

Budget Committee, 22 March 2007

Transcript of Item 5: Mayor's 'Oil for Advice' Deal

Sally Hamwee (Chair): I think I would like to start by saying that I am aware that - this is not directed at anybody here - those who feel strongly about particular arrangements feel that any questions raised about them are tantamount to oppositional criticism. I, for one, am very happy to see arrangements made which will support poorer Londoners and that is not going to stop me wanting to understand the detail of the arrangement which leads to that. That is our function. That is what scrutiny, I think, is about.

Mike Tuffrey (AM): Hear, hear.

Sally Hamwee (Chair): I do not want to spend too long on this, but I think it is important to understand the character of this arrangement. This question is probably for Murziline [Parchment] but maybe for Howard [Carter] as well. Murziline, can you confirm that though this is called an 'oil for advice' deal there is no oil involved other than that the price of oil on the UK (United Kingdom) market is used as the mechanism for arriving at an amount which is to be paid to TfL (Transport for London) and the GLA (Greater London Authority) - is that correct?

Murziline Parchment (Director of Major Projects and Service Delivery, Mayor's Office, GLA): Indeed, that is right. Really you should use the title of the agreement: 'An Energy Funding Contribution and Co-operation Agreement.' That is the proper title of the agreement and I think, basically, it does what it says on the tin: there is an energy contribution from Venezuela and there is a co-operation between Venezuela and TfL and the GLA in other aspects.

Chair, I understand that there will be technical questions of the agreement and that is the primary purpose for this meeting but I thought it would be informative to give some context to the agreement and I wonder if could spend some time doing that?

Sally Hamwee (Chair): I am happy for you to do that. When you say some time...?

Murziline Parchment (Director of Major Projects and Service Delivery, Mayor's Office, GLA): A reasonable amount of time doing that. Chair, as your Committee is aware, President Hugo Chavez visited London on 16 and 17 May 2006 and it was during that visit that he learnt many things first-hand about London's transport system whereby he thought, 'Actually there is something here that we can use, this expertise we can use in Venezuela.'

Now most of the Members of this Committee are aware of the successes of Transport for London over the previous six years: 30% increase in number of buses, 40% increase in bus usage, 19% reduction in traffic through congestion charging, 30% reduction in congestion, 72% increase in cycling, 10% increase in walking, and, uniquely amongst all cities, the Members here will be aware of the modal shift from the private car to public transport from 32% in 1999 to, in 2005, 37% of trips are made on public transport.

The President also learnt of other successes in Transport for London including the £220 million worth of savings realised in 2005 and 2006. So all of these things were delivered while savings were being made. He was most impressed with this and said during that visit, and I quote, 'I have lived for a few years in Caracas and it is painful to see what happens there. Just like many other capital cities of Latin America, Caracas suffered the consequences of a lack of a model. The growth of the city is not planned. The flight of so many millions of people from the countryside to the city, and this is how Caracas was created, a huge city where there was a small group of very rich people and then another Caracas where there was a huge majority of very poor people. So one of my dreams and aspirations is to transform together with the people of Caracas and the people of Venezuela and the mayor of Caracas to transform the city. Of course, this is something that will require a great effort and a vast knowledge and the City Hall of London has a lot of experience and also the goodwill, and this is something in Caracas that we are grateful for.'

So from that statement it was the President himself that initiated this energy funding contribution and co-operation agreement. He wanted to see the connection between the poor people of Venezuela and the poor people of London and he looked at the various concessions that we already provide, in particular those around concessions to children and the under 18s, which in London does benefit the poorest of Londoners, because 28% of all London's children aged between zero and 18 were in families of working age that were claiming a benefit. This is compared to 13% in the southeast region. And so it was looking at these families that it was understood that it should be the families who claim Income Support that any funding energy contribution should be directed at.

It is set out in the MAF, the Mayoral Approval Form, exactly how the Income Support breaks down and the recipients of the support and I am sure that you will be aware of that and you will come to that. It is also touched upon, in the Mayoral Approval Form, the process by which the 50% discount that the energy funding contribution supports is carried out. The 50% discount will be for bus and tram travel and it is from the Oyster Pay-As-You-Go and bus pass season ticket prices and this will mean in 2007 50% fare for Pay-As-You-Go riders on buses and trams with a £1.50 cap and a £7 weekly Oyster bus pass price. That is what the 50% discount means in real terms for people that are eligible to claim it and do claim it. The adult fares will still be payable on the tube, DLR (Docklands Light Railway) and NR (National Rail). Applications will be accepted from the summer of this year and it will be managed through the conventional photocard linked to a standard Oyster card loaded with bus discount capability.

Sally Hamwee (Chair): I wonder if you can bring this to a conclusion?

Murziline Parchment (Director of Major Projects and Service Delivery): The process is effectively through a photocard, which is presented to the Post Office along with a letter from the Department of Work and Pensions and then the photocard is issued to the applicant and that photocard provides for 50% discount loading in any Oyster ticket shop, which there is a good network of across London. I am just looking quickly down here --

Sally Hamwee (Chair): I think we have got questions on pretty much every aspect. If there is anything that we have not covered at the end, do come back.

Murziline Parchment (Director of Major Projects and Service Delivery): That covers the funding contribution part of the agreement. The co-operation part of the agreement whereby --

Sally Hamwee (Chair): I wonder if we can wait and get the questions on that? As I say, if you feel at the end that we have not allowed you to explain anything that you want to then we will give that opportunity.

Murziline Parchment (Director of Major Projects and Service Delivery): OK. I will use this to answer questions on the co-operation part, which of course provides the technical support from Transport for London, and also an exchange of good practice and best practice between the GLA and various organisations in Venezuela, which truly is an exchange.

I did want to touch on what aspects of the Venezuelan side we would be looking to see where we could learn from but I will go into that in more detail during the questions.

Sally Hamwee (Chair): I think we ought to stop at that, yes.

Murziline Parchment (Director of Major Projects and Service Delivery): Thank you, Chair.

Sally Hamwee (Chair): Can I just come back to the first point you made, which is the title of the agreement, 'An Energy Funding Contribution', because I do - again it is just for clarity - query that. This month's edition of The Londoner says that this deal means London's bus fleet will use subsidised oil from Venezuela leading to a massive 20% reduction in the price of fuel. Well, it seems to me that that is inaccurate. It ends by saying that the arrangements will simply enable the existing quantity of oil to be bought more cheaply. That does not seem to be accurate either and that the fuel bill discount (which is not what it is - it is a mechanism) will be calculated on the prevailing world price of oil; but it is the UK price. Am I correct in all those comments?

Murziline Parchment (Director of Major Projects and Service Delivery): Yes, it is the UK price.

Sally Hamwee (Chair): I make the point because it is important that the public understands what this arrangement is and it is not about providing oil and nor is it, in that sense, energy funding. It is related to that. I should look to see whether any Members want just to try and establish the nature of the deal before I get on to questions.

Jenny Jones (AM): Just to come back to this idea of what the cost is based on: it is based on the cost of diesel and not the cost of all fuels like alternative fuels? Only on the price of diesel?

Stephen Critchley (Chief Finance Offer, TfL): It is based on what the bus operators across London will use in the year and the price they pay for their diesel and it provides essentially a 20% discount on that.

Howard Carter (General Counsel, TfL): On the prevailing price in the UK.

Stephen Critchley (Chief Finance Offer, TfL): Yes.

Mike Tuffrey (AM): Your point is well made [Chair]. This has been misdescribed in official GLA publications. So I suppose the question to somebody is what is going to be done about that?

Murziline Parchment (Director of Major Projects and Service Delivery): It is not misdescribed as such because it was on the basis of what the oil price is, it is based on the fuel prices.

Mike Tuffrey (AM): But we are not buying subsidised oil. TfL is not buying subsidised oil. TfL is receiving a subsidy, the monetary amount of which is calculated through a formula.

Murziline Parchment (Director of Major Projects and Service Delivery): Indeed.

Mike Tuffrey (AM): Thank you. So could I then pursue the point, what is being done to correct the misinformation that is appearing in The Londoner?

Murziline Parchment (Director of Major Projects and Service Delivery): I do not believe it is misinformation. It is a different way of explaining the deal so that it is appreciated by all Londoners as to the basis upon which the subsidy is arrived at.

Sally Hamwee (Chair): Well, I am not sure that Londoners will understand that it is a formula when they are told that the bus fleet will use subsidised oil from Venezuela. But I think that is a point that I think we will pursue elsewhere.

Mike Tuffrey (AM): That is absolutely, demonstrably incorrect. London's bus fleet will not use subsidised oil from Venezuela.

Murziline Parchment (Director of Major Projects and Service Delivery): I think whichever way you describe it you arrive at a 20% discount which is passed on to those on Income Support and provides a 50% discount. It is that aspect of the deal that most Londoners will be interested in, and certainly in terms of the substance of this description it does not mislead any Londoners in terms of what is the outcome of the description, which is to enable a 50% discount to those Londoners that are on Income Support.

Sally Hamwee (Chair): We started by saying that we are happy for Londoners to be supported and we will come to all of that.

Bob Neill (AM): It just comes on again to this point about accuracy because I do hope, Chair, that we will make a formal request for the false report in The Londoner, let's be blunt about it, to be corrected because the use of the words 'London's bus fleet will use subsidised oil' is not a misdescription - it is wholly misleading. Can I also point out in the same context that, Murziline [Parchment], you have referred to the subsidy and people on Income Support, The Londoner in that same issue said 130,000 carers on Income Support will benefit. Factual point before you move on, Chair, in fact Government figures which you obtained, Chair, and which the Mayor himself has quoted, show there are only 10,000. So when there have been two serious misleading elements in The Londoner that then seems to me that that ought to be corrected.

Murziline Parchment (Director of Major Projects and Service Delivery): Chair, I do question the characterisation of the description in The Londoner as seriously misleading. What one needs to look at is whether or not a Londoner reading that article understands whether or not a 50% discount is provided for those Londoners on Income Support and that is clearly the import and the substance of the article and therefore, I do query the characterisation.

Bob Neill (AM): I am sorry: 'London's bus fleet will use subsidised oil' - what does that mean to anybody?

Sally Hamwee (Chair): Let us perhaps move on to the detail of the arrangements and hope that by the end of the meeting we all understand what the arrangements are. I wanted to come to the decision as to who should benefit from this, which is people on Income Support. Actually my first question is how as a group they were identified as the beneficiaries because reading the agreement it surprised me when I realised that it is an obligation to Venezuela PDVE (Petroleos de Venezuela Europa) as the oil company as to how TfL uses the money, that TfL agrees with PDVE that this is how they will use it for people on Income Support. So who is calling the tune here?

Murziline Parchment (Director of Major Projects and Service Delivery): Although this deal is unique to Britain, it should be pointed out that it is not unique internationally and it was on the basis of what Venezuela has done internationally that this deal was founded. In America the --

Sally Hamwee (Chair): We are aware of the cheap heating oil provided but my question is who called the shots here? Who decided that this was the group of Londoners who should benefit?

Murziline Parchment (Director of Major Projects and Service Delivery): Well, certainly TfL and the Mayor's Office identified who this subsidy should be targeted at. As you are all aware, there are a number of concessions that are provided to Londoners and this was one group of Londoners, the poorest Londoners, that had not been given concessions and therefore it was TfL and the Mayor's Office that identified these being the poorest Londoners to benefit.

Sally Hamwee (Chair): I would say it is worded as an obligation on the part of TfL to PDVE. So, for instance, the 135,000 Londoners who are on income-related Jobseeker's Allowance who, arguably, might particularly need assistance in order to seek work because they are required as part of Jobseeker's Allowance to seek work, if you were to decide that they were the better group - and I would be grateful for your comments as to why they are not included - you would have to go to PDVE to ask for their agreement to change the agreement.

Murziline Parchment (Director of Major Projects and Service Delivery): That is right; we would have to go to PDVE to change the agreement. As you can see from the agreement this can be done at any time but every year it can be reviewed anyway. However, the group that is identified is identified as the poorest Londoners and that is why they were targeted in this way.

Sally Hamwee (Chair): Were those who receive Jobseeker's Allowance considered as a target group and why were they not the ones who ended up here?

Murziline Parchment (Director of Major Projects and Service Delivery): It was thought that those on Income Support were the poorest Londoners.

Mike Tuffrey (AM): People in receipt of Jobseeker's Allowance, why were they excluded?

Murziline Parchment (Director of Major Projects and Service Delivery): We identified the poorest Londoners and the poorest Londoners are those on Income Support.

Mike Tuffrey (AM): So you do not think someone who is equally poor but is seeking a job is equally poor? I do not understand it. If the aim was to target poor people, why have you excluded poor people who are seeking a job?

Sally Hamwee (Chair): Jobseeker's Allowance is exactly the same as Income Support.

Mike Tuffrey (AM): Exactly. It is for people who are seeking work.

John Biggs (AM): Otherwise it would be Income Support, wouldn't it?

Sally Hamwee (Chair): No, it is the same amount of benefit.

John Biggs (AM): Oh, I see, the same monetary amount. Well, I may have the same amount of money in my pocket as Michael Tuffrey that does not mean we are the same people.

Murziline Parchment (Director of Major Projects and Service Delivery): We identified those on Income Support as being the poorest Londoners.

Mike Tuffrey (AM): Simply repeating the same thing does not answer the question. Perhaps somebody else can help us? You have two types of people who are equally poor. One is in receipt of Income Support benefit, one is in receipt of Jobseeker's Allowance. They are equally poor but one is seeking work and one is not. Why does this scheme exclude people who are seeking work?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Can I say something here?

Sally Hamwee (Chair): Yes, please.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): As Murziline [Parchment] has said, both TfL and the GLA looked at the statistics and I think that the thing that was swinging the argument in favour of the Income Support rather than Jobseeker's Allowance was that, as John Biggs just said, that it appeared that people on Income Support are more likely to be, for example, lone parents with children and therefore greater obligations than is typical of people on Jobseeker's Allowance who are not necessarily in that position.

Mike Tuffrey (AM): In which case the aim was to help lone parents, people with child care responsibilities or sickness or whatever. It was not to help poor people. It was to help people who have other attributes.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): I think again you come back to what is poverty? It depends to an extent on what your obligations are. I think what we were looking at as well as the actual level of money was actually looking at the obligations also.

Mike Tuffrey (AM): If that was the goal then I would like it stated clearly that the goal was not to help poor people. The goal was to help people who had attributes that qualified them for Income Support such as sickness, lone parents with child responsibilities.

Murziline Parchment (Director of Major Projects and Service Delivery): I would have to totally refute that. The goal was to help the poorest Londoners. We have identified the poorest Londoners and this agreement helps them.

Mike Tuffrey (AM): Well, can you answer what the Citizen's Advice Bureau is saying, which is, 'Individuals who are on similar or even identical levels of income to those on Income Support may justifiably feel aggrieved that they are excluded from the scheme.' And just to be clear, what they say is, 'There are two means-tested benefits for adults unable to work due to

sickness or through unemployment. Claimants in the first group, that is those with sickness or lone parents, receive Income Support. Unemployed adults receive Jobseeker's Allowance. The rate is exactly the same for both.' So the way the scheme has been set up has the effect of excluding people who are equally poor, equally deserving but cannot benefit from this because they happen to be seeking work. It excludes people who are seeking work and I do not understand the logical case for that unless that was your intention.

Murziline Parchment (Director of Major Projects and Service Delivery): No, that is not our intention. Our intention was to help the poorest Londoners and the people you identify being on Jobseeker's Allowance, although they are poor Londoners, we did not identify them as being the poorest Londoners.

Bob Blackman (AM): Can we just explore this a little bit further? I can understand the strategy that says we want to target the poorest Londoners, but can we take this further? Targeting the poorest Londoners to do what? To encourage them to travel more? To travel to seek jobs or for social purposes? What is the purpose behind it, or is it possibly just to fill up the buses?

Murziline Parchment (Director of Major Projects and Service Delivery): It certainly was not to fill up the buses. It was to assist the poorest Londoners. It was to assist their pocket, effectively, and to enable them, those that wished to make trips - particularly you will see that a large part of those on Income Support are those that are lone parents - for those who wish to make trips with their young children to visit friends and family that may be constrained by their budget. To enable them to take those trips, to enable them to move freely around London and help them to go about their business like other Londoners who have more in their pocket.

Bob Blackman (AM): One of the problems about Income Support as a benefit is the Government, for all sorts of reasons, are slowly but surely withdrawing Income Support from large sections of the population. So it is a diminishing number of people of people who will be on Income Support. Frequently people go on to Income Support after their Jobseeker's Allowance has expired, because it is a six month benefit and then they go on to Income Support after that. Other people are going on to, for example, Child Tax Credit. There are other benefits but they do not seem to be qualified here, either. They are equally poor people, yet we have what I envisage being a gradually reducing number of people who will qualify for this benefit. How do you answer that?

Murziline Parchment (Director of Major Projects and Service Delivery): As you know, this is an agreement that is reviewed year-on-year, and as we stand now in 2007, those on Income Support, a total of 370,000 people in London, 183,000 of them are sick or disabled, 164,000 of them are lone parents, 10,000, as corrected earlier, are carers, and 18,000 are on income related benefits. Certainly all of these, as we stand now, provide a big pool of poorest Londoners who we are trying to target.

Tony Arbour (AM): Is this not a rather extraordinary thing that you are proposing to us? In effect you are saying that the Mayor is distinguishing, as they did in Victorian times, between the deserving poor and the undeserving poor. You have made it quite clear in the way that this money is being allocated that people who are on Jobseeker's Allowances are undeserving but people who are not looking for work are deserving. Is that really something which the Mayor wants to do?

Murziline Parchment (Director of Major Projects and Service Delivery): I certainly have not used those words and that is certainly not how the Mayor characterises the poor in London.

This is targeted at the poorest Londoners and, as I pointed out earlier, there is a huge pool of those on Income Support and therefore there is a larger number that are able to claim this benefit, the 50% discount on travel.

Tony Arbour (AM): Well you may not want it to be characterised in this way, you may not have used those words but it will inevitably be seen by those people who are on Jobseeker's Allowance that they are being discriminated against by the Mayor because somehow or another the Mayor thinks they are less worthy of receiving this benefit. I wonder if we could put these numbers in context. How many people are there in Caracas on Jobseeker's Allowance or in receipt of benefit?

Sally Hamwee (Chair): That is about as much of that sort of context as I am going to allow.

Tony Arbour (AM): It would be wonderful to know the answer.

Sally Hamwee (Chair): The benefit system must be very different in Caracas.

Murziline Parchment (Director of Major Projects and Service Delivery): I can tell you some numbers of Venezuelans and what the benefit is in Caracas. For example, there are 1,480,543 Venezuelans under the Mission Robinson, who were enabled to read and write and were helped by 128,967 teachers, 137,000 --

Tony Arbour (AM): This is wonderful but how many of them are in receipt of benefit because we have been told by Mr [Malcolm] Fairhurst that this all depends on the definition of poverty. I suspect that the poorest person in London who is in receipt of Income Support is infinitely better off than the poorest person living in Caracas who is out of work.

Murziline Parchment (Director of Major Projects and Service Delivery): Well, certainly one of the major things, as is seen from the latest Leach Report [The Slow Race, Melissa Leach/Ian Scoones, 2006], that is stopping people in London from entering the job-market and progressing in their jobs is the rate of literacy and the rate of numeracy. There are many provisions in Venezuela in terms of providing literacy and numeracy that we would be very proud to have provided here. So there are many benefits that are happening in Venezuela under President Chavez' presidency that I think we could learn from here.

John Biggs (AM): To be topical, oil is a lot cheaper in Caracas, of course. I had a couple of questions. The first is on the face a ridiculous question, but I just want to be clear on this: would it be fair to say that if a bus service was introduced in London it would probably not be a valid criticism of Londoners to say, 'We do not want that bus service to go down that street because it does not go down every street in London.' Therefore all Londoners are hard done-by as a consequence, other than the ones living in that street. Do you think that would be a valid argument?

Murziline Parchment (Director of Major Projects and Service Delivery): No, of course it would not be a valid argument.

John Biggs (AM): Right. Because certainly I do understand the outrage of my colleagues is somewhat put on, I think, but they are raising an interesting question, which is you have selected a group of people to benefit from this charity from Venezuela. Would it be all right to think that you went through a process in which you selected who the beneficiaries would be and the question is at some stage in the future do you think you will go back and look again at the beneficiaries and whether that needs to be tuned or refined in the light of the available

resources, in the light of changed experience in London, in light of the number of benefit claimants in London, or job-seekers in London, or whatever? And as part of that you might want to assemble an argument about job-seekers that, for example, as many job-seekers will be in a transitory period of unemployment it would not be necessarily appropriate to give them a long-term benefit but maybe some other approach to subsidised travel would be an appropriate one. Is that the sort of thinking that TfL and the Mayor's Office might want to go through?

Murziline Parchment (Director of Major Projects and Service Delivery): Certainly, as I pointed out earlier, there is provision in the agreement at any time to look again at the scheme, but certainly on a yearly basis we can look at the scheme. Obviously during that time those considerations may or may not come into play.

John Biggs (AM): And presumably, just to be thorough about this, although we talked about job-seekers and those on Income Support, there will be other categories of Londoners, refugees, other people who are going through assessment and have not yet reached benefit, people who are in the care of their families and are not seeking support who could equally be described as poor who will not benefit from this. So the policy is in some ways inevitably always blunt because it will not catch everyone. Not everyone defines themselves in a way that is convenient for the public authority.

Murziline Parchment (Director of Major Projects and Service Delivery): You do identify some of the weaknesses in identifying the poorest Londoners. As I have said before, there is an ability to adjust and look again to ensure that the poorest Londoners do benefit. We do strongly feel that we have identified the poorest Londoners and that they will benefit from this.

John Biggs (AM): So would it be reasonable for me to request personally, or maybe the Committee collectively, that a more detailed explanation is provided from your Office or from TfL as to why job-seekers are not included in this scheme and the method, the time-line against which you will be reviewing this operation to maybe include or exclude categories of people who might currently benefit or not benefit.

Murziline Parchment (Director of Major Projects and Service Delivery): Certainly we could provide that information.

John Biggs (AM): OK, thank you.

Mike Tuffrey (AM): And if that explanation could also address and answer the Citizens Advice Bureau who is saying that this scheme is discriminatory precisely because of these points?

Murziline Parchment (Director of Major Projects and Service Delivery): I do not know whether or not they used the words actually discriminatory but if you give us a copy of that letter we will look at that.

Mike Tuffrey (AM): I have the briefing in front of me.

Joanne McCartney (AM): I understand that you had a £50 million subsidy in effect and it was a way of trying to make sure that it was net-neutral on TfL's budget but could we also have figures that if the Jobseeker's Allowance were put into the pot an assumption of how much that would cost, whether that would actually take up any more income that we would have to find in TfL's budgets elsewhere. I think that would be something useful. I remember when the Mayor announced this to the Assembly we did ask a question about whether this scheme could

be extended and he did give that commitment at the time that depending on how the scheme went it would be open to review. I specifically mentioned people that were looking for work and he said he was willing to look at that then.

Sally Hamwee (Chair): Well, I was just going to say let us see on some of the figures we have got now what scope there might be for bringing more people into it. The Mayor talked about 250,000 Londoners benefiting. TfL forecasts a take-up of 65%, which on those figures would be 162,500 Londoners. I think this may be one more for Malcolm [Fairhurst]. What information is the estimated 65% take-up based on?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well that is not based on some great mathematical model. Our experience generally is that if you give people a 0% discount you get zero take-up. It depends on what else is in the package. 100% take-up, like the Freedom Pass, gets 80%, 90%, 95% take-up. Something in between gets something in between. That is our benchmark. Clearly the rate at which you exceed or do worse than that benchmark very much depends on the scheme that you are talking about. How easy is it to access? How valuable is it going to be to the people who are receiving it? All those kind of factors. So we are saying at the moment that our central estimate is that we will get up to something like two-thirds of those eligible actually applying. Maybe something slightly less than that in the first year.

Sally Hamwee (Chair): But you can assure us then that the likelihood that people on Jobseeker's Allowance might use the discounted fares more is not something which figured in this? I just want to hopefully draw that conclusion.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well in terms of the percentage of take-up I think we are comfortable that we have identified the range. There are a number of assumptions that one has to make, to make a decision as to whether this particular scheme will hit the amount of money that we have. And that is one of them.

Sally Hamwee (Chair): Putting it another way, I wanted to be assured that people on Jobseeker's Allowance have not - at any rate not at this stage - been excluded because their take-up might be higher?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): No.

Sally Hamwee (Chair): Fine, that is fine. Good. Do you have information about how much on average people on Income Support currently spend on public transport? Have you been able to factor that in?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes, that is one of the numbers that goes in to all these sums and which we are assuming is about £6 to £7 a week that the eligible group spends typically on buses at the moment.

Sally Hamwee (Chair): That is an assumption?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): That is based on market research that we have done and analysis of other kinds of internal surveys that we had.

Sally Hamwee (Chair): Thank you.

Bob Neill (AM): You made the point about how you have arrived at the assumption of 65% take-up, Mr [Malcolm] Fairhurst and perhaps I can just continue to put some questions to yourself or Mr [Stephen] Critchley, as appropriate, really. That is how that assumption is arrived at. You have also got an expected net reduction in fare revenue of £15 million as a result of that. So to achieve that figure you must have made an assumption about the take-up rate, and an assumption about the average saving to individuals. What assumption did you make?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): I was quoting this figure that the average person is spending - maybe £6 a week at the moment - then the effect of the --

Peter Hulme Cross (AM): £6 a week, that seems very low, that is all.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): I think if you gross it up for 250,000 people that amounts to £75 million a year. So actually, if you look at the total amount of revenue that we take on the buses, that is not an insignificant amount of money.

Peter Hulme Cross (AM): Absolutely not.

Stephen Critchley (Chief Finance Officer, TfL): But you have to bear in mind these are poor people and therefore £6 to £7 is a good proportion.

Bob Neill (AM): If you put it in annual terms, 162,500 is the take-up within the parameters that you have talked about, £15 million a year net revenue costs; that's perhaps an average saving of about £90 a year, something like that?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Something of that order, yes.

Bob Neill (AM): Yes, £6 a week, £90 a year.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): But that would take into account the fact that when somebody gets the half-price concession, some people who are spending, let us say, £6 or £7 at the moment - £7 would buy you a couple of one-day bus passes in a week - somebody might decide, 'Hey, now for £7 I can buy a weekly bus pass and I will use the concession not to save money but to travel more and do all kinds of things.'

Bob Neill (AM): Well, that was another point I wanted to ask you about. I wondered how much of your assumptions had included the possibility of some increased revenue exactly on that point, by concession-holders travelling more? How have you factored that in? Are you able to quantify that?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes, well we are saying that if at the moment somebody is making typically something like eight bus trips a week we are expecting that to increase to something like 11 once they are in receipt of the half-price scheme. That is an average. Obviously some people will not travel at all more, if you look at the individual. Some people may choose to reinvest their savings in additional travel. We have parameters that we always use when fares go up or down. That is somewhat more (but we do not feel excessively more) than the average rate of response that we would normally use. Because we are looking, as Murziline [Parchment] has said, at the poorest Londoners we are expecting a somewhat greater response.

Bob Neill (AM): I understand that and therefore your assumptions of that take-up rate and the calculation that follows from it are based on your experience as transport professionals,

having looked at it over a number of years. No doubt you would advise both TfL and the Mayor of your assessment and you made it quite clear to the Mayor that your assumption was that 162,500 take-up is an average saving of about £6 a week, £90 a year; that is how it comes out.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): I would have to go back and look at the numbers but I think that sounds --

Bob Neill (AM): Well it is not difficult to do the math, actually. All you have to do is do a very simple mathematical equation. Perhaps you can confirm that if the Mayor's assessment, the Mayor's claim that the average benefit would be £280 a year, if that were multiplied up all your figures we would be looking at a cost of £45 million a year.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): No, I think there is a difference there (and we do struggle with this) between the value of the scheme and the actual saving that the individual makes. So I was quoting earlier an individual who is maybe spending £7 at the moment and chooses not to reduce expenditure and instead buys something like a weekly bus pass, then that individual is clearly getting benefit even though there is no financial saving of what he spends on transport. The figure that the Mayor has been quoting is that kind of potential value to people who take the concession.

Bob Neill (AM): But that is not a figure based on your assessments or your assumptions?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): It is not the financial saving, it is the benefit.

Bob Neill (AM): So you can interpret the figures in different ways and use the figure that is appropriate?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well, you tell me. In the case that I was quoting of the guy who does not actually make a financial saving, what is the benefit he is receiving?

Bob Neill (AM): Well, you have given your assessment as how you do it as transport professionals. I am not criticising your approach to it.

Murziline Parchment (Director of Major Projects and Service Delivery): It is true that there are lots of different ways in which you can quantify this. It is the savings for the individual, the benefit for the individual, the savings to TfL, the benefits to TfL. There are lots of different ways in which this can be analysed and I think they are all valid ways. You will have a range and I think the lower end of the range is probably £280, and therefore that was a conservative figure given by the Mayor.

Bob Neill (AM): Well, forgive us if we are a bit sceptical after the previous effort when the Mayor claimed that there were 130,000 carers on Income Support going to benefit from it and it turned out there was one-thirteenth of that figure. So you understand if we are going to be a bit sceptical about some of the figures.

Sally Hamwee (Chair): Also he said that some on Income Support would not need it because they would be pensioners and have the Freedom Pass but if you are a pensioner you are not entitled to Income Support. So there is a lot of confusion around this.

Peter Hulme Cross (AM): I just wanted to make a point here. In the Mayor's press release, when it was first announced on 20 February 2007, it was announced as a benefit of 'at least' £280 a year and then subsequently a week later it was corrected to 'up to' £280 a year. That is on 27 February 2007. Now there is a lot of difference between those two statements: 'at least £280 a year' is £280 plus whilst 'up to' is obviously lower than, which would be the figure of say, £90 on average. So clearly there has been a slight rethink in that week as to how the saving is announced.

Secondly, there do seem to be a lot of assumptions here. If your take-up is 162,000 odd people and they spend more than the average of say £90 per year then you are going to exceed your £50 million target. That could quite easily be exceeded.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): There are upsides and downsides to all these figures. I was saying that we have assumed that people increase their level of travel from eight trips to 11 trips a week. If they do a little bit more than that clearly we will get a bit more money into the fare box. So we have made at the moment our best overall estimate of what the costs and take-up are going to be. You cannot quite give a 100% guarantee to those figures.

Peter Hulme Cross (AM): No, I mean there are a lot of assumptions along the way.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Whenever we make changes in fares we have to make those kinds of assumptions and normally we get our numbers more or less correct. But we will see.

Tony Arbour (AM): If this scheme is implemented and the numbers that take it up are the sort of numbers that you indicated, what proportion of bus travellers will be travelling on concessionary fares?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): That is the kind of figure perhaps I should have at my fingertips but do not.

Tony Arbour (AM): Is not the current figure that 40% have concessionary fares? If you add this total to that, that is going to take it maybe to one in every two passengers will be travelling on some sort of concession.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): I think it is something of the order of 30 to 40%. I can come back to you with the exact figures.

Tony Arbour (AM): Rather an extraordinary transport system where practically nobody pays the full fare.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): The majority do. Half of that is the Freedom Pass, which is paid for by the London boroughs.

Sally Hamwee (Chair): Yes, indeed.

Bob Neill (AM): I think we have established that for an estimate there are an awful lot of assumptions in it. We will have to come to a conclusion whether this seems to be an estimate and guess and see how it turns out. OK, I think I have got that.

The other issue that I wanted to ask you about is that the contribution itself in the agreement is expressed 'not to exceed US\$32 million' in any one year and Howard [Carter] already indicated to us that is based on the UK oil price.

Howard Carter (General Counsel, TfL): There is that cap, that is correct.

Bob Neill (AM): Yes, that is right. That is the cap on it and as we know the contribution is calculated on the basis of the UK oil price for the preceding six months.

Howard Carter (General Counsel, TfL): That is also correct.

Stephen Critchley (Chief Finance Officer, TfL): And, I think: the cost of diesel to London bus operators, is strictly correct.

Bob Neill (AM): There is quite some detail there. Coming out of a reputable publication or something that would be acceptable by an external auditor?

Howard Carter (General Counsel, TfL): The prevailing market price.

Bob Neill (AM): Of course, one of the risks is that like any price it can go up and it can go down. Therefore is the risk identified that if the oil price falls, if that fall was sufficient, then you could get to a situation where the contribution might be insufficient to fund the concession? That is obviously a risk that arises in these situations.

Murziline Parchment (Director of Major Projects and Service Delivery): That is obviously a risk and that is why the agreement is a yearly agreement and within the year it can be looked at again.

Bob Neill (AM): Indeed, and the Mayor, I think, has said on a previous occasion that if the value of the contribution were to fall below the cost of the concession the discount would either be reviewed or alternative sources of funding identified. I would just be interested as to what steps you have taken to consider what alternative sources of funding will be identified?

Stephen Critchley (Chief Finance Officer): The usual sources, I think, which I will expand on. First of all, the cost of the scheme that we have talked about is £15 million a year, so one could do a sensitivity analysis on that. What would happen if the take-up was high or low? What would happen if the diesel price were higher and lower? In the worst situation you would have a higher take-up and a lower diesel price. You might have a win-win scenario. Lower take-up we would not regard as a win-win because it would not give the benefit to the poorest people in London. You understand my thinking? The amounts involved we should say are relatively small. £15 million in the context of TfL's budget is relatively small. The impact of the sensitivities and, therefore, actual experience being different from the assumptions is smaller still. It pales into insignificance compared with the general uncertainty of the level of bus fare revenue altogether which exceeds £1 billion. Let us look at the small amount we are talking about in isolation - what would we do? Well, it would obviously depend upon TfL's financial circumstances at the time. Because to the extent that income were higher or expenditure were lower it may be that we could absorb that without even a concern. Otherwise, it is the usual way: we have a contingency in our budget which is not allocated at the beginning of the year and if that were fully used up we have reserves there which are appropriate to take a much bigger shock than the sensitivities on this figure would be. So that is why I say it is the usual technique.

Murziline Parchment (Director of Major Projects and Service Delivery): I think I should also point out in the agreement that under clause 3.5, the energy funding contribution will not exceed \$32 million in each year unless otherwise agreed by the parties. In clause 7.2.3 where the parties agree there should be a change to the discount scheme referred to in clause 5.2, clause 5.2 shall be amended accordingly. In clause 6.6, variations to this energy funding contribution and co-operation agreement may be made only in writing signed by the duly authorised representatives of all parties. There is more than one provision in the agreement to enable us in the year and at the end of each year to look again at the agreement.

Bob Neill (AM): Does that enable you, as well, to go back to President Chavez and ask for more?

Murziline Parchment (Director of Major Projects and Service Delivery): Well certainly the agreement says there is a cap of \$32 million unless otherwise agreed.

Bob Neill (AM): So it can be varied?

Murziline Parchment (Director of Major Projects and Service Delivery): It can be varied.

Sally Hamwee (Chair): Beneficiaries can only apply for a six-month concession at a time, that is correct is it not? So that is the scheme that you have worked-up. So theoretically, perhaps practically, is it possible that if there is a problem with the cost of the scheme not being met by the contribution that in the second half of the year it would be varied so that fewer people could apply?

Murziline Parchment (Director of Major Projects and Service Delivery): Certainly that is the case in year, on year, at any time.

Sally Hamwee (Chair): Within the year?

Murziline Parchment (Director of Major Projects and Service Delivery): But certainly by that process, six months, that would probably be if you were going to do it in the year it would be at a six month interval.

Sally Hamwee (Chair): What I am saying is that one of the options open to TfL if the contribution were inadequate would be to change the scheme so that the second six months of the year fewer people would be able to benefit from it. Or the compensation would be changed.

Murziline Parchment (Director of Major Projects and Service Delivery): Well, certainly the concession could be changed in the year. Whether or not that would be fewer or more - it could be a bigger group that is eligible - you would have to look at that as you got to that situation. Certainly there is the possibility to do it in the year and do it at the end of each year.

Peter Hulme Cross (AM): Just a small point which occurs to me. You have quoted the \$32 million, the Mayoral approval form MA2870 mentioned £12 million. They approved the agreement in February on the basis that the contribution equated to approximately £12 million. Now we are actually speaking in terms of £16 million here or thereabouts. I am just wondering why there is that discrepancy?

Stephen Critchley (Chief Finance Officer): The \$32 million is a cap, of course.

Murziline Parchment (Director of Major Projects and Service Delivery): I think you are referring to paragraph 9.1 where \$32 million is translated in the Mayoral approval form as approximately £12 million Sterling at a February 2007 rate. I am afraid I am not an exchange-rater. I would have imagined it to be higher than that as of February 2007.

Peter Hulme Cross (AM): Well, it has not fluctuated that much since February.

Murziline Parchment (Director of Major Projects and Service Delivery): I would have thought it was actually £16 million pounds.

Peter Hulme Cross (AM): It has been nearer to £15 or £16 million at that time, so I do not know why it was put in as £12 million because that is too low. But in any case, you set a cap of \$32 million. Now that is a maximum. Is there a minimum?

Stephen Critchley (Chief Finance Officer, TfL): No, I do not think there is a minimum. Clearly there will always be a price of diesel fuel, I doubt that it will be actually free. No, it is 20% of the cost of diesel. There is no minimum. Obviously a cap provides protection to Venezuela as to how much their contribution might be.

Mike Tuffrey (AM): It is more and more murky the more one looks at it. Stephen [Critchley], you just said 20% of the cost of diesel but TfL does not buy diesel. The bus operators buy the diesel, yes? And they notify you of the volume.

Stephen Critchley (Chief Finance Officer, TfL): TfL does buy diesel because it has got a bus operator. But the majority of it is bought by --

Mike Tuffrey (AM): Fine. But the individual bus operators buy their diesel at whatever price they buy it for, and you do not necessarily know that because it may indeed be commercially confidential to them. I do not know. But the essential point is they then notify you of the volume that they have been purchasing.

Stephen Critchley (Chief Finance Officer, TfL): Yes.

Mike Tuffrey (AM): And it is that figure that you then use for this sum.

Stephen Critchley (Chief Finance Officer, TfL): We will then convert it using figures from a reputable publication and we have not yet concluded what that is because it will need to be agreed.

Mike Tuffrey (AM): So talk of the cost of diesel is also misleading? No? In terms of the cost of the bus operators' diesel is misleading. Because this formula is not related to how much they actually paid for their diesel, yes? This is totally dependent on the volume calculated.

Stephen Critchley (Chief Finance Officer, TfL): It will be close though. It will be close, it is not misleading. That is a strong word. If you say it is an estimate of what the cost is I would be prepared to accept that but to say it is misleading is just too strong.

Mike Tuffrey (AM): Our job here is to try and understand what is going on so Londoners know.

Stephen Critchley (Chief Finance Officer, TfL): The basis is set out in the agreement. I am not in any sense trying to mislead you as to what it says in the agreement.

Mike Tuffrey (AM): It is just we start with what The Londoner says, that London's bus fleet will use subsidised oil from Venezuela. We have already established that is in my view, I think in the majority of people's view, wholly misleading. We still, however, have this notion that somehow TfL is purchasing diesel and there is a subsidy to that but that is not true. It is the individual bus companies who are purchasing diesel. They then notify you of the volume and you use that as a funding calculation. So this linkage between the cost of diesel in London and the subsidy is, in my view, misleading.

Stephen Critchley (Chief Finance Officer, TfL): We beg to differ on that one. I am just looking at the original Mayoral press release and it actually said there, 'The Mayor of London today signed an agreement with the Venezuelan oil company, Petroleos de Venezuela Europa for a 20% reduction of price of fuel for London's bus fleet.' I think that is a very good and accurate summary of what it says in the agreement.

Mike Tuffrey (AM): That's precisely the point and thank you for quoting that, I did not have that in front of me. That absolutely confirms the point I am trying to establish, that this is not mathematically linked to the actual price of diesel incurred because that is a matter for the individual bus operating companies. It is a calculation from a volume usage to a prevailing UK price to a subsidy.

Stephen Critchley (Chief Finance Officer, TfL): I understand the point you are making. I do not regard it as a particularly big deal.

Mike Tuffrey (AM): We can have our differences of interpretation. I just want to get the facts on the table. People have a view that somehow TfL is going out, buying diesel for the buses and getting a subsidy and that simply is not the case. It is the individual bus operating companies.

Murziline Parchment (Director of Major Projects and Service Delivery): What is the case is that Venezuela is providing a subsidy based on the usage of fuel by buses in London and that subsidy is being passed on to the poorest Londoners.

Mike Tuffrey (AM): Absolutely, that is correct. It is charity. It is not subsidised oil from Venezuela.

Murziline Parchment (Director of Major Projects and Service Delivery): Chair, I think it is under the realised fuel price and the second request where it clearly sets out how it is calculated. Also, Chair, I think it should be pointed out that it is TfL's Chief Finance Officer and also an independent auditor that need to be satisfied by the information to ensure that it is being properly calculated.

Howard Carter (General Counsel, TfL): I was just going to say, just in terms of matters of fact, I think it would actually be extraordinarily difficult to do that calculation in a different way. Because if you were to try and base it on actual price then first of all there would be issues of confidentiality. It is also not the case that there is a specific price at any one time. Those bus companies in practice enter into a number of short-term futures-style purchasing arrangements for their fuel. It depends on their volumes, their ability to get discounts and how they do in the market, and also the terms over which they have done that. So there is not just an alternative figure; it would actually be a very complicated calculation to try and make.

Mike Tuffrey (AM): I understand that, and I am not criticising the mechanism. I am criticising how the mechanism is being described very loosely and very repeatedly.

John Biggs (AM): Well, I am tempted to not delay but I have a problem with Michael Tuffrey's line of questioning because - and I need to phrase this as a question - is it not the case that clearly there are not barrels of oil arriving outside City Hall and being placed on the pavement for the Mayor to measure and take away in jugs in order to sell to people. Clearly that is not happening. It is in the nature of the relationships around foreign partnerships with Venezuela that they are expressed in terms of oil and oil subsidies. That is why it is perfectly legitimate for people to talk about subsidised oil as underpinning this when, of course, it is pretty obvious to anyone but an idiot that there is not actual oil being delivered in wheelbarrows or whatever to City Hall. So I think most Londoners who are sufficiently devoid of the ability to sleep who might watch this at 3.00 in the morning would sit up at this point and recognise that this is not about the Mayor having oil delivered to his back garden or something. It is about a serious transaction between two public bodies - one a state, the other a city authority; and it is based on consideration in return for performance of duties. People can tart it up in various ways and misrepresent it but that is basically what it is.

Murziline Parchment (Director of Major Projects and Service Delivery): I think the clearest way to characterise this agreement is that Venezuela is rich in oil-wealth and it is from that oil-wealth that they have the ability to offer this subsidy. They offer the subsidy to great benefit to the poor of London. However, London is rich in experience and they offer that to Venezuela.

Sally Hamwee (Chair): Let us move on to the operation of the scheme.

Joanne McCartney (AM): Can I ask when did you first raise with the Department of Work and Pensions (DWP) whether this would have an effect on those that are in receipt of benefit?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): That was discussed informally at a working level in 2006.

Joanne McCartney (AM): When the Mayor raised this - I believe it was Mike [Tuffrey] who asked the question about whether it had been discussed and the Mayor said that you do not deal with details like that before you have got an agreement - I am just wondering what were the nature of those agreements?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): We did not have any agreement at that time. We had initial contact with DWP and the issue was raised by the people we were speaking to. That was discussed with colleagues in City Hall and there was a general view that it would have to be dealt with in the way that it eventually was dealt with; but that there was not a serious risk to the scheme as a result of this particular issue.

Joanne McCartney (AM): And how has it been dealt with? Do we have a letter from the DWP?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes, we have a letter from John Hutton [Secretary of State for Work and Pensions] in which he says he thinks the scheme is an excellent scheme and points out this is actually a benefit in kind so it is not actually covered. Which is really confirming the view that we had.

Sally Hamwee (Chair): What is the date of that letter?

Murziline Parchment (Director of Major Projects and Service Delivery): The date of the letter is 8 March 2007 and I do believe the letter is on the website, actually.

Mike Tuffrey (AM): The key point is that the letter requesting the advice and the reply were sent after the scheme was announced.

Murziline Parchment (Director of Major Projects and Service Delivery): However, the matter was clarified way before the scheme was entered into, as was pointed out by Malcolm, in 2006.

Mike Tuffrey (AM): My point was simply had it been checked? If it had not been checked --

Murziline Parchment (Director of Major Projects and Service Delivery): It had been checked.

Mike Tuffrey (AM): No, no. If it had been checked why did the letter need to be sent after the event?

Murziline Parchment (Director of Major Projects and Service Delivery): It had been checked in 2006. It was confirmed orally. It was checked in writing. The only difference was checking orally and checking in writing.

Mike Tuffrey (AM): If it was checked in sufficient detail then there was no need to have a letter.

Murziline Parchment (Director of Major Projects and Service Delivery): There is a letter.

Joanne McCartney (AM): I believe the Post Office have agreed to administer the issuing. Can I ask what discussions you have had with the Post Office about how they are going to administer it?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well, we have basically specified in detail how it is all going to work and the Post Office have turned that into what they call a blueprint and they are getting that blueprint signed-off at the moment by their internal top-level process. So we are hoping to have that final confirmation of all the details in the next two to three weeks.

Joanne McCartney (AM): Two to three weeks?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes. We already have a major agreement contract with the Post Office for issuing photocards for under 16s and under 18s so it will not be a new contract but there will be a variation to the contract to allow the difference.

Murziline Parchment (Director of Major Projects and Service Delivery): But we are hoping that by the summer of this year that we will be able to start accepting applications and issuing the discount card. That is over the summer of this year.

Joanne McCartney (AM): It was originally said it hoped to be operated by July. Does July include this summer or do you think it is going to be at a later date now?

Murziline Parchment (Director of Major Projects and Service Delivery): July includes this summer. It is over the summer period.

Joanne McCartney (AM): Right, and do you know what the extra costs are? What are the contractual arrangements with the Post Office, how much extra is it going to cost you?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes, the way the thing is working in order of magnitude terms is that the Post Office will charge us a certain amount per photocard that they issue. So the total amount will depend on that and that amount is of the order of £1 to £2. The exact number on that is still being finalised.

Joanne McCartney (AM): And how are the costs of that being met? Has that been taken into account?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes, that is within the total costs.

Sally Hamwee (Chair): Within the total costs of what?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Of the £15 million that we talked of.

Sally Hamwee (Chair): It is not within the costs of, or is it part of TfL's reasonable costs of administering the scheme, which comes within the agreement?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes.

Sally Hamwee (Chair): Right.

Joanne McCartney (AM): I would also ask is any further training or machinery needed at Post Offices?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): No, the consumables, the application forms and the photocards, will be produced and supplied to the Post Office by TfL, and the existing IT systems that runs on Post Office counters will be used to capture data and then will be passed through to TfL.

Joanne McCartney (AM): We have had a response from the CAB (Citizen's Advice Bureau) who expressed concern about the training of some of the Post Office staff and expressed concern that they may not be able to distinguish between the various benefits. It could lead to a great deal of confusion and one of the things they stressed is about the training of Post Office staff; so perhaps you cannot tell us that, but I wonder have you had complaints of that in the past?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well, the Post Office is a very large organisation. You do not get 100% success but in general I think Post Office staff are pretty professional. I am almost amazed whenever I go in as to how they do cope with all the various schemes. We are certainly looking at material that the Post Office staff will have.

Joanne McCartney (AM): Could you just talk me through the process that someone on Income Support would have to do? They would go to the Post Office and what documents would they need to take with them and what would need to happen?

Murziline Parchment (Director of Major Projects and Service Delivery): They would need to go to the Post Office every six months. They would have to produce two passport-type photographs, evidence of identity (a signed document such as a passport, bank card or driving licence) and they would also have to present a letter from the Department of Work and Pensions, issued within the last three months of them going to the Post Office, which states their Income Support entitlement in their current address. This follows London borough practice in using the Post Office in administering Income Support claimants. Then they will have their application forms processed in that way. Once they have a photocard, they present that photocard to the Oyster ticket shop and then the bus discount will be loaded on to the applicant's existing Oyster card.

Joanne McCartney (AM): I understand the need to produce documents that can be verified and give safety to yourselves that the right people and the right names are getting them. One of the things the CAB have told us - and I am going to quote from what their response has said - is that, 'We understand that individuals applying for photocards would have to show proof of identity and we hope there will be a degree of flexibility on the types of ID that will be required. We hope that there will be more eligible forms of ID than just the basic passport, driving licence or bank cards because some of the most vulnerable people who are on Income Support will not have any of these.' Those three that they specify are the three that you just identified to us that will be required. So I am wondering how you are going to get round this and what else can be produced?

Murziline Parchment (Director of Major Projects and Service Delivery): I gave those as examples of a signed document. So, they will be able to present a document that is signed that verifies their identity.

Sally Hamwee (Chair): Presumably - if I can come in - that is something that is still being discussed with the Post Office. You cannot expect an individual person at a Post Office counter to be able to exercise discretion. Is this something which is still a matter of discussion?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): If the CAB is suggesting a wider range of proofs of ID, I would be happy, I am sure Murziline as well, we would be happy to look at those.

Joanne McCartney (AM): I think many people will not have any of those.

Stephen Critchley (Chief Finance Officer, TfL): Have you got the benefit of this input from the CAB?

Murziline Parchment (Director of Major Projects and Service Delivery): No, no, we have not.

Sally Hamwee (Chair): If I could just explain, we sought advice from the CAB and I do not think that I can refrain from saying that we would have hoped that that sort of input from people who have the experience of dealing with claimants and so on might have been something that you would seek to have made available to you because we are in fairly uncharted territory, we accept.

Murziline Parchment (Director of Major Projects and Service Delivery): Well certainly the process has not got to a point where we cannot introduce these things and therefore we would welcome - is it the same letter that Mike Tuffrey had - we would welcome and

Mike [Tuffrey] has promised that we will be given that letter, have that letter and use that as a basis.

[Copies of the CAB letter and related emails presented by Mike Tuffrey at this point in the meeting to Murziline Parchment, Stephen Critchley, Malcolm Fairhurst and Howard Carter.]

Murziline Parchment (Director of Major Projects and Service Delivery): We are very grateful to the Assembly to be able to provide this to us and we shall bear this in mind in the future, actually, when we have any other such targeted benefit.

Joanne McCartney (AM): Can I also ask, given that a letter has got to be produced from the DWP saying that these people are on benefit, what mechanisms do you have to stop fraud happening? For example, what is to stop someone from getting a letter that is within date for three months and then within the next three months come in with another letter; so in effect obtaining two passes in the same six month period?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well the data that is being collected will include names and addresses so we should be able to check up on multiple applications of that kind.

Joanne McCartney (AM): And how will that check be done? Will something flash up to the Post Office counter?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Not at the Post Office counter. The application data will be, as I was saying earlier, passed through to TfL so we will be maintaining a database of the details of all the people who have applied for and received a card.

Joanne McCartney (AM): Does your database flag up, for example, when a new name is entered and there is a similar name with the same address? Does that flash up on your screen?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes. I do not think it would quite work in that way but those are the kind of things that we will be checking.

Howard Carter (General Counsel, TfL): We do audit work and sometimes data-mining and that kind of thing on those areas as well. It is not always the system that flags it up but there are other ways of checking for that kind of thing if you need to.

Sally Hamwee (Chair): How will you stop the use of an Oyster card if it is discovered that the first applicant is the fraudster and the second is genuine?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes, well we are in a position where we can Hot List. I think the question you are asking is which one do we choose to Hot List, yes?

Sally Hamwee (Chair): I have actually gone beyond that. You have established that the baddy in this is the one who first turned up to apply so how do you stop the baddy continuing to use the Oyster card?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well, the baddy will apply for a different Oyster card.

Sally Hamwee (Chair): He might have five or six months use of it before you can stop it, is what I am saying.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): No, but we can Hot List a card at any time as soon as any fraud is detected.

Sally Hamwee (Chair): Hot List means?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): It means we could either render the card useless, so you will no longer be able to use it validly for any kind of travel, or we could Hot List the discount entitlement, which would mean that when somebody boards a bus and endeavours to travel using Pay-As-You-Go, instead of paying 50p they would find themselves paying £1.

Sally Hamwee (Chair): That is what I was just seeking to get.

Peter Hulme Cross (AM): I would just like you to clarify for me something in paragraph 5.4 of the agreement - I will not quote the whole thing but part of it, at least - which says that, 'And shall provide to PDVE such of that data as PDVE or its nominees may reasonably require provided that' and then it goes on, there is a disclaimer about the Data Protection Act. Just what data about our travelling public would PDVE require?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Well, it says, 'What they may reasonably require.' I imagine the kind of things they are interested in is how many people have got the concession, how much use they are making of it and those kinds of things, which give the Venezuelans an idea of...

Stephen Critchley (Chief Finance Officer, TfL): Whether the scheme is a success from their point of view. Because if they were paying 20% and there was no take-up that would not be a very successful scheme, would it? So that is likely to be the information that they would be looking for but the exact detail of what they were looking for has yet to be agreed.

Peter Hulme Cross (AM): Right, so we do not know exactly what they would want to look at. You are generalising on what you think they might want?

Stephen Critchley (Chief Finance Officer, TfL): I am trying to help, yes.

Peter Hulme Cross (AM): You are trying to be helpful.

Murziline Parchment (Director of Major Projects and Service Delivery): I think it is in 5.4 - you have to read the whole clause - where it requires TfL to keep data on the usage of that discounted travel scheme and, having kept data on it, they ask reasonably for the data that is kept.

Howard Carter (General Counsel, TfL): That provision is simply there to allow them to ask, not unreasonably, for some information about how the scheme is operating and some facts and figures. The disclaimers are there to make sure that they do not ask for something that is just clearly not appropriate or unreasonable. Also it has got to be within the limits of the law, as well, because obviously there are significant restraints on what we can provide in terms of Data Protection legislation in particular. They have to specify what they want.

Murziline Parchment (Director of Major Projects and Service Delivery): So effectively they cannot, according to our Data Protection laws, ask for nor can we provide information on individuals; so we do not identify an individual. It would be more general usage of the scheme, the numbers.

Peter Hulme Cross (AM): Statistical stuff.

Murziline Parchment (Director of Major Projects and Service Delivery): Yes, statistical stuff.

Peter Hulme Cross (AM): To see if it is working as they anticipate, as a determination of success?

Murziline Parchment (Director of Major Projects and Service Delivery): Yes.

Bob Blackman (AM): Under the scheme (I think it is clause 5.3) you have got a duty to promote the scheme. Obviously, at the moment your calculation is roughly that two-thirds of those that are eligible will take up the scheme. Could you just talk us through what you are going to do to encourage people to take up the scheme?

Murziline Parchment (Director of Major Projects and Service Delivery): A lot. We are working on the promotion of the scheme for promoting and encouraging people to take it up at the moment. Once we have the details of that we are quite willing to bring that back here. We are working on that.

Bob Blackman (AM): Well, clearly there is an opportunity, for example, if those people on benefit go to a Post Office counter to collect their benefit then a Post Office clerk could say, 'Do you realise that you have qualified for this benefit? Here is a leaflet.' Well, that is one lead; has that been considered?

Murziline Parchment (Director of Major Projects and Service Delivery): Everything is being considered at this moment in time. If you think of the under 18 scheme, which has had a phenomenal take-up (although that is 100% scheme), similar promotions that were used for that scheme, which is very successful, will be used for this scheme.

Bob Blackman (AM): One of the problems here is that only a limited number of people qualify on a specific benefit and those people tend to be, with due respect, people more difficult to reach than others. You are talking about all young people under the age of 18 in full time education. Well, that is a very wide group. Here we are talking about a very specific group, and I think this is the case, who are often very hard to persuade to take all the benefits they are entitled to. So that is why I am getting at what specifically is going to be done to identify those people and make sure that they know about the scheme and then they can apply for it if they wish to.

Murziline Parchment (Director of Major Projects and Service Delivery): We are certainly sensitive to that fact that the people that are eligible for the scheme, there have to be different ways in which to market to them and encourage them to take it up. We are sensitive to that. I am afraid I do not have the details as to exactly what we are going to do on that with me today but I know it is being worked on.

Stephen Critchley (Chief Finance Officer, TfL): What I can say is how it is being approached in broad terms, which is responding to the very issues that you raised there, which

is to analyse who are these people? Where are they? And how are they best reached, ie, what sort of media will be most effective for that? And ultimately it is marketing expertise that has to carry out that analysis and come up with the best possible answers because, as well as a duty to promote, there is a duty elsewhere in the agreement to minimise the cost of administration to the scheme, which is a perfectly reasonable objective for any public authority to take on. So there is a little bit of a trade-off there, that we want to ensure that whatever we spend on the promotion of this scheme is well applied and that is being worked on at the moment. There are draft proposals which are being looked at internally but they are not in a position to be shared yet.

Bob Blackman (AM): There is, for example, a possibility that the DWP would send out an appropriate form with their details on to people on Income Support saying, 'You are also entitled to this benefit for which you have to apply at the relevant Post Office, or wherever.' Has that been considered?

Murziline Parchment (Director of Major Projects and Service Delivery): I understand that something like that has been considered. How far that consideration has gone and how far the discussions have gone I am not able to explain but I do know that that particular point has been considered.

Bob Blackman (AM): Moving on from that particular issue, on this Committee we have had a series of exchanges about the issue of people on the lowest incomes paying cash fares and not switching to Oyster. There does seem to be a barrier because of the requirement for a deposit on Oyster cards and that has been the subject of some discussion previously. So are you considering now, from the TfL perspective, giving people on Income Support Oyster cards free of charge, for example?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): We are generally recognising that there is an issue, certainly amongst some parts of the community, in taking up Oyster. We generally have marketing schemes that are going to be running during the coming months which will attempt to raise take-up in all those kinds of areas. That is, particularly addressing groups in outer London and in ethnic minorities and so on. As far as this scheme is concerned, I think market research we did last September was showing that about 50% of the people who are in scope for the scheme already had Oyster cards. We have been putting out something like half a million cards a month since then so at the moment our plan is not to provide a free Oyster card.

Bob Blackman (AM): One of the concerns here is that the Mayor has identified and the MAF etc reports that the primary boroughs for take up of this scheme will be inner London boroughs, and so for the outer London issue I think there will be some but not so affected. But clearly the concern here is that one of the barriers for people taking on Oyster cards is having to put a deposit down. We are talking about people on the lowest levels of income possible and it seems that is a clear barrier to people taking up the Oyster card. Equally this will be administered via the Oyster card and it does seem that people are going to have to find a large chunk of money up front which would appear to be, certainly from my perspective, a barrier to taking up this scheme. I would wish to see what scheme you are going to introduce to overcome that barrier?

Stephen Critchley (Chief Finance Officer, TfL): I think there is some question as to how much it is a barrier actually. You assert it is a barrier but I am not sure that there is clear evidence that that is the case, to be honest. You say a 'large sum': it is £3. I am not minimising the impact of that but, if I have my numbers right, you recover that over six bus trips.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): Yes, and as I say, when we did our market research in September last year we were identifying – and we were quite surprised – we were actually saying getting on for half the people who are in scope already had Oyster cards. Since then the level of cash use on buses is getting on for halved. So we have gone down from something like 5% plus to something under 3%. So we really do not see, as we sit here today, the need to provide, on top of the discount that is going to be available, the free Oyster card. For those customers who have actually got a registered Oyster card already, it is going to mean they will have to go through a further rigmarole either to get an additional one, hand their old one in, and it is all just looking quite complex to run through.

Bob Blackman (AM): I am not suggesting that would be the approach but obviously, just from what you have given us, half the people that were in scope six months ago have not got an Oyster card. Possibly some of those will have acquired one but we are talking about a substantial number of people who will not have an Oyster card already for whom they will consider this to be a barrier to taking up the scheme.

Murziline Parchment (Director of Major Projects and Service Delivery): Well, the evidence, as Stephen [Critchley] and Malcolm [Fairhurst] have pointed out, does not suggest that. However, I think that we can make a commitment to look at that again and if we think that it is a particular problem then we --

Stephen Critchley (Chief Finance Officer, TfL): That is certainly fair. The question of whether it is a barrier and to what extent it is a barrier and whether we should do anything about it is something that is kept under review. What we are saying is for this scheme alone we are not going to change that. The more general question of should there be a charge is something that will be kept under review as part of our overall fares strategy. That is certainly the case.

Bob Blackman (AM): Just finally, what about the position of where Oyster cards can be purchased? Are we going to broaden that capability?

Murziline Parchment (Director of Major Projects and Service Delivery): Well, they can be purchased at the Oyster Ticket Stops.

Bob Blackman (AM): One of the problems is that there are large parts of London where it is difficult to actually find somewhere where an Oyster card can be purchased.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): We have plans in hand at the moment to double the number of Oyster Ticket Stops. So at the moment we have 2,000 Oyster Ticket Stops, and then broadly speaking another 2,000 retail outlets that are not equipped to do that. So there is a project, which we are just about to sign-off, which will Oyster-ise those additional 2,000 outlets; as part of that we may well relocate to give a greater weighting to parts of outer London where the network is perhaps a little thin at the moment. So that is going to be coming through over the next 12 months or so. For the time being when the scheme is launched it is just going to be at the existing 2,000 Oyster Ticket Stops.

Tony Arbour (AM): Could I press you on this business of Oyster-ising those people with machines for doing that? You say that is going to be rolled-out over a period of 12 months. When will the 12 months start?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): This is slightly out of my territory. I think we are hoping to start the roll-out in January 2008, and complete certainly in a few months after that.

Tony Arbour (AM): And the criteria for being able to issue Oyster cards is that you should be an agent now?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): We will be reviewing the locations where we have the non- Oyster Ticket Stops at the moment. We actually have a very thick network in parts of inner London so it may be that we actually deploy or utilise the new devices to bulk-up the network in some of the outer boroughs. That does not mean to say that we would necessarily be switching off the ones in inner London. What we are saying is there is going to be another 2,000 Oyster sales outlets coming on-stream, and within those numbers we are expecting to see a greater deployment in the outer boroughs than there currently is.

Tony Arbour (AM): This is going to be an enormously expensive exercise, is it not? I understand these machines cost £6,000 a throw?

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): No they do not.

Tony Arbour (AM): They do not?

Stephen Critchley (Chief Finance Officer, TfL): The whole idea, and again it is not my area of expertise either, is to deploy a much cheaper machine. That is the change that will allow us to introduce Oyster into what are non-Oyster Ticket Stops in a cost-effective manner.

Sally Hamwee (Chair): Can I just come back to the barriers to having an Oyster card? We have talked about the £3 deposit but you also need to put money on the card. Malcolm [Fairhurst], you mentioned you were surprised that research has shown you that half of the people within the target group already have an Oyster card. Do you plan to do any work to establish whether the barrier - perhaps it is a cumulative one of £3 per card, putting money on the card and then maybe shoe leather (at least until 2008) in order to get to somewhere to deal with it - do you have it in mind to look at these barriers and consider whether there is anything that might be done to bring the other half of the target group in? Because you will want to know, the Venezuelans will want to know, whether the system itself has an in-built barrier.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): It is still of course the case that at an Oyster Ticket Stop you can put, let us say, £1 on the card if that is all you wanted to do.

Sally Hamwee (Chair): I realise that, as I say, you can spend your life putting £1 on at a time.

Malcolm Fairhurst (Head of Fares and Ticketing, TfL): As Murziline [Parchment] was saying, we are alive to all these issues.

Stephen Critchley (Chief Finance Officer, TfL): Bear in mind that as Malcolm [Fairhurst] said, it was 50% in September. We are putting out more cards so it will be higher now; we do not know exactly what it is. To those that have the cards already there is not a barrier because all they are going to do is have a discount functionality added to their card.

Sally Hamwee (Chair): Somebody said before that they might have to get a separate card. Did I misunderstand that?

Murziline Parchment (Director of Major Projects and Service Delivery): They might have to get a new card if they have not got a card.

Stephen Critchley (Chief Finance Officer, TfL): That was in the context of if we were to issue cards without any charge related to them, but that was a hypothetical situation.

Sally Hamwee (Chair): Right, let us go on to the expertise that London can provide.

Tony Arbour (AM): Exactly what are you going to do for Caracas? What services is TfL going to provide?

Murziline Parchment (Director of Major Projects and Service Delivery): Well, I think that once again the starting place is the agreement. It sets out in clause 5.1 the areas of co-operation between TfL and Venezuela and these are: integration of transport modes, traffic management, bus service management and priority, metro management, public protection and safety on public transport services, regulation and operation of taxis and private hire vehicles, and marketing of transport services. Similarly, under clause 4 it shows the exchange of co-operation between the GLA and Venezuela and the various areas and projects that could have an exchange, which are: transport, planning, housing, protection of the environment, waste management, cleaning and enhancing rivers and waterways, promotion of tourism and cultural activities, equalities, women's rights, and cultural exchanges including the promotion of the Miranda museum in London.

Tony Arbour (AM): I have got all that in front of me. Can I specifically ask, supposing TfL were tendering for the work (which, it is said, you are going to be doing) what would have been the tender costs?

Stephen Critchley (Chief Finance Officer, TfL): I cannot answer that question because the exact work we will be doing is yet to be decided. The Commissioner [Peter Hendy, Commissioner, Transport for London] I think is planning to visit Venezuela shortly and at that stage which areas of the ones that are identified in the agreement will be the focus and how that will be best delivered will be worked up into a more detailed proposition. We would not be tendering for it because we do not provide services of this kind, so it is a meaningless question in that sense.

Tony Arbour (AM): So this is a completely new venture for TfL and the estimated sum of money that you are going to get for this work, in effect, you are going to be providing services to reach the sum of money which is being offered; is that how it works?

Murziline Parchment (Director of Major Projects and Service Delivery): That is not how it works. Under those two clauses - if you had allowed me to finish - it is clear that these are the areas that could be the areas in which assistance is offered by the GLA or TfL, and that the areas are yet to be agreed. Once those areas are agreed, the actual form that they will take will also be agreed at that time, bearing in mind what it is that TfL are able to provide and consistent with TfL strategies in London. Similarly, bearing in mind what the GLA is able to provide. When, in my opening remarks earlier, I set out those areas of success in Transport for London which impressed the President, and indeed, it is on that record and finding out how it was done and what can be achieved in Venezuela that the Venezuelans are looking to TfL to provide advice and technical advice on.

Tony Arbour (AM): I was actually very struck by your opening comments about Mr [Hugo] Chavez's interest and the fact that you have repeated them now; on the face of it they obviously speak of little else in Caracas other than the triumph of TfL and how they want to emulate it. I have to say I find it extremely difficult. Life must be very boring in Caracas if that is all Mr [Hugo] Chavez has to do. I am looking at the list of things in 4.1 and it lists, for example, the promotion of the Miranda museum in London, which I understand is in 58 Grafton Way, London. How many visitors does the Miranda museum have?

Murziline Parchment (Director of Major Projects and Service Delivery): We have not had detailed discussions yet about the Miranda museum in London but certainly once we have had detailed discussions about that we can share that with this Committee.

Tony Arbour (AM): I see, so it could be that this is a very tiny thing. This could be a very tiny venture but yet it is worthy of getting the publicity that it is being given in this undertaking. In other words it could be as tiny, for example, as Hogarth House, which is the Hogarth museum.

Murziline Parchment (Director of Major Projects and Service Delivery): The Miranda Museum in London is of great cultural importance to Venezuela. It is based in London and therefore is appropriate in the agreement to refer to it.

Tony Arbour (AM): I see, so it could be big or little. Also in the list it says that the GLA is going to promote women's rights in Venezuela. Are we to understand that women have fewer rights in Venezuela than they have here?

Murziline Parchment (Director of Major Projects and Service Delivery): No, if you look again - that is why I did read through the clause - it is a project concerning women's rights. As you know, the Mayor has a wide programme on women's rights in London which culminates in Capital Woman. He also has his conference, Women in London's Economy. He has Safer Travel at Night, which is a transport related protection of women's rights in London. He also has his domestic violence strategy. All of these things we will provide an exchange on in Venezuela. Similarly, I understand in Venezuela that women's rights are covered in their constitution, specifically in the Bolivarian Republic of Venezuela's constitution, and similarly the exchange there as to what is done around engaging and the participation of women in Venezuela would also inform us. So it is an exchange of best practice.

Tony Arbour (AM): Can I put this bluntly? Basically what happened was this agreement was cobbled-up in a conversation between the Mayor and his friend, Mr [Hugo] Chavez, and you then had to decide what it was that you were going to give in exchange. In other words, this is not a shopping list from Mr [Hugo] Chavez; this is what the Mayor thought he would like to provide as part of his mission to the poor of Caracas.

Murziline Parchment (Director of Major Projects and Service Delivery): Can I refute that? I sat in a room for six hours with the lawyers of PDVE and the Director of Treaties of Venezuela going through this agreement line by line personally and every aspect of this agreement has been thought about both by the Mayor's office and by the representatives of PDVE and of Venezuela. So to characterise it as something that was cobbled together I refute absolutely.

Tony Arbour (AM): Some of us might think it very odd that the expertise of the officers of the GLA and of TfL are being spent on promoting these activities in a far-away place when really those activities ought to be concentrated on London.

Murziline Parchment (Director of Major Projects and Service Delivery): Again, I refer you to both clause 4.1 and clause 5.1, which clearly state that all of these exchanges should be operated consistent with the statutory duties of both the GLA and TfL. As you know, the statutory duties of both the GLA and TfL, the priority duty, the primary duty, is to carry out work in London.

Tony Arbour (AM): Absolutely right. I do not recall anywhere in the GLA Act is any mention made of Venezuela and I think many Londoners will be surprised at this relationship. Just one other thing, the Mayor has told us that physically Caracas is really rather different from London - lots of mountains, people are scattered about in an entirely different hinterland. Precisely how is the knowledge that TfL is going to get from driving buses up a mountain or providing a funicular, or whatever it is that you will be providing, can possibly be used in London? That is really a question, I suppose, to TfL staff.

Murziline Parchment (Director of Major Projects and Service Delivery): The staff that are here are not the operational staff. Your question is that how is it that funiculars will apply to London?

Tony Arbour (AM): No, my question is - and I am quoting the Mayor's words where he is talking about how mountainous it is - precisely how is the knowledge that TfL is going to get from negotiating this mountainous terrain going to be used, say, in the flat lands of the Lea Valley?

Murziline Parchment (Director of Major Projects and Service Delivery): Can I say that of the very few international visits that I have done since I have been here, one of them was to Caracas. As you know my background has been in planning law and transport law in particular. I had the honour of flying over Caracas - I did not go anywhere outside of Caracas so it may be very different outside of Caracas - but I certainly saw a transport system there that suffered problems of congestion and other things that London has similarly suffered before the Mayor was elected and initiated his congestion charging and other such things. I certainly think that within Caracas TfL's expertise and the GLA's expertise on planning, the London Plan, and housing etc would be of great benefit to the Venezuelans. If you think of, just one example, apparently outside of Venezuela there are beautiful, beautiful beaches and beautiful mountains and fantastic areas that will be well susceptible to the promotion of tourism --

Tony Arbour (AM): I know what it will do for them but what is it going to do for us? I quote the Mayor, he said, 'It will broaden the experience of the staff of TfL. They will come back better able to serve London's interests having seen a very different world.' Now you have told us that you have seen it and that clearly it has been a great experience for you. But how is this going to help Londoners?

Murziline Parchment (Director of Major Projects and Service Delivery): Well if I can just give my personal experience, when I went out there I was really impressed with all the work they are doing around education. As you know, I lead for the Mayor in skills and one of the big challenges for London is skilling up Londoners and particularly in literacy and numeracy and particularly adult Londoners in skills. There has been a tremendous amount of work carried out in Venezuela on this. For example, under their Mission Robinson they have introduced 8,805 adult Venezuelans in three years back into school and are skilling them up.

Tony Arbour (AM): That is fine. I could easily ask, 'Will we take lessons from the way that the press and the broadcasting facilities have been muzzled?' Is that going to be useful experience to us?

Murziline Parchment (Director of Major Projects and Service Delivery): You will understand that 95% of the country's 180 newspapers and all five of the private TV stations which pump out anti-[Hugo] Chavez propaganda around the clock (and, in fact, were in the forefront of an attempt to overthrow Chavez in a military coup in April 2002) are still there pumping out their propaganda. They are still able to operate freely.

Sally Hamwee (Chair): Can I ask a question that is in a way the converse of this? The services and the advice that TfL in particular but also the GLA will be required to provide under this, I did not read from this that there was any financial cap on the value of what could be called for. So is it possible that the Venezuelans could, under this agreement, require more services than the amount that they will be paying?

Murziline Parchment (Director of Major Projects and Service Delivery): No. As you can see from the agreement what is provided by the GLA and what is provided by TfL is yet to be agreed. It is to be agreed between the parties and it is clear from all of our discussions when drafting the agreement that really it was about the benefit to Venezuela as opposed to the cost to the GLA or the cost to TfL in providing that benefit.

Sally Hamwee (Chair): Exactly - if Venezuela can call for greater benefit! I am getting awfully close to the point where I am going to really have to stop myself asking you if you think this agreement is enforceable. I will not.

Bob Neill (AM): A couple of short points on this. You have referred us to clauses 4.1 and 5.1. Accepted that there is the comment that anything that is done must be consistent with the statutory duties of either the GLA or TfL, but subject only to that (and bearing in mind that there is quite a wide general power in the GLA Act and so on), otherwise the phrase is broadly the same - shall 'assist in the development of such co-operation projects as it may agree' and then the various items which are listed 'may include' projects, etc. So the sort of projects is actually very widely drawn, is it not, and so what we have got, and there has been some publicity to, are but examples, and projects could be of a different kind and character beyond that?

Murziline Parchment (Director of Major Projects and Service Delivery): Yes, they could be wider projects than those listed here.

Bob Neill (AM): Indeed. Have any projects wider than those listed here, in fact, been considered?

Murziline Parchment (Director of Major Projects and Service Delivery): No.

Bob Neill (AM): Not at any time?

Murziline Parchment (Director of Major Projects and Service Delivery): No.

Bob Neill (AM): There were, I imagine, discussions prior to the drawing-up of the agreement and, indeed, the signing of the agreement.

Murziline Parchment (Director of Major Projects and Service Delivery): Yes, indeed there were.

Bob Neill (AM): I am sure there have been discussions involving the Mayor's Office and either the company or the Venezuelan embassy, I suppose, and that we knew took place in the course of, certainly, last summer as part of the preparatory work. Were you party to those discussions, Murziline [Parchment]?

Murziline Parchment (Director of Major Projects and Service Delivery): I was party to some of the discussions but I cannot say that I was party to all of them.

Bob Neill (AM): What we do know is that there was a discussion, because it is in the public domain, about exactly some of those issues: transport issues, tariff underground systems, traffic calming, etc. We know, and the Mayor agreed, that back in September of 2006 there were those sorts of discussions. We also know that in August of 2006 a memorandum from the Venezuelan embassy highlighted areas in which the Mayor had offered to assist the Venezuelan government and that memorandum set out some of the issues which are in the agreement. The memorandum also set out providing assistance on security measures including CCTV systems, genetic fingerprinting systems and neighbourhood watch implementations. None of that appears in the document that is now the agreement. Have they been deliberately left out?

Murziline Parchment (Director of Major Projects and Service Delivery): Bearing in mind that the Mayor has absolutely no powers at all over the fingerprinting systems or neighbourhood watch systems, I can categorically assure you that the Mayor has not offered such advice.

Bob Neill (AM): So the Venezuelan embassy must have somehow imagined that in their memorandum?

Murziline Parchment (Director of Major Projects and Service Delivery): I do not know what they were listing but the Mayor was unable to offer such advice.

Bob Neill (AM): Well, some of us might say that is not the first time he has offered things he is unable to do. The embassy's memorandum says that these were amongst the areas in which the Mayoralty of London was prepared to assist the government of Venezuela.

Murziline Parchment (Director of Major Projects and Service Delivery): Well the Mayor was unable to offer such advice.

Bob Neill (AM): Agreed that perhaps he was wrong to make the offer, but you are saying he did not make the offer?

Murziline Parchment (Director of Major Projects and Service Delivery): I am saying that he did not make the offer.

Bob Neill (AM): And you were in a position to confirm that from your personal knowledge?

Murziline Parchment (Director of Major Projects and Service Delivery): I am not in a position to confirm that but from all the meetings and discussions that I have had, I personally never witnessed such offers.

Bob Neill (AM): So the Venezuelan embassy must clearly have imagined such specific comments.

Murziline Parchment (Director of Major Projects and Service Delivery): I am not sure why the Venezuelan embassy would have listed those things.

Bob Neill (AM): It is pretty obvious, actually - it is because they were discussed. That is why they listed it.

Murziline Parchment (Director of Major Projects and Service Delivery): I doubt very much that they were discussed because the Mayor is just not in a position to be able to offer them.

Bob Neill (AM): Yes, I see. Well, some of us will be glad of that, perhaps. The memorandum also says that the Mayor is capable of carrying out a highly active and effective campaign at promoting Venezuela. Well, you have told us a number of things that it is indeed proposed to do to promote Venezuela, cultural and other matters that we talked about; but the phrase used is, 'and its government within the UK.' Would it actually be lawful for the Mayor of London to promote the government of a country as opposed to the country itself (in other words, promoting President [Hugo] Chavez's government as opposed to any alternative government of Venezuela)?

Howard Carter (General Counsel, TfL): Not as a political institution or a political party. If what was meant by 'the government' was a substitute for 'the country' then clearly yes, in terms of the country, as we have identified; but not in talking about it as a political party or political institution. So there may be some loose wording in that.

Bob Neill (AM): And was any regard had for the human rights record of the Bolivarian Republic of Venezuela before this agreement was signed?

Murziline Parchment (Director of Major Projects and Service Delivery): Well, much attention has been paid to the human rights record and we understand from the organisation Human Rights Watch that - and I quote from them - 'Venezuelans enjoy ample margins of freedom of expression. The country's major newspapers and television channels are highly critical of or even opposed to the current government and do not hesitate to express their views.' I have given you the figures earlier with regards to the 95% of the 180 newspapers and all five private TV stations within Venezuela are anti this present government and anti the President.

Bob Neill (AM): Yes, well I am very grateful.

Sally Hamwee (Chair): No, Bob [Neill], I really want to stop you because we were planning to come --

Bob Neill (AM): Murziline [Parchment] has not quoted accurately from Human Rights Watch. I just want to see that right, because Human Rights Report 2007 says, 'President Chavez and his supporters have sought to consolidate power by undermining the independence of the judiciary and the press, institutions essential for the protection of human rights.' I just want that on the record. That is actually the same organisation Murziline [Parchment] quoted.

Murziline Parchment (Director of Major Projects and Service Delivery): My quotation from Human Rights Watch is correct.

Mike Tuffrey (AM): On now to the monetary side of things. Peter [Hulme Cross] will have some questions in a moment on the cost side of the equation, so I just wanted to focus on the income side particularly, or at least the funding side. Can I just be clear that there is up to \$32 million coming in. From that comes the cost of running the scheme and the loss of income as a result of providing the discounts, and we talked earlier about the extent of that loss and the assumptions that you have made. So could you just start by saying what is your current working assumption for the amount of money left from the \$32 million that can help fund the provision of this advice we have just been talking about?

Stephen Critchley (Chief Finance Officer, TfL): The \$32 million is a cap. The actual amount we get is 20% of the cost of diesel, as we discussed before. So the actual amount will be different, unless that cost is well in excess of \$32 million.

Mike Tuffrey (AM): I was simply alighting on \$32 million as the upper limit but it may well be less, agreed.

Stephen Critchley (Chief Finance Officer, TfL): But we have worked on the basis that the cost of the scheme is £15 million and that will be broadly the same as the 20% of the cost of diesel fuel.

Mike Tuffrey (AM): Right. So let us be clear: none of the dollars coming in can fund any of the expense of the advice we are giving, is your working assumption?

Stephen Critchley (Chief Finance Officer, TfL): Yes, what there is is provision for the payment in terms of the technical advice that TfL provides to the extent there are third party costs and disbursements. Those are reimbursed. What is not reimbursed is the time of TfL people involved in providing that technical advice. So in that sense there is no additional funding for that.

Mike Tuffrey (AM): So in terms of how this is funded from the TfL side these are your existing people who are being taken off their existing duties and deployed to do this new work?

Stephen Critchley (Chief Finance Officer, TfL): Providing the expertise, yes.

Mike Tuffrey (AM): Yes, OK. So the obvious question then on the TfL side is what is not going to be done as a result of transferring the resources from their existing work to this new work?

Murziline Parchment (Director of Major Projects and Service Delivery): I think that cannot be assessed at this time. I think you have to look at the agreement. It is clear from the agreement that this technical advice and assistance will be provided consistent with the primary duties of TfL and therefore all of those things will be carried out. This is over and above those duties so I think the working assumption is that nothing will not be done in London instead of doing this.

Mike Tuffrey (AM): It must be. I am sorry. The way this is being funded, if I can put it in those terms, is by taking people off their existing duties and getting them to do new things. So by definition they are going to not be doing something as a result of the fact they are now doing something new.

Murziline Parchment (Director of Major Projects and Service Delivery): That assumption is wrong.

Mike Tuffrey (AM): So we have people in TfL sitting there doing nothing? No, of course not.

Murziline Parchment (Director of Major Projects and Service Delivery): No, that is not true. However, it is technical assistance and advice on these matters insofar as those in TfL give advice on various matters. They will give also advice to PDVE, or Venezuelan organisations, as well.

Mike Tuffrey (AM): Sorry, I am trying to ask a straightforward question and I am hoping for a straightforward answer. It has already been established we are providing a volume of advice, the specifics to be determined, right? Therefore, by definition, we will have to have people, experts going out there, giving advice, not doing things that they are currently employed to do.

Murziline Parchment (Director of Major Projects and Service Delivery): It will be accommodated in their current work programme.

Mike Tuffrey (AM): Exactly, so they will stop doing some things in their current work programme and start doing new things.

Murziline Parchment (Director of Major Projects and Service Delivery): No, I do not think you can jump to that conclusion. I honestly do not think you can jump to that conclusion. It may seem very logical but I do not think you can jump to that conclusion.

Sally Hamwee (Chair): I think the record may show there are differences of opinion.

Mike Tuffrey (AM): Right. I absolutely trust that TfL employs staff to be working full time on a whole range of things and if they are to do new things they simply have to stop doing old things, and that is just a simple kind of fact in my head.

Sally Hamwee (Chair): I do wonder whether the TfL representatives might like to comment?

Stephen Critchley (Chief Finance Officer, TfL): Well, I do think one thing that is very important to identify is that it is not yet agreed between TfL and the Venezuelan side as to the exact nature of that technical assistance. So we are in a little bit of hypothetical area because until we are agreed as to what we are going to provide its impact and how it will be accommodated within TfL (and that is the anticipation, that it will be accommodated), yours is a very black and white look at it - that I am spending ten days doing this, if I go to Venezuela for ten days then there is something I am not doing.

Mike Tuffrey (AM): Yes.

Stephen Critchley (Chief Finance Officer, TfL): In the overall scheme of things it is possible to do things more effectively, more efficiently, whether spending 900 hours on managing a business rather than 990 hours makes any significant difference, that is, in reality, the way that senior people find the time. Which is how they deal with all sorts of pressures that emerge during the year of which this is another one.

Mike Tuffrey (AM): I do hope that the Venezuelans do not realise that this is all going to be done in people's lunch hours and by working an extra hour in the evening.

Stephen Critchley (Chief Finance Officer, TfL): I did not say that.

Mike Tuffrey (AM): No, no, I did and frankly if you have those efficiencies to squeeze out of the system could you please squeeze them out to the benefit of Londoners not for the benefit of Venezuela.

Murziline Parchment (Director of Major Projects and Service Delivery): But in terms of the technical advice and assistance being given by the GLA and TfL, the Venezuelans will judge it by results, actually.

Mike Tuffrey (AM): I am trying to understand how you are resourcing it. People want to pursue the cost point.

Stephen Critchley (Chief Finance Officer, TfL): When push comes to shove we are potentially both speculating and, as I say, once we have a clear idea of what advice we are providing then we will have a clear idea as to how to provide that without impairing the existing functions of TfL, which is our plan and expectation.

Mike Tuffrey (AM): We shall be very interested in observing that. Could I just ask, still trying to stick with the funding side, the funding that we do know about is £100,000 through the MAF coming from the core GLA; so that is council tax payers of London are contributing £100,000 already approved for flights, accommodations, general expenses this year. It is the current year to March and then the 12 months from April onwards. So that needs to be on the record. There is already a cost to Londoners to the tune of £100,000.

Murziline Parchment (Director of Major Projects and Service Delivery): But Mike [Tuffrey], that cost has to be compared to the benefit to Londoners, which is, as it stands, 250,000 Londoners eligible for a 50% discount on their bus and tram travel. So the £100,000 has to be looked at in that light. Also, £100,000 in comparison to other international exchanges that we have is actually very modest. So I think that always has to be put into that context.

Mike Tuffrey (AM): We are trying to understand the flows of money and there is £100,000 going out that would not otherwise have gone out but for this deal. Can you give us any assurance that that is the total sum of money that will come out of the core GLA and that you are not planning to come back with another MAF in the next 12 months for more money to underpin the running costs of this?

Murziline Parchment (Director of Major Projects and Service Delivery): As we have not spent the £100,000 yet, and as we have not agreed exactly what work the GLA and what projects the GLA will be working on, I can give you the assurance that the MAF is, as it says, that we will be spending £100,000. That is what we have assigned to this project.

Mike Tuffrey (AM): OK. Thank you.

Peter Hulme Cross (AM): Can I just carry on a little bit from what Mike [Tuffrey] was saying and that is within TfL you are having certain people being taken, being posted to Caracas for a period of time, a week, two weeks, whatever it is, giving advice there. How is their time going to be charged? Normally speaking, in a business you have people working on a project and you might have two or three different projects, all of which have their own budgets. If you take somebody off one project and put them on to another project then the time that they allocate

to that other project comes off that other project's budget. It does not come off the first project's budget. You have to allocate the time that people spend on a particular project in a particular way. Now, how are you going to do that when you take people off from whatever they are doing at TfL, send them to Caracas for a couple of weeks or whatever it is?

Murziline Parchment (Director of Major Projects and Service Delivery): This is a variation of Mike's [Tuffrey] question.

Stephen Critchley (Chief Finance Officer, TfL): Yes it is. You are assuming that all of it will involve TfL people going to Caracas. There is a possibility the people will come from Venezuela to London. There is a possibility that people will come from Venezuela to receive training and work alongside us in London. So there are different ways in which this technical advice could be provided in addition to people going from London to Caracas (but I am sure there will be some of that). To the extent people, Howard [Carter] and myself, and probably Malcolm [Fairhurst], are not on timesheet control so our time is just charged to the cost centre which employs us. Whether there will be people who are on timesheet control involved in it I cannot say for the reasons that we have discussed earlier. If they were on timesheet control some of it will be charged to project A, some to project B, and if project C is providing technical assistance to Venezuela then we would record that. If they were not on timesheet control we would not record that time specifically.

Peter Hulme Cross (AM): Somebody like Peter Hendy, he is obviously not on timesheet control.

Stephen Critchley (Chief Finance Officer, TfL): It may not be obvious but you are right.

Peter Hulme Cross (AM): I am right, yes. He is going off to Caracas for two weeks.

Stephen Critchley (Chief Finance Officer, TfL): No, no. Nobody suggested he is going for two weeks, no.

Peter Hulme Cross (AM): Well, all right then, ten days, two days, I do not know, but during that time he is obviously not controlling London's Transport system.

Stephen Critchley (Chief Finance Officer, TfL): You would be surprised. I would refute that from personal experience. Wherever he is, at whatever time of the day or night, he is controlling this system. I have never known him not able to control the system. Wherever he is in the world, even if he has to go up a mountain to find wireless. So I am afraid there you are quite wrong.

Peter Hulme Cross (AM): In that case I am delighted that we have such extraordinary people at the top of our organisations. The Mayor is still the Mayor even when he is in Singapore. He still has his finger on the pulse of London and Peter Hendy, even when he is in Caracas, still has his finger on the pulse of London.

Stephen Critchley (Chief Finance Officer, TfL): Indeed, that is right.

Peter Hulme Cross (AM): OK, we have established that. Well, can you tell me then have you got a total cost to TfL and the GLA of providing this advice and assistance to Venezuela? You have not worked out a total cost?

Stephen Critchley (Chief Finance Officer, TfL): No we have not for the reasons that I described before.

Peter Hulme Cross (AM): So have you put a limit on the allocation of money and staff?

Stephen Critchley (Chief Finance Officer, TfL): Not as yet because the technical assistance is a matter for agreement between us and Venezuela, so it depends what they ask for. What we believe they will be asking for is expertise which is something that can be delivered relatively easily in terms of the time of people but is of immense benefit to Venezuela. When we have more clarity then we can answer your question.

Peter Hulme Cross (AM): OK, have you got an estimate of the cost of the office in Caracas?

Murziline Parchment (Director of Major Projects and Service Delivery): I am afraid no we have not.

Peter Hulme Cross (AM): No. So at the moment all these costs are in the air, nevertheless you have considered it appropriate to sign an agreement without determining the full details, the costs, the advice, the assistance, the time, all of this.

Stephen Critchley (Chief Finance Officer, TfL): There is some uncertainty there but there is an expectation and a broad understanding of what would be involved. Remember we talked earlier about the cost of the discount scheme for those on Income Support and there was uncertainty in the cost of that. This is another uncertainty but broadly the benefits that TfL and London gets from this to us at least are worth the cost of what we are putting into it, and that is what an agreement is all about.

Peter Hulme Cross (AM): So although there is so much unquantified and in the air, you are confident that this will be a win for Venezuela and a win for London.

Murziline Parchment (Director of Major Projects and Service Delivery): Absolutely.

Stephen Critchley (Chief Finance Officer, TfL): We hope so.

Peter Hulme Cross (AM): You hope so?

Murziline Parchment (Director of Major Projects and Service Delivery): I would say absolutely. I have no doubt at all in my mind there will be a huge benefit to Venezuela and, as demonstrated here, a huge benefit to London.

Mike Tuffrey (AM): Can I just ask where John Ross [Director - Economic & Business Policy, GLA] got the figure then of the costs would be in the low millions? When John [Ross] was before us and we asked him about this he said, 'The cost will be in the low millions.' That was our Plenary meeting on 14 March 2007.

Peter Hulme Cross (AM): He said 1 to 2 million. What the Mayor actually said was a bit vaguer than that. John Ross actually said 1 to 2 million.

Stephen Critchley (Chief Finance Officer, TfL): I think you would have to ask John Ross.

Jenny Jones (AM): I cannot wait any more to ask these questions; I have kept very patient and quiet here. You are saying London's a winner, Venezuela's a winner, what about the

environment? Is the environment a winner? With this subsidised oil, now regardless of whether or not we are not using an extra cc of oil in a bus fleet, which is what we have been promised, I think this does lend itself to offering a disincentive to alternative fuels. Because actually once you have subsidised oil, which is The Londoner's phrase for this, it does lead to an idea that therefore oil diesel is cheaper and where will the push be on alternative fuels? Will this act as a disincentive?

Murziline Parchment (Director of Major Projects and Service Delivery): Certainly with the Mayor publishing his Climate Change Action Plan it is clear that that is the push in terms of incentivising better solutions that benefit the environment, as well as the Mayor's environment strategy. That is the push. I do not think this is a disincentive.

Jenny Jones (AM): I am glad you brought up the Climate Change Action Plan because actually it does call for rapid action to put a price on carbon. So how does that fit with going into an extended and extendible commitment to using oil?

Murziline Parchment (Director of Major Projects and Service Delivery): Well it is no more oil than is being used.

Jenny Jones (AM): I understand that.

Murziline Parchment (Director of Major Projects and Service Delivery): So from that point of view this does not allow more oil to be used.

Jenny Jones (AM): Well, I would argue that actually it could because although you say it is fulfilling a certain quota of bus journeys the fact is that once you have that subsidised oil you do get into a mindset where it seems cheaper to keep using it. And you are talking about there is a possible extension on this. I just think that this starts to set, you know, alternative fuels are more costly. You have changed the balance.

Stephen Critchley (Chief Finance Officer, TfL): I understand the point you are making. Bear in mind that this is an agreement for 12 months and if it is renewed then it will be looked at again. It will be looked at again, for instance, if the likely level of fuel used by the fleet is less, which if the roll-out of hybrid buses occurs will be the case, we would have to adjust the parameters in order to fund the same arrangement. So in that sense it will be flexible from year to year. I do not think it has anything to say about, I cannot see it is a disincentive or incentive. I would have thought it was neutral on this issue.

Jenny Jones (AM): Do you not think we actually need more incentive to go to alternative fuels? I just think this actually does not sit very well with the Mayor's Climate Change Action Plan.

Murziline Parchment (Director of Major Projects and Service Delivery): But bearing in mind that the subsidy does not go to those using the fuel, ie the bus operators. It is passed directly on to the poorest Londoners. There is no disincentive for bus operators to continue to look for alternatives to fuel.

Jenny Jones (AM): It is not the bus operators, it is Transport for London that I am concerned about. Transport for London has the public procurement muscle to actually change things.

Murziline Parchment (Director of Major Projects and Service Delivery): And Transport for London will continue to use its public procurement muscle to change things. It is and it will

continue to use this without any abatement. This does not change the use of TfL's public procurement muscle, as you put it, in this area.

Jenny Jones (AM): I am going to hold you to this. I am going to chase you on this. I am really disturbed at what I see as a sort of change in the perception of oil.

Murziline Parchment (Director of Major Projects and Service Delivery): I do not fear you chasing me on this one, Jenny [Jones], at all. Because I do not think it will have the impact that you are assuming it will have.

Jenny Jones (AM): OK, thanks.

Sally Hamwee (Chair): Let us go on to the, in the context, quite intriguing notion of monitoring the agreement.

John Biggs (AM): What information will be published on a regular basis so Londoners, as well as the Venezuelan government and the Venezuelan people, can see the results of the agreement and make sure, for example, that no one is being held over a barrel?

Murziline Parchment (Director of Major Projects and Service Delivery): Obviously under the agreement we have a duty to collect data about the success of the discount scheme, so we will be collecting that data. Obviously that is one of the biggest indicators of the success of the scheme and we will be keeping a close eye on that ourselves. As to what is going to be provided by the GLA and by TfL to Venezuela has yet to be agreed; as that is being agreed, we will obviously share that with you. That is another way of looking at what is happening in the other direction from London to Venezuela and the benefit that the Venezuelans are getting from it.

John Biggs (AM): And you said earlier that there will be a review of the fares agreement. I am happy to move on to my next question, which follows from something I asked at Mayor's Question Time. Although we are all obsessed with the Venezuelan angle on this, there is an underlying public policy issue about whether we are developing new ways of extending subsidies to people's use of transport, people on low incomes. If the deal with Venezuela came to an end after a year would we still be minded to pursue these sorts of initiatives and are you exploring other ways of reaching low income Londoners and getting them concessionary access to transport where that is seen as a socially positive and progressive thing to do?

Murziline Parchment (Director of Major Projects and Service Delivery): The Mayor has a very strong record on providing concessions on transport to assist those in London that have difficulties in accessing transport for monetary or other reasons. He will continue ploughing on with that and, if this scheme were to end, continuing looking at other ways to make --

John Biggs (AM): That is not really a yes, is it? So he is a nice man who wants to do good things and I think we all agree that, don't we?

Murziline Parchment (Director of Major Projects and Service Delivery): He is a nice man and he has done lots of good things, actually, in transport.

John Biggs (AM): I was being deliberately provocative there. But if the oil ran out from Venezuela then would he still fund this? Would he look at other ways of funding this concessionary agreement in the light of monitoring experience so that it continued to reach people on Income Support?

Jenny Jones (AM): Or do we need foreign countries to fund it?

Murziline Parchment (Director of Major Projects and Service Delivery): We would have to look at that in the eventuality of this running out. We would have to look at that.

John Biggs (AM): So there is no position on that?

Murziline Parchment (Director of Major Projects and Service Delivery): Well, at this point I cannot give a position on that.

John Biggs (AM): OK, thank you very much.

Mike Tuffrey (AM): There is a poverty trap issue here, which I do not suggest we go into but which might be something to talk to the Citizen's Advice Bureau, where the more you load additional benefits on to people on Benefits (with a capital B) the harder it is for them to then actually to get off.

John Biggs (AM): Which may be a good reason for not extending it to Jobseeker's Allowance claimants.

Mike Tuffrey (AM): Which is not something I suggest we go into now but it is a public policy issue.

Sally Hamwee (Chair): I have been trying to follow the time-line of what has happened. When was this approved by the TfL Board?

Howard Carter (General Counsel, TfL): The agreement was done under the Commissioner's delegated authority from the Board, so it was the Commissioner, not the Board that approved it. It has been reported to the Board so they are aware of it.

Sally Hamwee (Chair): Has the Board discussed it?

Howard Carter (General Counsel, TfL): I am trying to think. I do not think there was a detailed discussion, no. They are aware of it.

Stephen Critchley (Chief Finance Officer, TfL): There has not been a Board meeting since this agreement was entered into.

Howard Carter (General Counsel, TfL): No, that is right. There has not been a Commissioner's report to the Board since the agreement was signed, and there is a Board meeting next week so there may well be a discussion there about it. It was well within the Commissioner's delegated authority to sign the agreement.

Mike Tuffrey (AM): Could we have the details of that? I am not aware personally of what the Commissioner has power to do, or indeed the Chair, without reference to the Board. It would be quite interesting to see that.

Sally Hamwee (Chair): I will come to that in a moment if I can. There are clearly a lot of details still to be pinned down. I do not put that in any provocative manner but I think it is a statement we would all agree. When would it be sensible for us to expect, because we will ask,

for the information to be made available by TfL and the GLA to fill in the gaps, flesh out the information that we have been touching on today?

Murziline Parchment (Director of Major Projects and Service Delivery): I think that bearing in mind that the agreement operates fundamentally on a six monthly cycle, as it were, I would say that the earliest probably would be six months from now.

Sally Hamwee (Chair): It is a straight question but I would have thought that you might want to explain the detailed workings of the Post Office.

Murziline Parchment (Director of Major Projects and Service Delivery): Sorry, I thought that you were saying to have a look again at what has actually happened.

Sally Hamwee (Chair): I think it is just initially to have a look at what is going to happen.

Murziline Parchment (Director of Major Projects and Service Delivery): What is going to happen. In the summer, I would say, is the earliest.

Sally Hamwee (Chair): OK. There is a lot that has come out of this. At the very start we asked for information relating to people on Jobseeker's Allowance, there is far more than that. It would take perhaps another half hour to try to itemise it in the Committee. I wonder if I could ask for delegated authority from the Committee (and I will consult Members, of course) as to the matters that we will pursue with our guests and with a view to bringing this back to this Committee as soon as it seems appropriate to do so. Is that agreed?

Committee Members: Yes.

Sally Hamwee (Chair): Thank you very much. And can I thank our guests, very much indeed, for what has been a very interesting two and a half hours.