A map of the London Underground network, showing various lines and stations. The map is color-coded by line: Northern (blue), Jubilee (green), Silverlink (yellow), and others. A red rectangular box is placed over the map, partially obscuring the Jubilee line. The text "Transport for London" and "2009/10 – 2017/18 Business Plan" is overlaid in the center of the map. The date "November 2009" is also visible at the bottom of the map area.

# Transport for London

## 2009/10 – 2017/18 Business Plan

November 2009

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## 1. Background and Key Priorities

## 2. Summary of Pressures and Mitigations

- a. Extension of savings programme
- b. Programme changes
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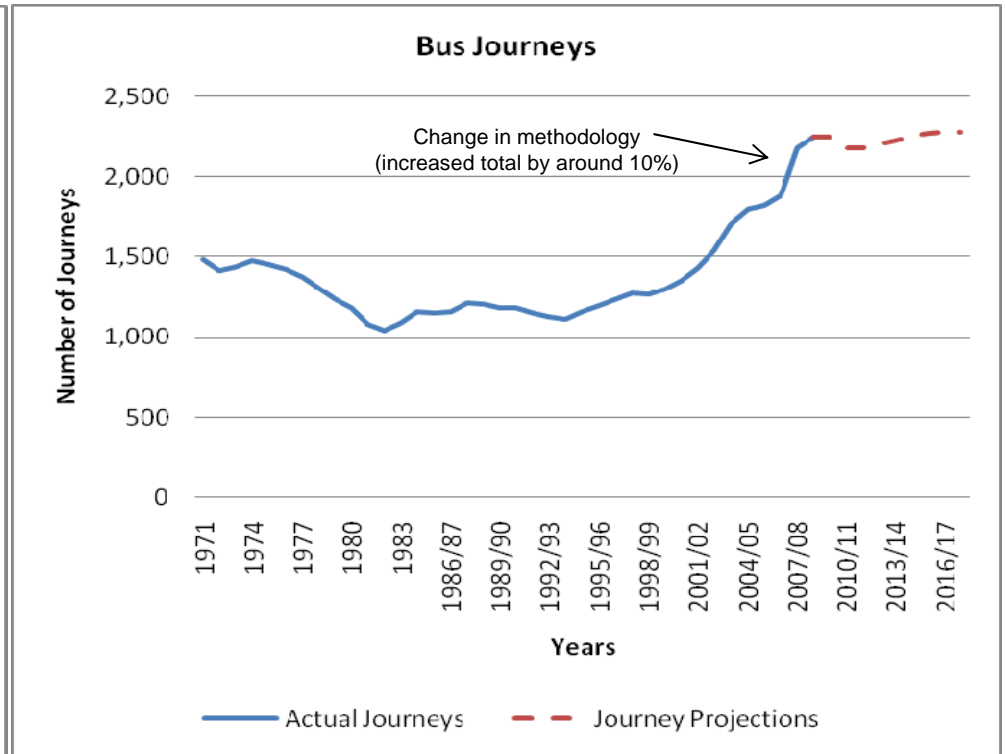
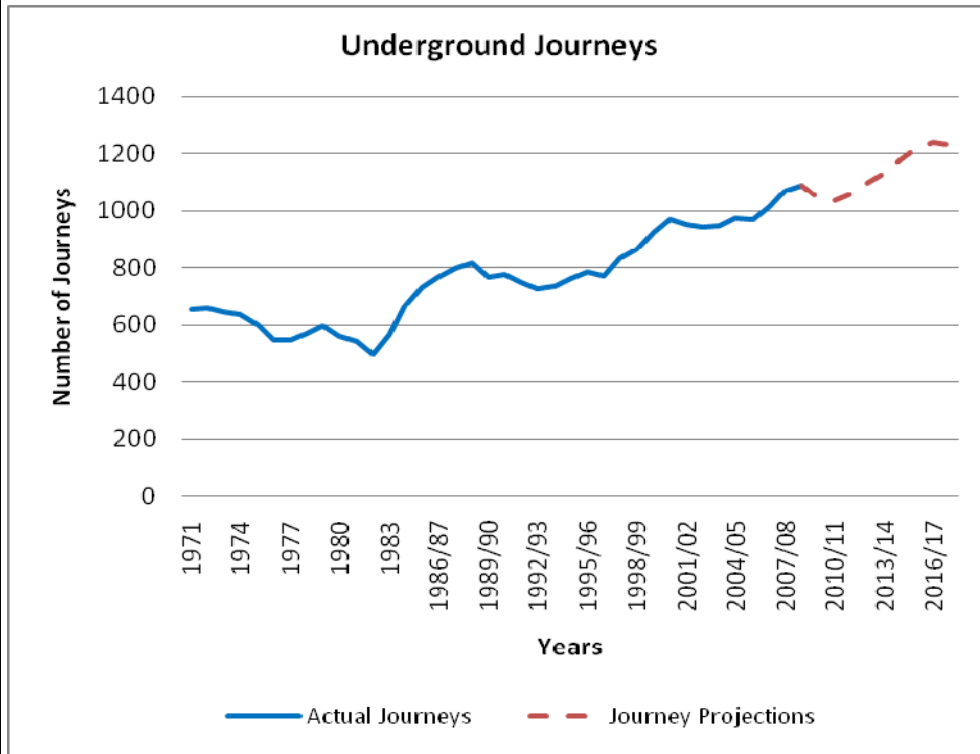
## Background to TfL's Business Plan

- In 2007, Government awarded TfL a fixed **ten-year funding settlement** covering the period to 2017/18, establishing grant and prudential borrowing limits.
  - This settlement provided for TfL's contribution to Crossrail, and covered the second period of the Tube PPP.
- Last November, TfL published a business plan covering this period. Although providing for TfL's top priorities, it was constrained in a number of respects:
  - Development of unfunded projects (e.g. DLR and Tram extensions) was stopped
  - Challenging £2.4bn efficiency assumption
  - Tough decisions taken on other 'aspirational' elements of investment programme
- Since then, a number of downside risks have materialised, which have been reflected in TfL's updated Plan published on 21 October, notably:
  - Impact of Metronet's collapse and integration with TfL
  - Impact of economic downturn (on revenues and pension fund)
  - Impact of new Mayoral priorities, not fully funded in previous Plan (e.g. WEZ, cycle Superhighways)

## Updated Plan is framed around MTS goals

- Updated Plan is structured around the goals set out in the MTS for public consultation:
  - Supporting economic development and population growth
  - Enhancing the quality of life for all Londoners
  - Improving the safety and security of all Londoners
  - Improving transport opportunities for all Londoners
  - Reducing transport's contribution to climate change and improving its resilience
  - Delivering for the London 2012 Games and securing a lasting legacy
- These goals build on the Mayoral priorities set out in his “Way to Go” document (published November 2008)

# Long term growth trend in demand



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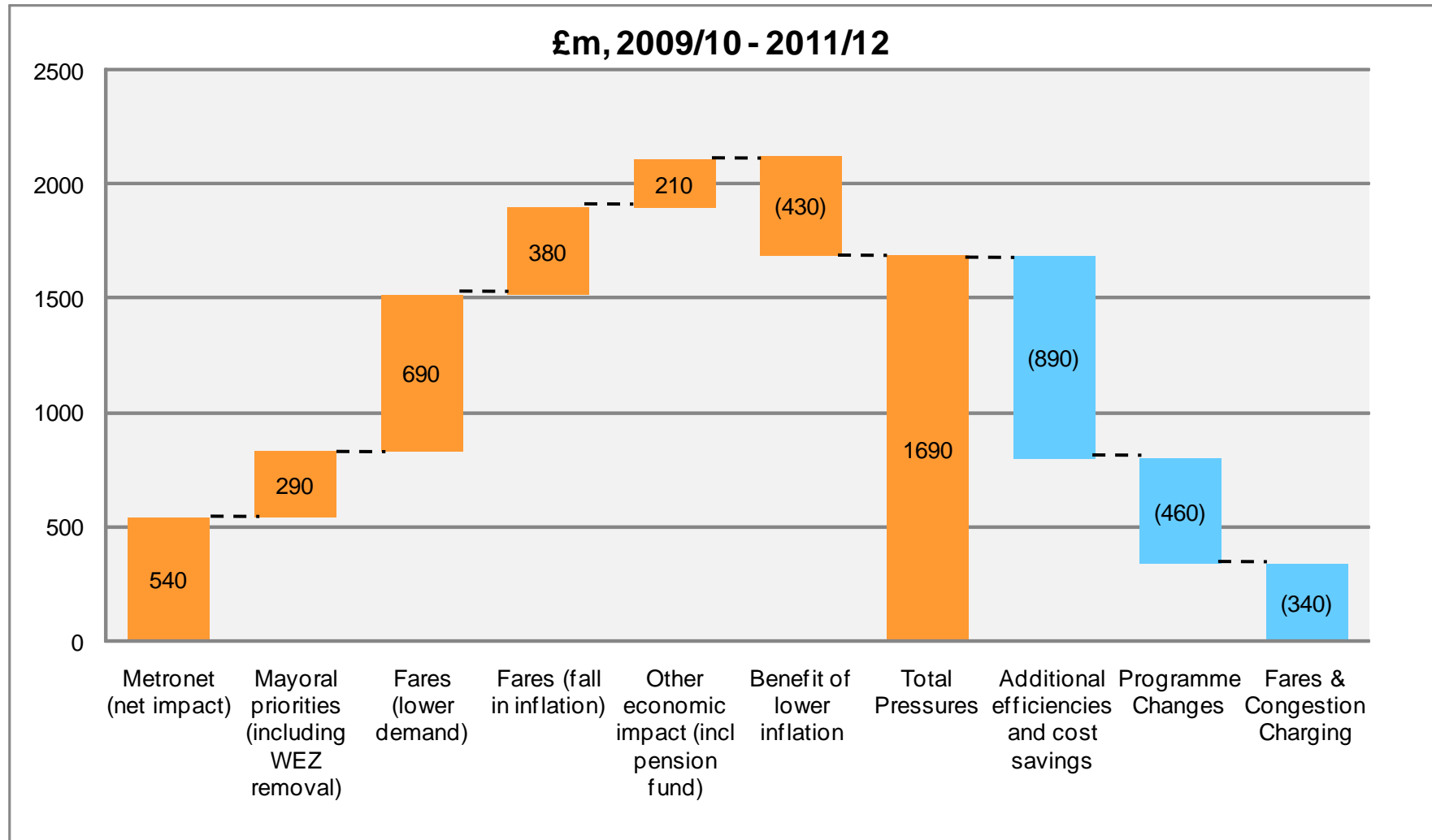
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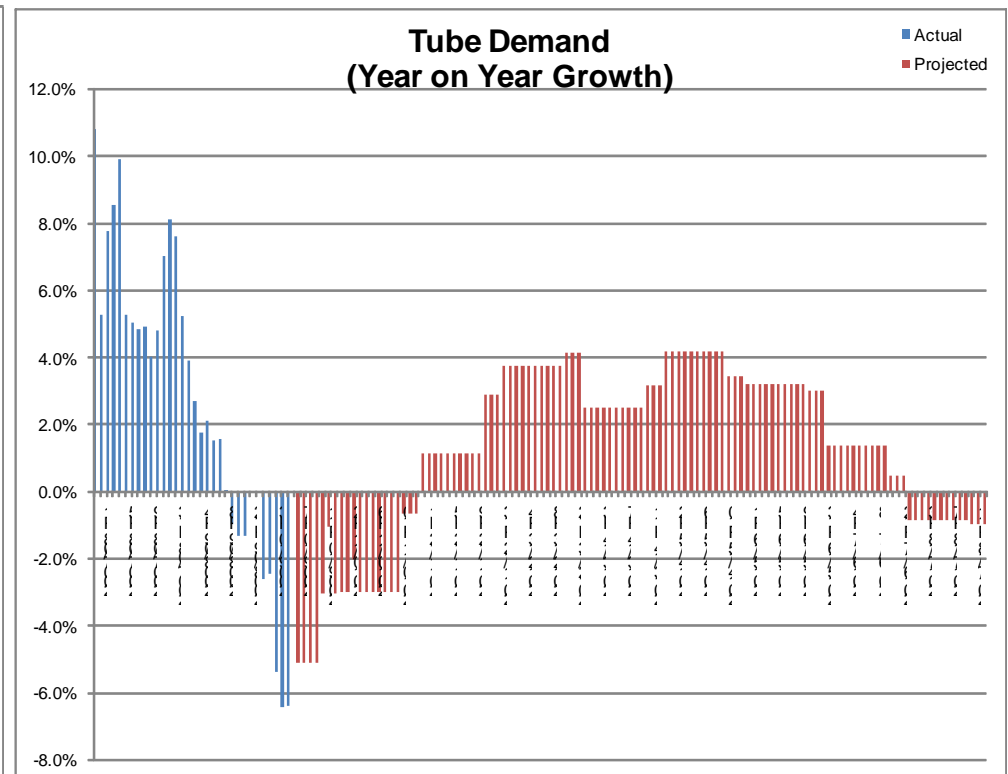
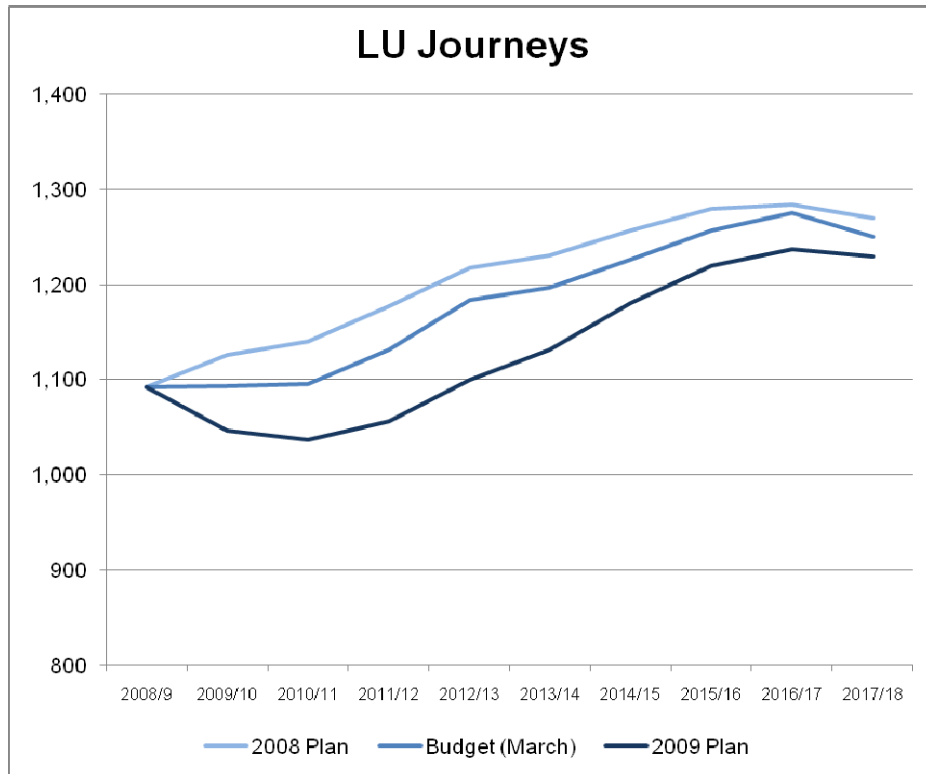
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# Summary of pressures and mitigations incorporated since previous Plan



# Progressive decline in revenues forecast (predominantly on Tube) as the economic situation deteriorated





# Extension of savings programme - process and examples

## OCR (2008)

### Process

- **Top down**, hypothesis-driven approach, focussed on saving back office / support expenditure by doing things better
- 2008 Plan incorporated £2.4bn savings

### Example initiatives

- Metronet integration
- Management de-layering (reduce spans of control to benchmark levels)
- Significant reduction in accommodation costs
- Reduction in consultancy costs
- Commercial savings

## CSE (2009)

- **Bottom up** exercise: budget holders across TfL required to identify savings options based on a target
- Focused on **cutting low priority expenditure and activity** and increasing secondary income

- Remove funding for uncommitted bus service initiatives and QICsII
- New drive to increase advertising income on TLRN and TfL website
- Eliminate statements and reminder letters
- Reduce sponsorship of planning awards

## Other

- Application of CSE approach to LU capital programme
- Further ad-hoc savings

- LU maintenance savings: track filming, more intensive use of engineering hours
- LU capital programme: greater use of 'tested' technology, more productive use of engineering hours, value engineering / standards

## Extension of savings programme – outcome

*a comprehensive and ambitious change programme affecting all areas of TfL*

£m	Total
London Underground	2,238
Surface Transport	1,612
Corporate and Group-wide	1,603
London Rail	108
<b>Total Gross Savings</b>	<b>5,560</b>
Less one-off implementation costs	(379)
<b>Total Net Savings</b>	<b>5,181</b>
LU Capital Programme Efficiencies	933

- 27% reduction in non-operational overheads by 2012 compared with today's levels
- Savings are 100% cashable: each initiative can be traced down to a budget reduction
- Governance and assurance going forward through Director-led efficiency board (supported by Cost Reduction Team) to provide central oversight

## Key Programme changes

- Around £450m of the shortfall was closed through programme changes designed to protect the highest priorities, notably:
  - Stopping **Step Free Access** work at 6 stations and missing 25% target (to be replaced by a revised programme in later years of Plan focused on high value locations)
  - Defer **all remaining Metronet station refurbishments** due in next 3 years, with focus shifting to asset stabilisation
  - Rephase **Victoria Station Upgrade** (with 18 month delay to completion)
  - Some non-critical **civils and track maintenance works** deferred to post-2012
  - **Bus network cost reductions** (matching supply to demand)

## Fares and Congestion Charge changes announced by Mayor on 15 October

### • Jan 2010 Fares changes:

- 20p on PAYG bus fares (£1 to £1.20), with equivalent on weekly Bus Pass
- Bus fares increase overall by **12.7%** (taking into account capping and concessions)
- 20p on most Oyster PAYG Tube fares, some cash fare increases
- Travelcards frozen in line with DfT policy - Tube fares increase overall by **3.9%**

- Planning assumption will be that fares will rise by RPI+ 2% per annum from Jan 2011 onwards, to ensure that fares keep track of cost growth and fund future investment. (The actual level of fares will be decided annually by the Mayor)

- Series of **Congestion Charge changes** to be introduced by December 2010 (subject to consultation), including:

- Introduction of payment by account ('CC Auto Pay')
- Removal of the Western Extension
- Increase in charge from £8 to £9 (account holders) or £10 (non-account holders)
- Removal of £1 fleet discount

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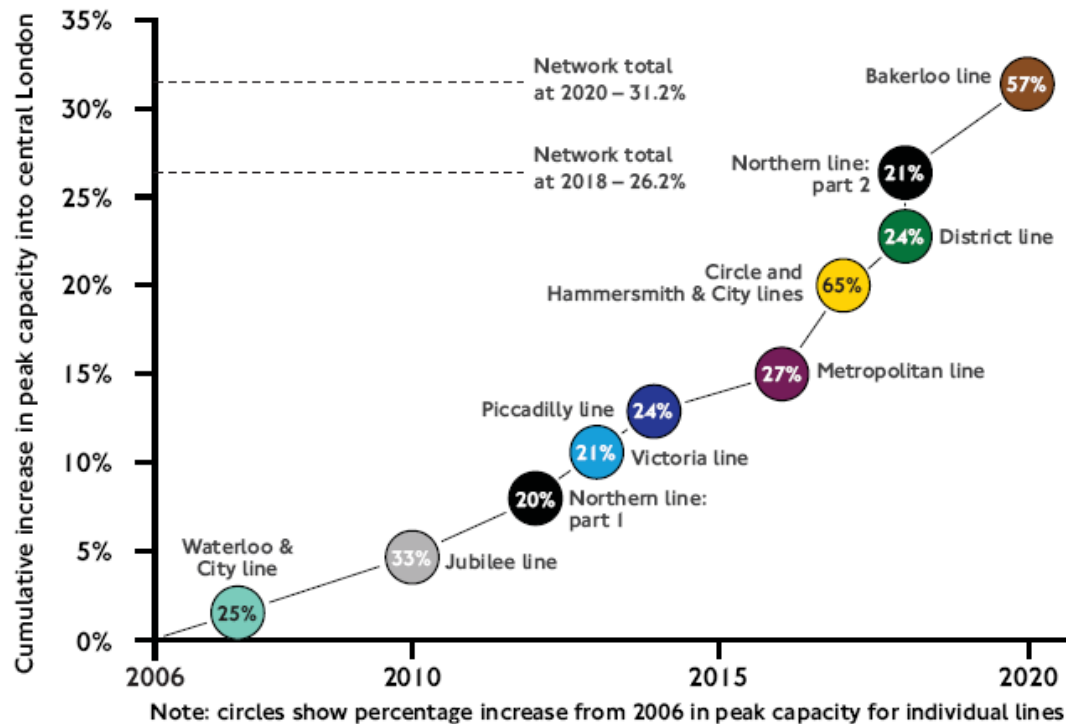
# Crossrail

- Crossrail will generate up to £36bn of benefits to the wider UK economy through reduced journey times, job growth and increased productivity – more than twice the estimated cost of £15.9bn – and up to 14,000 people will be employed in construction
- CRL (the single purpose delivery vehicle charged with delivering Crossrail's operations) became a wholly owned subsidiary of TfL on 5 December 2008
- Crossrail remains fully funded within TfL's business Plan. Construction has started at Canary Wharf, and Crossrail services will be fully operational by early 2018



# Underground – key deliverables

- **Line Upgrades** (see below), plus enabling and cooling works
- **New air-conditioned “S stock”** trains in service on the Met line (from 2010) and Circle, H&C (from 2011)
- Major **Congestion Relief** / Crossrail interchange programmes at Bond St, Tottenham Court Rd, Paddington (H&C), Victoria
- **King’s Cross St. Pancras** - New “Northern” ticket hall will provide capacity for new domestic high speed service and Olympic “Javelin”



# London Rail Deliverables

## Oyster on National Rail from Jan 2010

## London Overground enhancement, including increased frequency & extensions:

- **East London Line** - completion of the £1.5bn extension to Dalston, Crystal Palace, West Croydon and Clapham Junction. Phase 1 opens in 2010, Phase 2 in 2012.
- **North London Railway** - completion of Infrastructure enhancements to double capacity on most routes and provide links to Olympic park (January 2011)
- **New Overground trains** (2009) and **refurbished stations**

## DLR Expansion:

- **Woolwich Arsenal** extension opened on time and within budget in Jan 2009
- **Stratford International extension** - new link to Olympic Park supporting regeneration of Stratford, Lower Lea Valley and Royal Docks (June 2010)
- **3-car operation on all routes** - 50% increase in capacity for DLR including links to Olympic Park, Canary Wharf and southeast London (completion during 2010)





## Surface Transport Deliverables

- **Smoothing traffic flow:** Roll-out SCOOT (1000 sites by 2015), yearly review of timings at 1,000 traffic signal sites; permit scheme for roadworks (2010); Pedestrian Countdown (trialled in 2010)
- Refurbishment of Blackwall Tunnel (northbound)
- **Public Realm:** Bounds Green (2012), Tottenham Hale (removal of gyratory by 2014), Henly's Corner (junction improvement by 2012)
- Removal of a further 32km of guardrail by Feb 2010
- **Cycle Hire** (summer 2010)
- **Cycle Superhighways** – 6 by October 2012, remaining 6 by October 2015

### Bus network:

- Withdrawal of bendy buses by end-2011
- Development of New Bus for London, with first prototype to start testing by end-2011
- i-Bus rollout completed in April; new countdown signs with SMS and internet facility offering real-time info rolled out by Summer 2012
- 300 more hybrid buses by 2012, and a small fleet of hydrogen buses

**River Transport:** Acceptance of Oyster PAYG, improved signage



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## Next steps - Timeline

- Shortly: publication of full details of investment projects >£5m on TfL's website
- 24 November – GLA Budget Submission of Board approved Plan for first 3 years
- February 2010 – GLA 2010/11 Budget approved
- March 2010 – TfL 2010/11 Budget approved