licensing authority for London had agreed to address this point through secondary measures, and as a result it is proposed to make explicit in the Cab Order for 2005 that fares are to be treated as a maximum rather than mandatory. In responding to media attention on this, the PCO has made it clear that, contrary to press reports, nothing has changed and no new rules or regulations are being introduced. A PCO Notice has also been issued on the subject for the attention of drivers and taxi media.
- 2.8 The effect of the proposals on average fares, together with examples of the impact on a range of fares across each of the three tariffs is attached at Appendix 2.

Consultation

- 2.9 Taxi trade organisations, together with LTUC, were asked to provide written responses to the outcome of the cost index review and the proposal to increase overall average fares by the forecast increase in the cost index of 3.5%, subject to the usual finalisation of the cost index in mid-January.

- 2.10 LTUC expressed no concerns and support the principle of the application of the cost index to determine overall average fares. Similarly, the LTDA and the T&G support the principle of the cost index. This year, they agreed that 3.5% (the December forecast cost index increase) would be an equitable increase to fares and expressed some dissatisfaction the final mid-January figure of 3.3%.
- 2.11 The London Cab Drivers' Club sought an additional 40p increase in the flagfall, or cab entry charge, (on top of the 20p increase for the emissions strategy) and the restoration of extras for luggage (10 pence per item) and 40 pence extra for each 3rd, 4th and 5th passengers. It did not propose changes to yardage/time per unit but wanted increases in the extra charges for journeys from Heathrow Airport and for journeys during the Christmas and New Year holidays. This combined package of increases, excluding the 20p environmental charge, would result in a 5.4% average rise in fares compared to the 3.3% resulting from the cost index.
- 2.12 The proposal to fund the cost of implementing the emissions strategy has met with some resistance from the trade. TfL, however, believes that improving taxi emissions is an important measure to improve air quality in London and that it is reasonable for those who use taxis to fund the cost of improvements.
- 2.13 The Mayor's Office has been kept fully informed of the consultations taking place, especially in respect of the approach to funding the implementation of the emissions strategy.

3. TAXI AND PRIVATE HIRE LICENCE FEES

Background

- 3.1 Charges for taxi and taxi driver licences were subject to maximum prescribed limits until 1981, when the Transport Act 1981 introduced changes that enabled the licensing authority to determine charges. Since then, licence fees have been reviewed every year and set to recover the full cost of the Public Carriage Office taxi licensing functions.
- 3.2 TfL first reviewed taxi and taxi driver licence fees in November 2001. They were reviewed again in April 2003. Significant increases were approved on both occasions to cover a wide range of increased costs following static fee levels throughout most of the 1990s, which reflected at least a decade of under-investment in the Public Carriage Office, its staff and licensing functions.
- 3.3 Taxi and driver licence fees were reviewed last year with increases broadly in line with inflation.
- 3.4 Private hire operator licensing in London was introduced in January 2001, and fees were revised in April 2003 and again in April 2004. Private hire driver licensing was introduced in April 2003, and fees were revised in April 2004. Private hire vehicle licensing was introduced in April 2004.

- 3.5 Amendments to Sections 6(5) and 8(8) of the Metropolitan Public Carriage Act 1869 enabled the licensing authority to charge for taxi driver and taxi applications and for licensing application tests and re-tests, as well a charging for driver and vehicle licences. The amendments to the 1869 Act enabled a fee to be set for the first time several years ago to help pay for the cost of the Knowledge testing process. The cost of a driver's licence was reduced by a proportionate amount. The principle of charging for applications and for tests and re-tests is that licence holders and applicants alike should pay for the costs of the licensing resources they use.
- 3.6 An increase in fees in one instance effective from 1 April 2005 is needed to ensure that the full cost of the licensing function continues to be recovered. The introduction of fees for taxi driver and taxi applications together with charges for tests and re-tests is also proposed together an overall reduction in the taxi licence fee.
- 3.7 It is necessary for the TfL Board to approve the making of regulations in order to amend private hire licensing fees. On this occasion, no changes are proposed to private hire fees. A change in taxi and taxi driver licensing fees does not require regulations: it is an administrative decision for the Board.

Proposed Changes for April 2005

- 3.8 The following changes are proposed with effect from 1 April 2005 based on the current forecast outturn for 2004/05 and the provisional budget and plan for 2005/06-2009/10.
- Taxi driver application £25 (new fee for 2005)
 - Taxi driver three-year licence reduced from £249 to £224 (10% decrease)
 - **Total taxi driver fees remain at £249 (excluding Knowledge fees)**

 - Written Knowledge pre-appearance test, All-London (Green-badge) applicants only (£25) (new fee for 2005)
 - One-off Knowledge 'appearance' fee for Suburban (Yellow badge) driver applicants remains at £100
 - One-off Knowledge 'appearance' for All-London (Green badge) driver applicants increased from £100 to £150 (50% increase)
 - Taxi licence application and inspection £105 (new fee for 2005)
 - Taxi annual licence reduced from £146 to £35 (76% decrease)
 - **Total taxi fees reduced from £146 to £140 (4% decrease)**

 - Private Hire operator licence application remains at £637
 - PH operator five-year licence (standard) remains at £1,510
 - PH operator five-year licence (small) remains at £500
 - **Total PH operator fees (small) remain at £1,137**
 - **Total PH operator fees (standard) remain at £2,147**

- PH operator licence variation remains at £25
 - PH driver licence application remains at £157
 - PH driver three-year licence remains at £105
 - **Total PH driver fees remain at £262**
-
- PH vehicle application and inspection remains at £75
 - PH vehicle annual licence remains at £25
 - **Total PH vehicle fees (excluding fees for MoT tests) remain at £100**

Taxi Fees

- 3.9 As indicated to the Board last year, the PCO was committed to a review of the licence fee structure as a result of amendments to Sections 6(5) and 8(8) of the Metropolitan Public Carriage Act 1869 that enabled the licensing authority to charge for taxi driver and taxi applications and for licensing application tests and re-tests, as well as charging for driver and vehicle licences.
- 3.10 Proposals for a revised structure for both taxi driver and taxi licence fees were put to taxi trade organisations including the Knowledge Schools and LTUC. Eleven out of twenty four organisations consulted responded to the consultation paper. The London Taxi Network (LTN), T&G and LTUC fully supported the proposals with the LTDA supporting the proposals in respect of driver fees. Other organisations including London Motor Cab Proprietors Association (LMPCA) expressed varying degrees of concern about the proposals. Only one of the six Knowledge Schools (the Knowledge College) responded to the consultation paper.
- 3.11 The original proposal for an application fee of £100 has been reduced to £25 in recognition of the potential impact on the number of applicants, and to ensure it does not constitute a significant barrier to entry, particularly for low income groups. The PCO believes that the proposals are fair and reasonable, and move a modest step further along the line of equitable charging arrangements. The impact of any changes would be closely monitored.
- 3.12 The forecast outturn for 04/05 and the provisional budget and plan for 2005/06-2009/10 enable a £6 (4%) reduction to be made to the overall taxi fees. A £6 (2.4%) increase in fees would be necessary to recover expenditure in respect of taxi driver licensing. However, the proposed licence fee restructuring enables overall fees to be held at £249 by redistributing a small amount of the expenditure from licensed drivers to applicants.

Private Hire Fees

- 3.14 A review of the licence fee structure for operators will form part of the post project implementation review of operator licensing planned for early 05/06. It is, therefore, not proposed to make any changes to operator fee levels for 05/06. Any changes would be introduced in 06/07 when operators renew their five-year licences for the first time.

- 3.15 A reduction in driver fees of £12 (4.6%) would be possible for 05/06. However, the proposal is to hold licence fees at their present levels, and to pass on any surplus by way of fee reductions in 06/07 for the benefit of the licensed drivers who will be renewing their three-year licences for the first time. The effect of the proposal would be to reward applicants for private hire driver licences who applied early when licensing was introduced in April 2003, and not to advantage those who delayed their applications to become licensed.
- 3.16 The forecast outturn for 04/05 and provisional budget and plan enable vehicle licence fees to remain unchanged.

Other Issues and Comparisons with Other Licensing Authorities

- 3.17 Other proposals associated with the taxi licence fee structure consultation are:
- a. There would be no refund of the £25 taxi driver application fee if an applicant is refused a licence.
 - b. In the event that a vehicle fails its licensing inspection, a second inspection would be free of charge. However, there would be no refund of the £105 combined application and inspection fee should a vehicle fail this second inspection.
 - c. A £35 charge would be made where an appointment for a taxi licensing inspection is cancelled with less than 24 hours notice.
 - d. No refunds would be given for fees paid if an appointment for a vehicle inspection is not kept and no reason has been given prior to the appointment.
 - e. There are occasions when vehicles for taxi licensing inspections are presented for inspection when they have not been prepared to the required standard and the inspection cannot be completed within the allocated time. The inspection is then terminated. On these occasions, a free re-test would not be offered and there would be no refund of the £105 combined application and inspection fee.
- 3.18 The reasons for the introduction of the arrangements at c, d and e above are to make more efficient use of the PCO's resources and to help improve first-time inspection pass rates.
- 3.19 The fees, as last year, for both taxi and private hire continue to compare favourably with fees charged by licensing authorities elsewhere, and this is especially so where fees have been held or reduced and when London's office accommodation, staff and general business costs are taken into account.

Impact on the Trades

- 3.20 Changes in taxi licence fees are included (as a very small element) in the cost-of-living index and are therefore recovered by the drivers through fares. The proposed fees were included in the cost index used to calculate this year's average rise in taxi fares.

4. ALTERNATIVES

Taxi Tariffs

4.1 Alternative options to implementing the proposed tariffs are as follows.

- Not applying any revision this year. This would be contrary to long established practice, would mean a real cut in 25,000 drivers' incomes, and would meet extreme opposition from the trade.
- Applying a revision over and above the increase in the cost index of 3.3%. This would result in an increase in real earnings rather than maintaining real earnings.
- Not applying an increase in taxi fares to fund improvements in emissions. The alternative is to fund improvements through grant or not to go ahead with improvements. The latter would have implications for the Low Emission Zone proposals.

Taxi and Private Hire Licence Fees

4.2 The alternatives are as follows:

- Fund the full costs of licensing through TfL grant, or through a combination of grant and fees. There is no justification to use TfL's financial resources to subsidise taxi and private hire businesses, particularly when the costs in the former are recovered through fares and the prices in the latter trade are unregulated.
- Not to introduce charges for taxi driver applications, and charges for tests and re-tests. This would have the effect of increasing the financial cost to licensed taxi drivers and owners as opposed to the incremental transfer of some costs to applicants.

5. IMPACT ON FUNDING

Taxi Tariffs

5.1 There is no direct impact on TfL as passengers pay for fares. There is no TfL subsidy, although TfL makes a substantial contribution to the Taxicard scheme, and the proposed increase of 3.3% and the environmental charge of a flat rate fare of 20 pence per journey would have a proportionate impact on Taxicard members.

Licence Fees

5.2 There is no impact on TfL. The proposed licence fees reflect the PCO's 2005/06 budget set out in its business plans. The budget is set to recover the full cost of PCO's licensing functions.

6. RECOMMENDATIONS

6.1 The Board is asked to APPROVE the following recommendations.

- 1) The proposed taxi fares.
- 2) The making of a London Cab Order, to be signed by the Commissioner of Transport *for* London on behalf of Transport *for* London, to implement the new fares with effect from Saturday 2 April 2005, and to make clear that fares are to be treated as a maximum.
- 3) The proposed licence fee revisions and changes for implementation with effect from Friday 1 April 2005.

Final Taxi Cost Index 2005

Index Component ¹	Cost Increase	Weight ²	Contribution to total ³	Data used	
				Source	Date
Vehicle Cost	1.3% ⁴	11.9%	0.2%	London Taxis International	end Dec
Parts	3.1% ⁵	6.9%	0.2%	As above	Jan 2005
Tyres	-0.6% ⁶	0.6%	0.0%	3 tyre suppliers	Jan 2005
Garage & servicing – premises	1.4%	4.9%	0.1%	Hillier Parker Rent Index	3rd ¼ '04
Garage & servicing – labour	6.0% ⁷	6.7%	0.4%	ONS labour market stats	year 2004
Fuel ⁸	19.7%	7.9%	0.8%	Arval PHH	mid Dec
Insurance	-5.5% ⁹	8.0%	-0.4%	3 insurance companies	Jan 2005
Miscellaneous	19.2% ¹⁰	0.9%	0.2%	PCO	end Dec
The Knowledge	3.7% ¹¹	4.8%	0.2%	ONS	3rd ¼ '04
Social Costs	3.7% ¹¹	2.5%	0.1%	ONS	3rd ¼ '04
Total operating costs	3.3%	55%	1.6%		
Average national earnings	3.7% ¹¹	45%	1.7%	ONS	3rd ¼ '04
Grand Total		100%	3.3%		

Notes

1. The index components are as normally used in the cost formula. They do not include any costs related to meeting the new emission control regulations from July 2005.
2. Each component's weight is the proportion it contributed towards the 2004 index grand total cost. These have not been adjusted to take account of any recommendations from the recent review of the cost index carried out by independent consultants.
3. 'Contribution to total' indicates the importance of each component's cost change in determining the forecast overall cost change of 3.3%.
4. This is based on the average financing cost of a range of different purchasing strategies.
5. This is London Taxis International's calculation of the value-weighted average price increase of the parts they supply to the trade.
6. The average price increase of 2 makes of tyre from 3 different suppliers including valve, balancing, fitting and VAT.
7. The trade earnings index is the change in hourly rate of pay (without overtime) for motor mechanics and auto engineers in the UK (based on the Annual Survey of Hours and Earnings - ASHE).
8. The fuel cost change is based on diesel prices at approximately 30 retail outlets in the London area.
9. This is the average of three companies' changes in premiums for taxi drivers. Two quotes were provided by a broker and one direct from the insurance company.
10. Includes April 2005 proposed changes to licence costs and excludes the 2004 increases that were accounted for in last year's index. Also includes average of costs quoted by five companies for hiring a receipt printer.
11. These figures are all set equal to the headline rate annual increase in average national earnings (ONS series code LNNC).

2005 Proposed Tariff Changes
3.3% increase plus extra 20p compensation for emission control costs

Average Fares

	Current average	New average	Increase (£)	Increase (%)
Tariff 1	£8.49	£8.97	£0.48	5.7%
Tariff 2	£9.84	£10.37	£0.53	5.3%
Tariff 3	£11.55	£12.12	£0.58	5.0%
All Week	£9.38	£9.89	£0.51	5.4%

Tariff Rates

	Tariff 1		Tariff 2		Tariff 3	
	Current	New	Current	New	Current	New
minimum fare	£2.00	£2.20	£2.00	£2.20	£2.00	£2.20
minimum units	2	2	2	2	2	2
metres/unit < 6 miles	174.8	167.9	141.4	136.0	114.0	109.8
secs/unit < 6 miles	37.6	36.1	30.4	29.2	24.5	23.6
metres/unit > 6 miles	122.5	117.7	122.5	117.7	122.5	117.7
secs/unit > 6 miles	26.3	25.3	26.3	25.3	26.3	25.3
Units at lower rate	55	57	68	71	84	87
Metres at lower rate	9614.0	9570.3	9615.2	9656.0	9576.0	9552.6
changeover fare	£12.80	£13.40	£15.40	£16.20	£18.60	£19.40

Example Fares

Journey length Miles	Tariff 1			Tariff 2			Tariff 3		
	Current	New	Change	Current	New	Change	Current	New	Change
minimum	£2.00	£2.20	10.0%	£2.00	£2.20	10.0%	£2.00	£2.20	10.0%
0.5	£2.60	£2.80	7.7%	£2.80	£3.00	7.1%	£3.20	£3.40	6.3%
1.0	£3.60	£3.80	5.6%	£4.00	£4.20	5.0%	£4.60	£4.80	4.3%
1.5	£4.40	£4.80	9.1%	£5.20	£5.40	3.8%	£6.00	£6.20	3.3%
2.0	£5.40	£5.80	7.4%	£6.20	£6.60	6.5%	£7.40	£7.80	5.4%
2.5	£6.40	£6.60	3.1%	£7.40	£7.80	5.4%	£8.80	£9.20	4.5%
3.0	£7.20	£7.60	5.6%	£8.60	£9.00	4.7%	£10.20	£10.60	3.9%
3.5	£8.20	£8.60	4.9%	£9.60	£10.20	6.3%	£11.60	£12.20	5.2%
4.0	£9.00	£9.60	6.7%	£10.80	£11.40	5.6%	£13.00	£13.60	4.6%
4.5	£10.00	£10.60	6.0%	£12.00	£12.60	5.0%	£14.40	£15.00	4.2%
5.0	£11.00	£11.40	3.6%	£13.00	£13.80	6.2%	£15.80	£16.60	5.1%
6.0	£12.80	£13.40	4.7%	£15.40	£16.20	5.2%	£18.60	£19.40	4.3%
7.0	£15.40	£16.20	5.2%	£18.00	£18.80	4.4%	£21.20	£22.20	4.7%
8.0	£18.00	£19.00	5.6%	£20.60	£21.60	4.9%	£23.80	£25.00	5.0%
9.0	£20.60	£21.60	4.9%	£23.20	£24.40	5.2%	£26.60	£27.60	3.8%
10.0	£23.20	£24.40	5.2%	£25.80	£27.00	4.7%	£29.20	£30.40	4.1%
11.0	£26.00	£27.20	4.6%	£28.60	£29.80	4.2%	£31.80	£33.20	4.4%
12.0	£28.60	£29.80	4.2%	£31.20	£32.60	4.5%	£34.40	£35.80	4.1%
13.0	£31.20	£32.60	4.5%	£33.80	£35.20	4.1%	£37.00	£38.60	4.3%
14.0	£33.80	£35.40	4.7%	£36.40	£38.00	4.4%	£39.60	£41.40	4.5%
15.0	£36.40	£38.00	4.4%	£39.00	£40.80	4.6%	£42.20	£44.00	4.3%
16.0	£39.00	£40.80	4.6%	£41.60	£43.40	4.3%	£45.00	£46.80	4.0%
18.0	£44.20	£46.20	4.5%	£46.80	£49.00	4.7%	£50.20	£52.20	4.0%
20.0	£49.60	£51.80	4.4%	£52.20	£54.40	4.2%	£55.40	£57.80	4.3%

All example fares assume entire journey charged on distance rates

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: A406 North Circular Road – Bounds Green

MEETING DATE: 9 February 2005

Purpose

1. For the Board to resolve that:
 - 1.1 TfL should not progress the major scheme for the A406 North Circular Road (between and including the junctions with the A109 Bounds Green Road and A105 Green Lanes), inherited from the Highways Agency (“the Inherited Scheme”), at this time, but that TfL should proceed with a smaller safety and environmental improvement scheme, based on a dual, predominantly two-lane roadway and widened at-grade junctions.
 - 1.2 Properties surplus to the requirements of the smaller safety and environmental improvement scheme at Bounds Green should be disposed of and a request made for the safeguarding, beyond the requirements of the smaller scheme, to be removed.
 - 1.3 The additional properties required for the smaller safety and environmental improvement scheme at Bounds Green should be acquired by negotiation but that the Board agrees in principle that TfL should make a Compulsory Purchase Order in case negotiations fail. The final decision to make, amend and implement any Compulsory Purchase Order (including the settling of the detailed boundaries of the land to be acquired) will be taken by the Managing Director, Surface Transport
 - 1.4 TfL should engage with the relevant Councils and local community on the design and implementation of the smaller safety and environmental improvement scheme for the A406 at Bounds Green following the Board’s decision.
 - 1.5 Further consideration will be given to options for improvement at Regent’s Park Road and Golders Green Road.

Background

2. At the meeting on 20 March 2003 the Board endorsed the proposal to construct a minor (safety and environmental improvement) scheme at Bounds Green,

comprising a dual two-lane roadway and widened at-grade junctions, rather than the Inherited Scheme. Subsequently, the Mayor received strong representations in favour of the Inherited Scheme and agreed to submit a request to central Government for funding the scheme in Enfield and two other 'inherited' major schemes on the A406 North Circular Road, at Regent's Park Road and Golders Green Road in Barnet.

3. At the meeting on 29 October 2003 the Board endorsed the following proposals:
 - 3.1 *To apply to government for additional funding for the Inherited Schemes and to commence work on (i) appropriate environmental measures and (ii) other worthwhile short term work in Bounds Green, Regent's Park Road and Golders Green Road which can be progressed irrespective of which improvement scheme is ultimately implemented or which would offer value for money if superseded by any other option. Useful progress can then be made in the area on appropriate traffic management, safety and environmental measures at minimal abortive cost.*
 - 3.2 *To take steps to retain the necessary safeguarding lines for the construction of the Inherited Schemes.*
 - 3.3 *To dispose of only such properties that would not be required for any of the improvement schemes, subject to the Mayor's approval (pursuant to paragraph 12(1) to Schedule 11 of the GLA Act 1999).*
 - 3.4 *To make any necessary amendments to the Business Plan to be approved on 29 October 2003 to ensure consistency with the option endorsed by the Board.*

The Mayor's Transport Strategy includes the following:

4. *4G.8 Road proposals promoted by Transport for London, the London boroughs or any other party, including revised versions of schemes inherited from the Highways Agency, will be assessed against the objectives of the Transport Strategy to ensure that they broadly meet the following criteria:*
 - *Contribute to London's economic regeneration and development.*
 - *Do not increase the net traffic capacity of the corridor unless essential to regeneration.*
 - *Provide a net benefit to London's environment.*
 - *Improve safety for all users.*
 - *Improve conditions for pedestrians, cyclists, disabled people, public transport and business.*
 - *Integrate the local and strategic land use planning policies.*

Where schemes worsen conditions against any of these criteria, there will be a presumption that the scheme should not proceed unless benefits in other areas very substantially outweigh any disbenefits.

5. The Faber Maunsell Scheme assessment of October 2003, while suggesting that in some respects greater economic benefit might follow from the Inherited Schemes for the A406 at Bounds Green, Regent's Park Road and Golders Green Road, nonetheless identified substantial benefits (including accident reduction) from the then proposed smaller safety and environmental improvement schemes.

Spending Review 2004

6. The results of the bid to Government for additional finance are now available following the announcement of the 2004 Spending Review. Although the Government provided an improved settlement and prudential borrowing powers for TfL over the next five years, funding for TfL's full capital programme was not provided. TfL must therefore consider how best to prioritise its resources in light of the outcome of the 2004 Spending Review.
7. It is estimated that the three Inherited Schemes for the A406 would cost (at 2004 prices):
 - £266M for Bounds Green; and
 - £183M for Regent's Park Road and Golders Green Road.

Benefit/cost ratios for the three inherited schemes, based on safety and journey time benefits within a 30-year evaluation time-frame (to the standard prescribed by WebTAG, the Highways Agency's Transport Assessment Guidance) are estimated at:

- 0.18 for Bounds Green
- 0.45 for Regent's Park Road and Golders Green Road combined.

By way of contrast, the new safety and environmental improvement scheme now proposed at Bounds Green has a cost of £25.4M and a benefit/cost ratio (based on the same standard evaluation methodology) of 10.17, making it excellent and far better value for money than any of the Inherited Schemes. Smaller schemes traditionally have better benefit/cost ratios but in this instance it is significantly better.

Regent's Park Road and Golders Green Road

8. TfL has undertaken public consultation on small scale safety and pedestrian improvement schemes for the A406 at Regent's Park Road and Golders Green Road. Scheme designs are being reassessed in light of feedback from the consultation. Further consideration is being given to options for improvement at these two locations, bearing in mind the current £2.4m provision in the TfL budget. A report and recommendations in regard to these and the associated safeguarding and TfL-owned properties will be taken to the appropriate level at a later date.
9. This Board report and recommendations therefore addresses, specifically, the scheme for the A406 North Circular Road, at Bounds Green.

A406 North Circular Road - Bounds Green (see attached location plan at Appendix 3)

10. In the light of the relative cost benefit analysis and the outcome of the 2004 Spending Review, expenditure of some £266M on the Inherited Scheme for Bounds Green is not recommended. However, “do nothing” is not considered to be an option at Bounds Green. The A406 North Circular Road carries significant business and private transport in North London mainly via dual two or dual three lane carriageways with grade separated junctions. The section which is proposed for improvement in this report (broadly between and including the junctions with the A109 Bounds Green Road and the A105 Green Lanes) is mostly single carriageway with a number of signal-controlled junctions. This section of the A406 is routed through a densely populated area, predominately residential with commercial and retail facilities and with a number of schools and industrial establishments either near to or on the road. The resulting congestion, rat-running, severance and inadequate provision for pedestrians, cyclists and buses is severely detrimental to the local environment and safety. The area is known to have accident problems for all road users and there would be a strongly negative public reaction to any "do nothing" option since an improvement scheme has been promised and discussed for many years.
11. Following the outcome of the 2004 Spending Review, TfL has been able to retain funding provision in the Business Plan for a smaller Bounds Green safety and environmental improvement scheme which could be carried out within the life of the Business Plan and which includes for an improved dual, predominately two lane roadway, widened at-grade junctions and improved pedestrian, cyclist and bus priority arrangements. The scheme would be to a wider footprint to that consulted upon in June 2002, to facilitate a more comprehensive environmental improvement and greater junction efficiency.
12. Within the c. £25.4M capital provision for the smaller Bounds Green scheme, £2M has been set aside for the affected boroughs for traffic calming and related mitigation measures to address rat running, noise and safety issues in the adjoining side roads. A further £2M is to be provided for hinterland traffic calming via the TfL-funded Borough Spending Plan process. The increased junction efficiency will help also to encourage rat-running traffic within the corridor back on to the main road.

Budget Provision

13. The funding profile provided for in the TfL 5-year Business Plan for the Bounds Green to Green Lanes safety and environmental improvement scheme is set out in the table below.

<i>£m</i> (2004/05 prices)	2003/ 04	2004/ 05	2005/ 06	2006/ 07	2007/ 08	2008/ 09	2009/ 10	Total Project Capital Cost
A406 NCR B/Gn	0.2	1.1	6.1	7.9	8.4	0.8	0.9	25.4

Borough Funding

14. A sum of up to £4M (committed on 7 October 04 by the Mayor in consultation with local MPs, Councillors and residents groups) is to be provided for appropriate traffic calming schemes on the surrounding road networks in Enfield, Barnet and Haringey, intended to deal with “rat running” traffic. This comprises of £2m provision within the Bounds Green scheme budget of £25.4m and £2m to be provided from within the TfL-funded BSP process. The 3 boroughs submitted initial bids for funds in July 2004, with an estimate for design, consultation and implementation of £2.4M. The proposals have been approved in principle and arrangements have been made for the first tranche of funding for initial design and consultation of £83K.

Property

15. All properties purchased in association with the Inherited Scheme at Bounds Green were purchased by negotiation or under blight and no CPOs were made. The recommendation to the Board is that the surplus properties at Bounds Green should be sold and that a request should be made for the safeguarding for the Inherited Scheme at Bounds Green to be removed, superseding the previous Board decision (see 3.2 above).
16. TfL currently owns 429 properties at Bounds Green, which consist of 376 residential units, 36 commercial units and 17 plots of land. The open market value of these properties as at 31 March 2004 was circa £70m. Property with a value of circa £60M will be available for sale over the 5-year plan period. (For information, TfL owns 31 properties and 10 plots of land at Regents Park Road and Golders Green Road, with an open market value of approximately £10M.)
17. Of the 376 residential units owned by TfL at Bounds Green, 227 are let to LB Enfield, many of which they in turn sub-let to Housing Associations or locally based community groups on very short leases. The tenancy is determinable at any time upon six months notice. The remaining 149 residential units, together with the commercial properties, are managed directly by TfL Group Property.
18. The properties have not had the benefit of proper investment and improvement for many years while uncertainty surrounding the improvement scheme continued. In the absence of a decision this would mean that the blight continues and the properties become even more run-down. Implementation of the safety and environmental improvement scheme at Bounds Green will help to bring an end to uncertainty and create an environment where currently unusable accommodation could be refurbished and residual sites be redeveloped, following sale by TfL. Subject to planning consents, redevelopment provides an excellent opportunity for substantial improvement in

the quality of the built environment and public realm more generally, together with housing opportunities for key workers and those on lower incomes

19. There were approximately 17 properties with a total value of circa £5M, which are surplus whichever scheme is finally adopted at Bounds Green. TfL Group Property has already sold properties to the value of circa £2M at auction and the remainder are budgeted to be sold during the current and next financial year, as separate units, to realise the balance of £3M.
20. Subject to detailed design for a safety and environmental improvement scheme, it is anticipated that some TfL-owned land will be impacted and, additionally, some further land and properties may need to be acquired. It is hoped that this will be achieved through negotiation but the Board is asked to agree, in principle, that TfL should seek a Compulsory Purchase Order (CPO) to assist should these negotiations fail, to provide certainty to its programme. The statutory processes could take approximately 12 to 18 months to conclude.

Programme

21. The estimated duration for design and related work is 18 months. During this period negotiations to acquire any additional land required for the scheme would be progressed. Following design, the construction period is estimated to be 24 months.
22. Risks to the programme primarily relate to the speed at which it is practical to determine tenancies and re-house tenants and success in acquiring necessary additional land and property without need to resort to compulsory purchase.

Local Borough Representations

23. The three relevant Boroughs of Enfield, Haringey and Barnet, both individually and collectively as part of the North London Strategic Alliance, have made formal representations in regard to TfL's proposals. TfL has undertaken that the boroughs' representations will be included for the Board to consider in its deliberations, and the report to the Board was delayed to allow the Boroughs further time to respond. Boroughs' views in regard to TfL's proposals and TfL's response are summarised in Appendix 1 and borough representations are reproduced in full in Appendix 2 to this Board Report. The Board's attention is drawn to these Appendices.

Recommendations

24. The Board is asked to APPROVE the following recommendations:
 - That the Inherited Scheme for the A406 North Circular Road at Bounds Green should not be progressed at this time.
 - That a predominantly dual 2-lane safety and environmental improvement scheme with widened at-grade junctions should be progressed at Bounds Green and that this would be similar to that submitted for consultation in June

2002 but to a slightly wider footprint to make better provision for buses, pedestrians and environmental treatment and by enabling greater junction efficiency, to attract rat-running traffic in the corridor back to the main road.

- That the surplus properties at Bounds Green should be disposed of and a request made for safeguarding to be amended to that required for the safety and environmental improvement scheme.
- That additional properties required for the smaller safety and environmental improvement scheme at Bounds Green should be acquired by negotiation but that the Board agrees in principle that TfL should make a Compulsory Purchase Order in case negotiations fail. The final decision to make, amend and implement any Compulsory Purchase Order (including the settling of the detailed boundaries of the land to be acquired) will be taken by the Managing Director, Surface Transport.
- That TfL should engage with the relevant local Councils and community on the design and implementation of the smaller safety and environmental improvement scheme for the A406 at Bounds Green, following the Board's decision.
- That further consideration will be given to options for improvement at Regent's Park Road and Golders Green Road.

Peter Brown
Chief Operating Officer - Streets
Surface Transport

January 2005

Appendices:

Appendix 1 Summary of Boroughs views on TfL's proposals and TfL's response

Appendix 2 Representations received from London Boroughs of Barnet, Enfield, Haringey and on behalf of North London Strategic Alliance

Appendix 3 A406 North Circular Road – Bounds Green Location Plan

APPENDIX 1

SUMMARY OF BOROUGH REPRESENTATIONS AND TFL RESPONSE

REF	SOURCE	SUMMARY OF BOROUGH ISSUES	TFL RESPONSE
1	Barnet NLSA	TfL has failed to engage with the public and the Councils.	TfL undertook a wide consultation on the Bounds Green Scheme in June 2002 and has engaged with the Council on many occasions subsequently. On 7 October 2004, the Mayor visited the A406 Bounds Green and discussed the problems of the area with representatives of Enfield Council and local residents groups, parents and staff at Bowes School and local politicians.
2	Barnet	TfL has given an unacceptably short timescale for boroughs to make representations.	TfL has twice extended the period for formal response from boroughs to provide a total of 7 weeks, additional to the long period for informal discussion since the above consultation.
3	Barnet Enfield	Council and local community views have not been fully considered as part of the decision-making process. Local authorities should have the opportunity for a meeting with the Mayor before any further decision is made.	See response to No 1 above. Consultation responses and Council representations have been fully considered in the development of proposals and preparation of the Report for Board decision. Representatives of Barnet, Enfield and Haringey are meeting the Mayor to discuss their concerns in regard to the A406 in early February 2005, prior to the Board meeting.
4	Barnet	The Council has not been able to comment on the TfL Board Report in its final form. The draft report is unclear in regard to improvement schemes at Regent's Park Road and Henly's Corner.	The Board Report makes clear that decisions are sought only in regard to a scheme for Bounds Green. Following public consultation on the other two schemes, there is a need for further consideration of scheme designs.

NLSA – North London Strategic Alliance

REF	SOURCE	ISSUE	RESPONSE
5	Barnet Enfield Haringey NLSA	The Council strongly opposes TfL's proposals, which it considers inadequate in addressing the congestion and safety issues on the A406 and wholly unacceptable also to its local community, who suffer current traffic and environmental problems as a consequence of the lack of major improvements.	Consistent with the Mayor's Transport Strategy, the TfL proposals seek to provide a balance in provision for competing demands, increasing junction capacity to provide for pedestrians to cross conveniently and in safety and to encourage rat-running traffic back on to the main road, without generating additional traffic in the wider corridor. See also response No 10.
6	Barnet Enfield NLSA	No evidence has been produced that supports a decision to abandon the original scheme, nor that current proposals are consistent with the Mayor's Transport Strategy. Earlier commissioned reports demonstrate the inherited schemes are more consistent with the MTS, have good benefit/cost ratio and will deliver greater improvements.	The TfL Report makes clear that the Bounds Green safety and environmental improvement scheme, as now proposed, delivers an excellent benefit/cost ratio of 10.17, particularly when compared to a 0.18 ratio for the "inherited scheme". The scheme provides very significant improvements in provision for pedestrians, cyclists, bus passengers and general traffic, creating capacity to encourage rat-running traffic in the corridor back to the main road. It also provides real opportunity for a step change in the quality of the local environment. As such, the scheme is entirely consistent with the Mayor's Transport Strategy.
7	Barnet NLSA	TfL's Business Plan suggests the proposals will have a neutral effect on journey time. The Council believes the cost and disruption to be unacceptable with no subsequent reduction in congestion and that TfL has not adequately considered the requirements of the Traffic Management Act.	The proposed Bounds Green safety and environmental improvement scheme is designed to encourage rat-running traffic back to the main road, without generating additional traffic on to the corridor. The scheme is intended also to achieve an improvement in journey time reliability. Both are considered to be worthwhile objectives, entirely consistent with the TMA.
8	Barnet	Disposal of the property will effectively rule out future improvements. Removal of the safeguarding and disposal of property is premature, even if a major scheme was not to be pursued at this time.	See responses under 5, 7 and 10. TfL is keen also to release property to enable the land to be put back into long-term sustainable use and provide the opportunity for substantial improvement in the streetscape, which would not be possible if the properties were to be

REF	SOURCE	ISSUE	RESPONSE
			retained.
9	Barnet NLSA	Made Orders exist for the major schemes in Barnet, removal of safeguarding and disposal of property would be premature unless these Orders are revoked. With minor updating, the two “inherited” schemes in Barnet could progress to detail design and construction almost immediately, with two quick wins in tackling chronic congestion blighting North London.	The Board Report does not seek any decisions at this time in regard to the safeguarding and disposal of TfL property holdings in relation to the A406 in Barnet.
10	Barnet NLSA	TfL has not considered the effect of major regeneration schemes at Cricklewood and Brent Cross. The lack of major improvements to the A406 will impede regeneration potential of sites identified in the London Plan and hamper the 2012 Olympic bid.	See responses under 5 and 7 above. Any increase in capacity of the corridor would very quickly be filled, prior to such regeneration, by additional traffic generation and/or diversion from such routes as the M25, eliminating any benefits and creating further traffic problems downstream. In much of the Capital, the road network operates at or close to capacity in peak traffic periods. Regeneration and the transport demands associated with it must seek to be sustainable, balancing accessibility against mobility, the latter focussed on public transport options, buses, in particular, in the short-term.
11	Barnet	Following years of delay, the Council believes TfL is intent to proceed in haste to make decisions with serious medium to long-term impacts.	Residents have waited some 40 years for relief and the poor local environment is testament to this. It is time to take the opportunity to make real and lasting improvements.
12	Barnet Enfield NLSA	The Council is keen to work with TfL in seeking additional funding to support major improvements to the A406.	See response to No 11 above. It is time to move forward with the affordable scheme at Bounds Green that offers real benefits and excellent return on investment.

REF	SOURCE	ISSUE	RESPONSE
13	Enfield NLSA	A major improvement scheme involving grade separation is necessary to provide the capacity to produce the environmental benefits required. Such a scheme would represent better value overall as a smaller scheme would not enable realisation of the benefits of previous major investment in schemes either side of Bounds Green.	See responses to Nos 5, 6, 7 and 10 above.
14	Enfield	TfL should take immediate measures to mitigate pollution effects at Bowes Road Primary School, including environmental screening, and safety measures for pupils and parents wishing to walk to the school.	Given the intended speed of introduction of the comprehensive safety and environmental improvement scheme, subject to TfL Board decision, the scheme itself will address the issues of concern and obviate other measures. However, TfL will continue dialogue with the school to see if there is anything practical and worthwhile to be achieved very quickly.
15	Enfield	The Council requires an undertaking that no TfL-owned property is sold until such time as an acceptable solution to the housing problems in the area has been agreed with the Council.	See response to No 8. TfL is obliged to seek market value for land and property on disposal. TfL is keen to enter into dialogue with the Council to seek agreement on disposal strategy, re-housing of tenants and any planning/development briefs.
16	Enfield NLSA	The Council asks the Board not to agree any recommendations that prevent further TfL work on alternative solutions to the problems created by the A406. This should include development of long-term solutions, while pursuing short-term measures that would not compromise any major improvement of the North Circular Road.	See response to Nos 7 and 8 above. TfL is of the view that its proposals would not compromise any future major scheme. However, TfL would not recommend building excess capacity into the corridor as this would be contrary to the Mayor's Transport Strategy, with effect as indicated in No 10 above.

REF	SOURCE	ISSUE	RESPONSE
17	Haringey NLSA	The Council believes TfL has considered a scheme for enhanced capacity between the proposed and the “inherited” scheme. The Council considers such intermediate options should be developed and would be pleased to work with TfL on this. Meanwhile, the Council seeks an assurance that no land or property be sold until such options are fully considered by TfL and the Borough.	See responses to Nos 7, 8, 11 and 16. TfL is able to pursue an affordable and worthwhile scheme now, offering significant improvement and relief to the local area and at a benefit/cost ratio of 10.17, representing excellent value for money. There is no provision in TfL’s Business Plan for the costs of an intermediate option, which, if involving flyovers, would be environmentally intrusive, and would risk exacerbating problems of congestion, particularly to the west, where options for addressing such problems are very limited.
18	Haringey	TfL should address the long-term fundamental issues of congestion on the A406. There is a lack of orbital transport services and capacity and inherent difficulty in making east-west journeys. The A406 provides one of the few orbital links and therefore its efficiency must be maximised.	See response to No 10. There is no evidence of significant demand for long-distance orbital bus trips via the A406.
19	NLSA	The Boroughs assisted TfL and the Mayor in lobbying the Government for additional funds for London as part of the 2004 Spending Review. Despite securing an increase in funding, only £25m of the £10bn allocated has been given to the A406 - no real increase from the funding allocated in TfL’s original business plan.	Responses to Nos 5, 6 and 10 are relevant. The proposed safety and environmental improvement scheme represents a balanced proposal at an excellent benefit/cost ratio.
20	NLSA	The London Plan proposes 45,000 new homes and 25,000 new jobs for North London by 2016. The success of this and that of the redevelopment of Wembley Stadium is dependent on improved transport links in North London. As the key link between east and west London, improvement to the A406 is vital, achieving regeneration and environmental benefits, as well as assisting in improving orbital public transport links in the area.	See responses to Nos 10 and 18.

REF	SOURCE	ISSUE	RESPONSE
21	NLSA	TfL's proposals for the A406 were widely rejected when consulted upon in 2002 and do not have the majority support of the local community or their elected representatives.	The "inherited" scheme for Bounds Green represents poor value for money, when compared with the now-proposed and affordable safety and environmental improvement scheme. Recognising both Council and community concerns at earlier consultation, the scheme, as now proposed, is to a slightly wider footprint, which increases opportunity for effective environmental treatment and an increased capacity of signalled junctions to accommodate rat-running traffic in the corridor and encourage it back to the main road.

APPENDIX 2

A406 NORTH CIRCULAR ROAD – BOUNDS GREEN

Letter of Representations from:

- London Borough of Barnet
- London Borough of Enfield
- London Borough of Haringey
- North London Strategic Alliance
(representing the above three boroughs)

Putting the Community First




Borough Solicitor
Hendon Town Hall
The Burroughs
London NW4 4BG
DX 59318 Hendon

David Farmiloe
TfL Legal
Windsor House
42-50 Victoria Street
London SW1H 0TL

contact: Tony Vincett
tel: (020) 8359 2544
e-mail: tony.vincett@barnet.gov.uk
fax: (020) 8359 2680
date: 10 January 2005
our ref: DEV2.56084.ASV
your ref:
Jeff Lustig, Borough Solicitor

BY FACSIMILE – 020 7941 4598

Dear David

RE: A406 NORTH CIRCULAR IMPROVEMENT SCHEMES

Further to the letter of the 12th November 2004 from Peter Hendy requesting any written representations we wished to make in relation to the report due to be considered by the TfL Board on the North Circular Road, and subsequent correspondence with yourself, I would be grateful if you would ensure that the following comments are passed to the Board members in advance of the meeting.

- The Council fully supports the views expressed in the joint representation made on behalf of the London Boroughs of Barnet, Enfield and Haringey. We would draw the Board's attention to the fact that the three boroughs most directly affected by the TfL proposals are united in our view that the TfL proposals are inadequate.

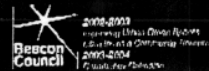
The Council is deeply concerned that the TfL decision making process has again failed to fully engage the public and the Councils, and we have been asked to make representations within an unacceptably short timescale. The Council can see no reason why TfL could not agree to extend the deadline for representations to one which we had suggested as being more realistic.

The Council believes that its own views and those of the local community have not been fully considered as part of the decision making process. Local authorities should have an opportunity to have a meeting with the Mayor before any further decisions are made.

The Council is concerned that we have been asked to make representations in relation to a report which we have not yet seen in its final form. The draft report we have been supplied is unclear and would appear to give only a passing mention of the improvement schemes at Henlys Corner and Golders Green Road.

- The Council strongly opposes the current proposals from Transport for London which we consider to be wholly unacceptable. It is confident that this is representative of the vast majority of the local communities affected by the current unacceptable traffic and

\\LEGAL\SVR02\WPDOC\Environ\ASV\TFL Letter10.01.05.doc - 10 January 2005

www.barnet.gov.uk


environmental conditions in the Borough directly attributable to the lack of major improvements to the remaining sections of the A406 in Barnet and Enfield.

The Council is of the opinion that no evidence has been produced which supports the decision to abandon the original major improvement schemes and no evidence exists to show that the current proposals from Transport for London are consistent with the Mayor's Transport Strategy.

We are aware that Transport for London have commissioned reports which demonstrate that the original major improvement schemes are more consistent with the Mayor's Transport Strategy than the TfL revised schemes. The inherited schemes also have good benefit cost ratios and will deliver greater improvements than the revised schemes.

The Council is concerned that TfL's Business Plan indicates that the revised schemes will have a "Neutral effect (journey times) on general traffic". The cost and disruption the construction of the revised schemes will involve seems to be unacceptable to achieve no reduction in congestion. The Council is concerned that TfL may not have given adequate consideration to the requirements of the Traffic Management Act.

The Council is concerned that the disposal of the property owned by TfL in relation to the major improvement schemes will effectively rule out any further improvements in the future. The Council does not believe that the removal of the safeguarding and disposal of the property owned by TfL are necessary, even if TfL do not proceed with the major improvement schemes at this time.

The Council wishes to ensure the Board members are aware that valid Made Orders exist for the major improvement schemes in Barnet and that the Council would consider any action to dispose of property or remove safeguarding necessary to implement these schemes to be premature until such time as the Orders have been revoked.

In the Council's opinion, it would appear that TfL have not considered the effect of major regeneration schemes in Barnet, including that at Brent Cross/Cricklewood. The lack of major improvements to the North Circular Road will impede the regeneration potential of sites identified in the London Plan.

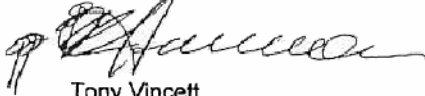
The Council is keen to work with Transport for London in seeking additional funding to support major improvements to the A406.

- The Council is concerned that we have been asked to make representations in relation to a report which we have not yet seen in its final form. The draft report we have been supplied is unclear and would appear to give only a passing mention of the improvement schemes at Henlys Corner and Golders Green Road.

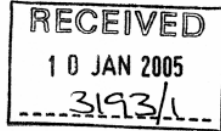
Following years of delay, the Council's opinion is that TfL now seem intent to proceed in haste and make decisions which will have a very serious impact in the medium to long-term.

The Council believes that its own views and those of the local community have not been fully considered as part of the decision making process. Local authorities should have an opportunity to have a meeting with the Mayor before any further decisions are made.

Yours sincerely



Tony Vincett
Principal Solicitor



copy PB/13 form 60

ENFIELD
Council



Environment, Street Scene & Parks

Peter Hendy
Managing Director – Surface Transport
Transport for London
Windsor House
42-50, Victoria Street
London SW1H 0TL

Reply to

Glyn Jones
Head of Traffic and Transportation
Box 52, Civic Centre
Silver Street, Enfield EN1 3XD
Tel 020 8379 3563
Fax 020 8379 3475

Tel
Fax

File Ref:

Email/original by post

Date

7th January 2005

Dear Mr. Hendy,

A406 Improvement Scheme – Representation from London Borough of Enfield

I refer to your letter of the 12th November 2004 requesting written representations that we wish to be raised on the proposed recommendations in the Report on the A406 to the Transport for London Board.

In your letter you stated that these would be circulated to Board members in advance of their meeting, which will now take place on the 9th February 2005.

In addition to the views expressed in the joint representation on behalf of the London Boroughs of Barnet, Enfield and Haringey, the London Borough of Enfield has the following comments:

- Enfield Council strongly opposes the current proposals from Transport for London for this section of the North Circular Road. It is confident that this is representative of the vast majority of the local communities affected by the current unacceptable traffic and environmental conditions in this area of the Borough directly attributable to the lack of a major improvement to this section of this major route.
- Enfield Council believes that its own views and those of the local community have not been fully considered as part of the decision making process. Local authorities should have an opportunity to have a meeting with the Mayor before any further decisions are made.
- Enfield Council asserts that no evidence has been produced to support the decision to abandon the original major improvement scheme and no evidence exists to show that the current proposals from Transport for London are consistent with the Mayor's Transport Strategy.
- There is complete political unanimity in Enfield that a major improvement is required. A major improvement involving grade separation at junctions will not only cater for the considerable amount of traffic currently avoiding this section of the A406 and using our local roads but also

John Pryor
Director of Environment,

PO Box 52, Civic Centre, Silver Street
Enfield, Middlesex. EN1 3XD

18

produce environmental benefits for those along the road. It also represents better value for money in the round, since any smaller scheme renders the previous significant expenditure either side of this section of the road purposeless.

- Enfield Council continue to be concerned about air pollution and noise levels along the North Circular Road (A406) and in particular the impact they are having on the pupils and staff at Bowes Primary School, which lies directly adjacent to the A406. We still believe that measures should be taken by Transport for London immediately to mitigate the effects of the pollution, including environmental screening. In addition, Transport for London should immediately consider introducing safety measures in the vicinity of the school to improve safety for pupils and parents wishing to walk to the school.
- Enfield Council requires an undertaking that no properties currently in the ownership of Transport for London are sold until such time as an acceptable solution to the housing problems in the area has been agreed with the local authority.
- Enfield Council is happy to work with Transport for London in seeking additional funding to support a major improvement to the A406.
- Enfield Council requests that the Transport for London Board do not agree any recommendations which prevent further work by Transport for London on continuing to develop alternative solutions to the problems created by the A406 in this part of Enfield. This should include the development of long term solutions to the problems in the area, whilst pursuing short term solutions that will not compromise the major improvement of the North Circular Road.

I would be grateful if you could ensure that the views expressed above are brought to the attention of the Board members and if possible included within your Report to the Board.

Yours sincerely,



Glyn Jones

Head of Traffic and Transportation

Cc

Cllr Neville

John Pryor - ESSP

Environmental Services
639 High Road, Tottenham, London, N17 8BD
Tel: 020 8489 0000
Minicom: 020 8489 5549

Planning, Environmental Policy & Performance
Fax: 020 8489 5553

Peter Hendy
Managing Director, Surface Transport
Transport for London
Windsor House
42-50 Victoria Street
London SW1H 0TL

Dear Mr Hendy

A406 North Circular Road

I refer to the letter from TfL Legal dated 21 December 2004 received on 21 December.

The boroughs of Haringey, Enfield and Barnet in the North London Strategic Alliance are to write to yourself from a North London perspective. However, we wish to highlight some of the key issues facing Haringey in this letter prior to the revised deadline of 7 January 2005. We are requesting TfL work with us in a meaningful way on the issues particularly in relation to the Green Lanes to Bounds Green section. It is well known that this section is very congested with traffic delays leading to frustration and rat running through residential areas adjoining the road. Whilst we welcome the funding for traffic management and calming aimed at alleviating this rat running, we consider the only long term, sustainable solution to the narrow section between Green Lanes and Bounds Green is a significant enhancement to its capacity. Specifically, we consider the proposed £24m environmental and safety scheme for this section is inadequate to address congestion on the NCR. We also have concerns that this level of funding may not adequately address the safety issues of the Bounds Green – Green Lanes section.

We understand that TfL have considered a scheme for enhanced capacity between the planned environmental measures and the original DfT off-line dual carriageway scheme. We believe this idea should be developed further and would be willing for Haringey officers to work with TfL on developing the case for this or similar options. In the meantime we are seeking an assurance that no property or land would be sold until options for enhancement are fully considered by TfL and the Borough.

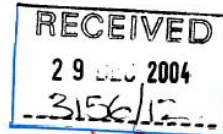
Director Anne Fisher
Assistant Director - Planning, Environmental Policy & Performance Shifa Mustafa

Your Ref

Our Ref : PD/T/5102
Contact : Malcolm Smith
Direct Line : 5574
E-mail : Malcolm.smith@haringey.gov.uk

Date : 22 December 2004

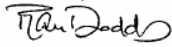
Copied to Peter B



*Copy also to D Farnlow
return PH. FA406*

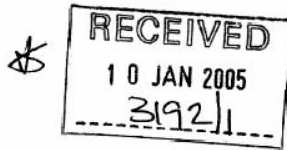
The aim of TfL should be to address the long-term fundamental issues arising from congestion on the Bounds Green – Green Lanes section. The lack of orbital transport services and capacity and hence the inherent difficulty in making east-west journeys has been identified in the North London Transport Study. The NCR provides one of the few orbital links and it is therefore critical that its efficiency is maximised.

Yours sincerely



Clr Ray Dodds
Executive Member Environment

Director Anne Fisher
Assistant Director - Planning, Environmental Policy & Performance Shifa Mustafa



Copy HS/KS handling

ENFIELD
Council



Environment, Street Scene & Parks

Peter Hendy
Managing Director – Surface Transport
Transport for London
Windsor House
42-50, Victoria Street
London SW1H 0TL

Reply to

Glyn Jones
Head of Traffic and Transportation
Box 52, Civic Centre
Silver Street, Enfield EN1 3XD
Tel 020 8379 3563
Fax 020 8379 3475

Tel
Fax

File Ref:

Email/original by post

Date

7th January 2005

Dear Mr. Hendy,

A406 Improvement Scheme – Representation from North London

I refer to your letter of the 12th November 2004 requesting written representations that we wish to be raised on the proposed recommendations in the Report on the A406 to the Transport for London Board.

In your letter you stated that these would be circulated to Board members in advance of their meeting, which will now take place on the 9th February 2005.

Please note that this is a joint representation on behalf of the London Boroughs of Barnet, Enfield and Haringey and that each Borough may also wish to make separate representations.

I would be grateful if you could ensure that the views expressed below are brought to the attention of the Board members and if possible included within your Report to the Board.

Yours sincerely,

Glyn Jones
Head of Traffic and Transportation

Cc (email)
Graham Beattie – LB Barnet
Anne Fisher – LB Haringey

John Pryor
**Director of Environment,
Street Scene & Parks**
London Borough of Enfield
www.enfield.gov.uk

PO Box 52, Civic Centre, Silver Street
Enfield, Middlesex. EN1 3XD
Tel: 020 8379 1000
Fax: 020 8379 3475
DX: 90615 ENFIELD



2002-2003
Improving Urban Green Spaces



INVESTOR IN PEOPLE

Joint Statement for the Transport for London Board Meeting in February 2005

North Circular Road in North London

The London Boroughs of Barnet, Enfield, and Haringey, as part of the North London Strategic Alliance, have considered the future of the North Circular Road within North London and have agreed to work together to seek your assistance and co-operation.

The general consensus of the local authorities is that they are concerned with the recommendation to the Board which will mean there will be no progress on the three major schemes for the North Circular Road in North London. These are the Bounds Green to Green Lanes Improvement, Golders Green Road Junction Improvement and the A406/A1/A598 Regents Park Road Junction Improvement. We are also concerned about the inadequacy of the alternative proposals brought forward by TfL. The local authorities wish to see a major improvement to this section of the A406 to address the serious issues of congestion, safety and environmental impacts in a wide area surrounding this part of the A406.

The Mayor's publicly stated position is that he would have proceeded with these improvements, had the Government provided sufficient money. He maintains that the allocation, although an increase, fell well short of his bid and as such he does not have sufficient money to proceed with the major improvement schemes which he inherited from the Highways Agency. The Boroughs are disappointed that having assisted the Mayor and Transport for London in lobbying for additional funding for London as part of the Spending Review only £25m of the £10bn allocated has been given to the A406, no real increase from the funding allocated in TfL's original Business Plan.

The concern with the decision to abandon the original major improvement schemes is that it was done without sufficient consultation or full consideration of the implications of that decision. The Mayor's Transport Strategy identifies the need to reduce traffic congestion, improve journey time reliability for car

users, which will particularly benefit outer London where car use dominates. In addition, it accepts that there are a few locations where new road capacity could be appropriate to overcome a critical obstruction or bottleneck in order to assist wider economic, environmental and social objectives.

Conditions on the North Circular worsen day by day, and we believe that in its present state it will hamper the London bid for the 2012 Olympics jeopardise the ambitious plans for new jobs and homes in this area of North London. TfL's Business Plan explains that the schemes will have a "Neutral effect (journey times) on general traffic". To spend £25 million on improvements and not reduce congestion is unacceptable.

The proposed schemes do not provide any grade separation, nor will it improve the quality of life of people living alongside the road. Congestion, rat-running and pollution levels will continue to be appallingly high. For instance there is a Primary School on Bowes Road, which the Mayor visited and saw for himself the appalling environmental state in which young children are being educated.

The London Plan proposes 45,000 new homes and 25,000 new jobs for North London by 2016 with a focus on the Upper Lee Valley, Tottenham Hale and Cricklewood/Brent Cross. The success of this growth and that of the redevelopment of Wembley Stadium will also be dependent on improved transport links in North London. The London Plan indicates very little transport infrastructure improvements in North London, in particular to assist with orbital movement. The North Circular Road is the key link between east and west London, which enables travellers to avoid the congestion on road, rail and bus in Central London. The improvement of the A406 will be key to the success of the London Plan and should be recognised for the regeneration and environmental benefits that it will bring. The improved A406 could also assist in improving orbital public transport links in North London.

We are concerned that the proposals from TfL for the A406 are those that do not have the majority support of the local community or their elected representatives and was widely rejected when consulted upon in 2002.

Enfield, Barnet, and Haringey would like to work jointly with Transport for London to implement improvements which are appropriate to the strategic role of the North Circular Road. This should include the development of long term solutions to the problems in the area, whilst pursuing short term solutions that will not compromise the major improvement of the North Circular Road. This will give an opportunity

for proper consultation on the future of the A406 in North London. The three local authorities also wish to work jointly on identifying the funding required for any programme of works.

We recognise the constraints on public expenditure and are not necessarily looking for the original scheme at Bounds Green, with all its environmental protection, to be implemented at this stage. We understand that a scheme costing considerably less than the current estimate for the inherited scheme, £315m, but more than the £25m scheme on the table, was considered by officials and we believe this alternative scheme needs to be given serious consideration. What we do insist on as an absolute minimum is grade separation as this has been shown to be the only way that sufficient capacity can be created

For the two sites in Barnet, the original schemes have passed through Public Inquiries, one sitting for more than 100 days, and all the necessary planning and order making processes are complete. We understand all the required properties are in TfL's ownership and are either demolished or beyond economic repair. With minor updating, the two schemes could progress to detailed design and construction almost immediately. Thus two very quick wins could be achieved in tackling the chronic traffic congestion which blights North London.

We therefore request that you take no further action affecting the future of land or housing in the areas under consideration, that could compromise any future major improvements to the North Circular Road, until the further joint work with the three boroughs is undertaken.

APPENDIX 3

A406 LOCATION PLAN

Appendix 3 indicates the location of the 3 schemes on the A406 North Circular Road at Bounds Green, Regent's Park Road (otherwise known as Henly's Corner) and at Golders Green Road.

The Bounds Green section is located between the underpass beneath the A10 Great Cambridge Road Roundabout in the east and the Bounds Green Road junction in the west, a length of approximately 3kms.

Regent's Park Road is some 4.5kms to the west of Bounds Green Road. The scheme extends some 1.2kms from just east of where the A1 joins the A406 at Falloden Way to just west of where the A1 and A406 diverge at Great North Way.

The Golders Green Road junction is located 1.4kms to the west of Regent's Park Road and 0.6km east of Brent Cross Flyover.

ITEM 7

Olympics Update Presentation – There is no paper for this item

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: Finance Committee Report

MEETING DATE: 9 February 2005

1. PURPOSE

- 1.1 To report to the Board on matters discussed at the Finance Committee on 20 January 2005.

2. BACKGROUND

- 2.1 The majority of the Committee's time at its last meeting was devoted to two presentations – the first on Oyster Card and the second on the prioritisation of programmes and projects in the Business Plan.
- 2.2 The Oyster Card presentation covered the progress so far (with 2.2 million cards in active use and more than 2.7 million weekday journeys made daily using Oyster Card) and the new features planned to be introduced during 2005 (capping, automatic Pre Pay recharging and Child Oyster Cards). It went on to remind members of the strategic objectives of introducing a smartcard ticketing system in the first place, explained the lessons that have been learned from other such payment schemes and described the key projects (roll out to National Rail, introduction of cashless bus, possible use for parking payment and e-money authorisation) which are currently being worked on. The Committee expects to review these projects in more detail as the projects progress during 2005/6.
- 2.3 The second presentation explained to the Committee the process whereby individual programmes and projects had been prioritised for inclusion in TfL's 5-year Business Plan and Investment Programme. A key element of this is that the prioritisation has not simply occurred in the period between the ground-breaking Government funding agreement in July and approval by the Board in October. This latter part was but an element of the hard choices that had to be made to arrive at a balanced 5-year plan, but the more fundamental prioritisation arose from earlier work, in particular the development of the Mayor's Transport Strategy and the London Plan. In discussion, the Committee identified a number of matters of which account would need to be taken in future updates to the Business Plan. It also identified a need for the Board to get together to discuss the implications of the emerging work on the longer term transport plan through to 2025.

- 2.4 A paper was considered on Congestion Charging Operations and the possible Western Extension and the Committee had a useful discussion to assist in the development of the paper on this subject which comes to this Board meeting. The Committee also recommended to the Board proposals for revised levels of taxi fares and taxi and private hire licence fees from 1 April 2005.
- 2.5 The Committee received the Third Quarter Finance Report, a report on project activity and its regular update on the efficiencies programme. These are summarised in the Finance and Performance report which is considered elsewhere in the agenda. Reports were also noted on the successful initial bond issue and discussions with Government on performance targets. The latter will come to the Board for approval when the discussions are concluded.
- 2.6 Finally, the Finance Committee noted a report which is submitted to each of its meetings informing it of any project approvals given since its last meeting by the Commissioner (or in his absence, the Managing Director, Finance and Planning) for projects budgeted to cost between £25m and £100m. One project was reported – the approval of a revised authority relating to the Specified Right under the PPP contract with Tube Lines for the delivery of the 7th car project on the Jubilee Line.
- 2.7 The next regular meeting of the Finance Committee will take place on 3 March 2005.

3. RECOMMENDATION

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

TRANSPORT FOR LONDON

STAFF SUMMARY

TFL BOARD

SUBJECT: **Audit Committee Report**

MEETING DATE: **9 February 2005**

1. PURPOSE

1.1 To update the Board on the meeting of the Audit Committee meeting held on 25 January 2005.

2. BACKGROUND

2.1 The Committee reviewed progress in implementing TfL's overall risk management policy and processes with a view to reviewing risk management in the modes at future meetings. The Committee asked how TfL management is proposing to deal with collating and reviewing the group's risk at the centre and how risk reporting is to be dealt with. These roles are currently handled by Internal Audit. A paper will be brought forward to the next meeting addressing these points.

2.2 The Committee reviewed the internal audit reports issued in quarter 3 and noted that appropriate actions are being taken to address all outstanding issues. It also noted that there are no audit recommendations outstanding which are more than 121 days overdue.

2.3 The KPMG report on the Best Value Performance Plan was discussed and noted.

2.4 The Committee congratulated TfL on achieving 'excellent' status in the recent Audit Commission IPA review. It then reviewed the action plan proposed to address the improvement recommendations made in the IPA report and noted that progress with this plan will be reported on via the recommendations database. The Internal Audit Plan for 2005/06 will also identify those audits that will give assurance on these areas.

2.5 The Committee noted a report on the operation of the internal and external 'speaking out' lines and was informed that all reports received are being dealt with promptly.

2.6 Finally, the Committee reviewed the year end processes for 31 March 2005 including the impact on changes in accounting requirements on the format of the accounts, critical accounting policies and the KPMG external audit plan.

2.7 The next scheduled meeting of the Audit Committee is 18 March 2005.

3. RECOMMENDATIONS

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

**DOCUMENTS SEALED ON BEHALF OF TRANSPORT FOR LONDON FROM
18 November 2004 – 25 January 2005**

Property Transactions

- 18 TR1 Land Registry Form
- 2 Tenancy Agreement
- 1 Deed of Grant
- 1 Works Agreement
- 1 Deed of Covenant

Highway Agreements

- 1 Agreement, Section 8 of the Highway Act 1980
- 2 Agreements, Section 38 of the Highway Act 1980
- 1 Licence
- 2 Agreement, Section 278 of the Highway Act 1980

Agreements with London Boroughs

- 1 Petition for Leave to Deposit a Joint Bill in Parliament
- 1 Agreement
- 1 Lease

Power of Attorney

- 1 Power of Attorney

Trust Deeds

- 1 Trust Deed re Medium Term Note Programme

South West Trains

- 1 Financial Agreement

West Anglia Great Northern Railway Ltd

- 1 Financial Agreement

London Eastern Railway

- 1 Financial Agreement

Strategic Rail Authority (SRA)

- 5 Financial Agreements
- 1 Deed

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

TRANSPORT for LONDON

TfL BOARD

SUBJECT: PRUDENTIAL INDICATORS – AMENDED WORDING

MEETING DATE: 9 FEBRUARY 2005

1. PURPOSE

To request approval from the Board to a revision of the description of a Prudential Indicator.

2. BACKGROUND

At the previous meeting, the Board approved revised Prudential Indicators which had been changed following the adoption of the revised budget and business plan at the October Board meeting.

The Finance Committee has requested that the wording of the Prudential Indicator “Maturity Structure of Borrowing” be revised to clarify its meaning. This indicator represents (for fixed rate debt) the percentage of borrowing at the end of the financial year maturing in each future period as a percentage of total fixed rate borrowing ie what proportion of total borrowing matures in one year, 1 to 2 years, 2 to 5 years etc.

3. RECOMMENDATION

The Board is asked to APPROVE that the following wording be added after the title “Maturity Structure of Borrowing” in the Prudential Indicators approved by the Board on 1 December 2004 “This indicator represents (for fixed rate debt) limits for the percentage of borrowing maturing in the future periods given below as a percentage of total fixed rate borrowing”.