

Subject: London TravelWatch

Report to: Transport Committee

Report of: Executive Director of Secretariat

Date: 14 July 2011

This report will be considered in public

1. Summary

- 1.1 The Assembly approved the proposals of the review panel in October 2010 and referred them to this Committee for implementation. Members have been in discussion with representatives of the London TravelWatch Board since the end of last year. This report updates the Committee and suggests next steps.

2. Recommendations

- 2.1 **That the Committee endorses the need for implementation of the review proposals and considers the issue of directions to the London TravelWatch Board in respect of Proposals:**
- 2 – Relocation of London TravelWatch;**
 - 3 – Sharing back office functions;**
 - 4 – Contracting Passenger Focus for rail passenger functions;**
 - 5 – Borough consultations; and**
 - 6 – Large-scale transport consultations to which the Assembly plans to respond,**
- as detailed in section 4 below. If agreed, that the Committee authorises the Chair, in consultation with the Deputy Chair and Group Leads, to approve the issue of those directions or appropriate guidance to the Chief Executive of London TravelWatch.**
- 2.2 **That the Chair of the Committee, in consultation with the Deputy Chair and Group Leads, be authorised to agree any necessary re-phasing of the payments of the Assembly's grant to London TravelWatch to assist the Board's cash-flow during the implementation of their reorganisation.**
- 2.3 **That, having regard to the current interim position with the implementation of the Assembly's and the Board's respective reviews, no further action be taken at this time to fill the vacancy on the Board.**
- 2.4 **That, in the light of the Mayor's budget guidance for 2012/13, the Committee asks the London TravelWatch Board to submit budget proposals and a business plan for 2012/13**

that reflect a funding reduction of a further £240,000, representing a total decrease of 25% from the 2010/11 budget, for consideration by the Committee at its September 2011 meeting.

- 2.5 **That, given the current review, the Memorandum of Understanding between the two organisations be suspended pending the implementation of revised arrangements, and any matters arising during that period in regard to the working relationship be reported to the Committee, if appropriate following discussion at the informal joint steering group.**

3. Background

- 3.1 The Assembly received and approved the report of the London TravelWatch Working Group, and delegated it to this Committee for implementation. The former Chair of the Committee set up an informal joint steering group – comprising the Chair and Deputy Chair of the Committee and the Chair and Deputy Chair of the London TravelWatch Board – to provide the forum for consultation and discussion on the implementation of the review. The steering group has been maintained this year, comprising – from the Assembly side – the Chairs of the Transport Committee and the Budget and Performance Committee, who have also met informally with Members of the Working Group that undertook last year’s review.
- 3.2 The Localism Bill is still progressing through its Parliamentary process. No provision was originally included in the Bill to secure London TravelWatch’s functions being folded in to the Assembly (Review Proposal 1) but an amendment has been tabled in the House of Lords at committee stage to give effect to this transfer. It is likely that the committee stage will conclude before the summer recess.

4. Issues for Consideration

Implementing the Assembly’s review

- 4.1 Successive budget reductions will inevitably have an impact on the range and quantity of workloads undertaken within London TravelWatch. Accordingly, it is relevant for the Committee now to consider the means of progressing the Assembly’s review proposals in a way to enable the funding reductions to be achieved within a reasonable timescale, to maintain the quality of service required for the continuing activities, and to move in the direction set out in the Assembly’s report.
- 4.2 The Assembly’s power to issue guidance and directions to London TravelWatch is delegated to this Committee. Members may wish to consider either or both powers to secure progress with the outstanding decisions. The power to direct has not previously been used and legal advice has been taken on matters that need to be observed in the event of a decision to direct guidance.
- 4.3 **Review Proposal 1:** *“We propose that London TravelWatch should not remain as a separately constituted organisation and its functions and duties in relation to the representation of the capital’s public transport users be vested in the elected London Assembly. We further propose that discussions to this end, and any necessary legislative changes, are taken forward with the relevant government departments during the autumn.”* An amendment to the Localism Bill to give effect to these changes has been tabled for debate in the committee stage in the House of Lords.
- 4.4 **Review Proposal 2:** *“We propose that the staff of London TravelWatch be re-located to City Hall as soon as is practical, and by the latest April 2011, and that negotiations should be started with the*

current landlord with a view to realising savings in accommodation costs from the earliest possible date."

- 4.5 The next break clause in London TravelWatch's lease is in August 2012 and notice must be given six months previously. London TravelWatch advise that the landlord is unwilling to entertain an earlier penalty-free termination. As reported to the Business Management and Administration Committee in May, accommodation at City Hall will be under pressure until the autumn of 2012 when the Olympics team begins to disband.
- 4.6 The Committee may wish to consider directing London TravelWatch to give formal notice immediately before the due date of 20 February 2012 to terminate the lease on 20 August 2012 in order to avoid a long term commitment, and also to direct London Travelwatch not to enter into any further long term commitment in respect of accommodation. The Committee may also wish to consider asking London TravelWatch to explore the possibility of a short-term extension if necessary beyond the August 2012 break if alternative accommodation is not immediately available at that time.
- 4.7 **Review Proposal 3:** *"We propose that steps to absorb London TravelWatch's back office functions within the GLA should be taken forward."*
Review Proposal 4: *"We propose that officers explore the potential for contracting Passenger Focus to fulfil the functions of London TravelWatch in relation to rail passengers in the capital."*
- 4.8 London TravelWatch, as part of their own review, have been exploring the possibility of achieving economies by outsourcing their back office functions to compatible organisations, with the GLA as one of the possible options. Discussions are continuing on the sharing of back office functions but the full savings will not be achieved without co-location. There is common ground in wanting to find a model of sharing that works, although the Assembly's position is to move directly towards a solution that makes long term and strategic sense, without necessarily entering a tendering exercise.
- 4.9 London TravelWatch have expressed reservations about contracting rail service issues to Passenger Focus, primarily on the ground that London's passenger interests are based on a multi-modal experience that is best addressed in a co-ordinated fashion. The Assembly has taken the view that a more co-ordinated approach to passenger representation in London is what is needed in order to provide clarity for passengers and avoid duplication and thus reduce costs. This will only be achieved through constructive discussions between the three parties - the Assembly, London TravelWatch and Passenger Focus.
- 4.10 The Committee may wish to consider issuing guidance or direction to London TravelWatch to join in discussions with the Assembly and such prospective partner(s) as the Assembly identifies as best meeting the long term and strategic objectives of the review.
- 4.11 **Review Proposal 5:** *"We propose that London TravelWatch stops responding to borough consultations relating to streets with immediate effect."*
- 4.12 In the course of discussion at the steering group, London TravelWatch has claimed that it has been far more selective in responding to borough consultations and that the staff resource required is now minimal. However, the lists of consultations received and issues to which London TravelWatch have responded indicate that the majority continue to be very local non-strategic issues and given the limited resources available London TravelWatch should focus on its core functions.
- 4.13 The Committee may wish to consider directing that, before deciding whether to respond to borough consultations, London TravelWatch should have regard to the limited resources available and to prioritise matters of primary significance to passengers.

- 4.14 **Review Proposal 6:** *"We propose that, with immediate effect, London TravelWatch cease responding to large-scale transport consultations to which the Assembly is planning to respond."*
- 4.15 To avoid the duplication of effort, and given that the Assembly will invariably address the interests of passengers as well as Londoners generally, the co-ordination of consultation responses has been held to be a desirable goal.
- 4.16 The Committee may wish to consider directing that, before deciding whether to respond to large scale consultations, London TravelWatch should consult with the Assembly so that a co-ordinated approach can be taken.
- 4.17 In the event that the Committee wishes to issue directions to London TravelWatch, officers will prepare the necessary documents for approval by the Chair in consultation with the Deputy Chair and the Group Leads on the Committee, and on the approval of the Chair in consultation with the Deputy Chair and the Group Leads on the Committee guidance may be issued instead of directions if doing so would further the aims of the Committee as set out in this report.

London TravelWatch's review

- 4.18 The Board of London TravelWatch initiated its own fundamental review of the organisation and, through discussion in the steering group, stated that the objective was to achieve a 25% budget reduction against the 2010/11 baseline. As London TravelWatch explored measures to achieve this target, the Board was given some leeway on the Assembly's original timeline for the implementation of its proposals.
- 4.19 A paper describing the objectives of, and progress with, London TravelWatch's review is attached at **Appendix A**.
- 4.20 The changes made so far form part of, or are preparatory to, some of the Assembly's review proposals. To the extent that the common objective of both parties is to reduce the funding requirement, some variation in approach has been accepted up to now in the steering group discussions. However, there are differences of philosophy and methodology in some areas and the Chair of the Committee has consulted Members of the Assembly's working group that undertook the review as to the continuing need to press ahead with the review proposals.

Payment of grant

- 4.21 The annual grant to London TravelWatch is paid in fortnightly instalments throughout the year. The redundancies approved by the Board will, of course, produce savings by the end of the financial year but have to be funded initially and this has required a draw down from the organisation's reserves. Any further redundancies would similarly have a front-loaded cost that produces a cash-flow problem.
- 4.22 London TravelWatch have therefore asked for a re-phasing of their grant and the Executive Director of Secretariat and Executive Director of Resources are reviewing the estimates of costs with a view to establishing what adjustment, if any, is justified.
- 4.23 The Committee is asked to authorise the Chair, in consultation with the Deputy Chair and Group Leads, to approve any necessary re-phasing of the payments.

Membership of the Board

- 4.24 The Committee agreed in January 2011 to proceed with the appointment of a member of the Board to fill the vacancy that arose through a resignation in December 2010. The Board recently streamlined its committee structure and currently comprises the Chair and five other members.
- 4.25 Given the present interim position in relation to the reorganisation of London TravelWatch, and following the Chair of the Committee's consultation with Members of the Assembly's working group which recommended the recent reduction in the size of the London TravelWatch Board, it is recommended that no further action be taken at the present time to fill the vacancy.

Budget 2012/13

- 4.26 The Assembly's review of London TravelWatch presented a number of scenarios with levels of savings of between £478,000 and £810,000 from the 2010/11 baseline if statutory provisions were not amended to address the status of London TravelWatch. The approved 2011/12 grant was reduced by £160,000 (10%).
- 4.27 As stated in paragraph 4.19 above, the Board of London TravelWatch is seeking to achieve a 25% reduction in its budget (from the 2010/11 baseline) through its own current fundamental review and a number of additional options are being explored beyond those that were immediately available last year when the Assembly Review was completed. It is important to maintain the momentum with the review and it is therefore suggested that the target for London TravelWatch in financial year 2012/13 should be to complete the achievement of savings at 25% below the 2010/11 baseline, i.e. a further £240,000 below the current year's budget.
- 4.28 The Committee is asked to approve the issue of guidance to the London TravelWatch Board to submit draft budget proposals and a draft business plan for 2012/13 that reflect a funding reduction of a further £240,000, representing a total decrease of 25% from the 2010/11 budget, for consideration by this Committee at its September 2011 meeting.

Memorandum of Understanding

- 4.29 The Memorandum of Understanding (MoU) adopted by the Committee and London TravelWatch in October 2009 reflected the evolution of the working relationship over a period of relative stability when budgets were not under the pressure that is evident today. The current requirement for budget reductions and the Assembly's review of London TravelWatch combine to make the present circumstance truly exceptional, and one for which the MoU is not appropriate. It is therefore proposed that the MoU be suspended during the implementation of the review and that, in the meantime, any matters arising that require resolution should be reported to the Committee, if appropriate, following discussion at the informal joint steering group mentioned above.

5. Legal Implications

- 5.1 Section 251 of the Greater London Authority Act 1999 (amended) provides that the Assembly may issue to the Board of London TravelWatch guidance as to the manner in which they are to exercise their functions, or general directions as to the manner in which they are to exercise their functions.
- 5.2 Paragraph 10 of Schedule 18 of the GLA Act provides that the Assembly in consultation with the Secretary of State may make arrangements for London TravelWatch to be provided with accommodation.

- 5.3 The proposals of the London TravelWatch working group set out in the report "Review of London TravelWatch" contain recommendations to issue guidance and directions to the Board of London TravelWatch and to provide London TravelWatch with accommodation. In respect of these proposals the Assembly has the power to provide alternative accommodation, but if this is at City Hall the Assembly must refer the matter to the Mayor in accordance with section 72(5)(b) of the GLA Act 1999.
- 5.4 Section 54(1) of the GLA Act provides that the Assembly may arrange for any of its functions to be discharged by a committee or sub-committee of the Assembly and the Assembly has the power to delegate the functions in section 251 and Schedule 18 of the GLA Act (as amended) to the Transport Committee insofar as they are not already delegated under the Transport Committee's existing terms of reference.
- 5.5 Proposals 2 and 3 of the Review report relate to staffing functions and accommodation. The provision of staffing is the responsibility of the Head of Paid Service after consultation with the Mayor by section 72(5)(a) of the GLA Act. The provision of accommodation is the responsibility of the Mayor by section 72(5)(b) of the GLA Act. The Transport Committee in taking these proposals forward must refer these matters to the Head of Paid Service and the Mayor.
- 5.6 Proposal 1 of the Review report is also subject to changes to primary legislation being agreed with central government and parliament and additional legal advice will need to be taken subject to progress on any legislative changes.
- 5.7 In the event that London TravelWatch does not implement the Assembly's proposals, and if the Committee wish to press the matter, it is open to the Committee to avail itself of the power in Section 251(1) of the GLA Act which gives authority to issue directions, provided that such directions and guidance do not prohibit London TravelWatch from exercising its statutory functions, and to proceed in accordance with Section 251(3) which provides: "Any guidance or directions issued under subsection (1) above must be issued in writing and notified to such officer of the Committee as the Committee may from time to time nominate to the Assembly for the purpose."

6. Financial Implications

- 6.1 The financial implications, as best estimates, relating to the proposals are contained within the body of the report of the working group.
- 6.2 Should the proposals be taken forward, approval will be required as per the Authority's decision-making process (with the inherent financial implications of those matters dealt with at the time) in relation to staff, accommodation and back office support.
- 6.3 By moving GLA funding to London TravelWatch for March 2012 forward to September 2011 this would provide sufficient funds for London TravelWatch to retain a positive cash balance during the implementation of its proposed redundancy costs.
- 6.4 None of the GLA funding for 2012/13 would be need to brought forward to 2011/12.

List of appendices to this report:

Appendix A – London TravelWatch update on the implementation of its review

Local Government (Access to Information) Act 1985

List of Background Papers:

Report of the London TravelWatch Review working group – September 2010

London Assembly meeting 20.10.10 – Report 6 and Minute 6

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