

Caroline Pidgeon AM, Chair of the Transport Committee

London Assembly
City Hall
The Queen's Walk
London, SE1 2AA

Peter Hendy
Transport Commissioner
TfL
Windsor House
42-50 Victoria Street
London, SW1H 0TL

8 June 2011

Dear Peter

Problems with the cycle hire scheme

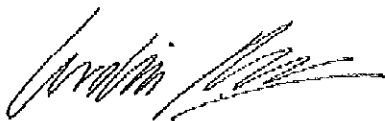
I am writing, on behalf of the Transport Committee, about on-going problems with the cycle hire scheme and reports that TfL will now withhold payment of £5 million from Serco because of these problems.

As you will be aware, the Committee highlighted initial teething problems for users of the scheme in its report *Pedal Power: the cycle hire scheme and cycle superhighways* (November 2010). These included problems with registration, charging and poor customer service from Serco's customer call centre. We understand from constituents that some of these problems appear to have continued and users of the scheme are still experiencing difficulties.

The Committee would welcome a detailed explanation of the problems TfL has identified and a copy of the "critical improvement plan" which TfL has reportedly now issued to Serco. If it is not possible to provide a copy of the full plan, we would be grateful for details of the main issues that TfL has asked Serco to address and the timescales it has been given for making improvements.

We look forward to hearing from you.

Yours sincerely



Caroline Pidgeon AM
Chair of the Transport Committee

Cc: Isabel Deding, Deputy Mayor for Transport
Leon Daniels, Managing Director, Surface Transport, TfL

Transport for London



17 JUN 2011

Caroline Pidgeon AM
Chair of the Transport Committee
London Assembly
City Hall
The Queens Walk
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SE1 2AA

13 June 2011

Dear *Caroline*

Peter Henty CBE
Commissioner of Transport

Transport for London
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Thank you for your letter of the 8th June 2011 regarding recent media coverage of Barclays Cycle Hire. While not all press reports were accurate in every detail, the coverage fairly reflected concerns expressed by TfL to Serco regarding reported discontent amongst Barclays Cycle Hire users. While we remain pleased at the overall operation of the scheme and gratified that over five million journeys have been taken on scheme bikes in less than a year, we are determined that all customers receive the high level of service which TfL expects, and Serco has contracted to provide.

As you have suggested, the full detail of the Critical Improvement Plan which I have issued to Serco has to remain confidential. The proposal to Serco requires that they undertake a swift but comprehensive 'discovery phase' to determine the breadth and depth of the issues identified by TfL. Following on, TfL has proposed a series of actions to remedy each issue with associated timescales. The Plan was delivered to Serco on 3 June, and it is our expectation that all actions are completed by the end of July this year.

I am pleased to say that Serco have reacted very positively to the plan and to the concerns that we have expressed. A number of my senior management team have met with Serco representatives at all levels in the past week and they are already undertaking several of the actions. Importantly, Serco have very quickly enhanced the management team and level of resource in all of the areas which TfL highlighted. Both TfL and Serco remain committed to meeting the high standard of service which Barclays Cycle Hire customers expect and deserve.

Finally, let me address the £5 million "fine" which was quoted. TfL is indeed withholding a significant payment from Serco because of their failure to deliver on a number of contractual milestones. Serco have the opportunity to earn that money, as and when they deliver the requirements of the relevant milestones. In addition, TfL also has a robust monthly Key Performance Indicator regime in place with Serco. While I'm not at liberty to divulge the actual figures, it is fair to say that Serco have suffered significant financial penalties for failing to meet these targets to date.

I am confident that this renewed focus on the Barclays Cycle Hire customer experience within Serco will result in significantly improved service over the coming months and will leave us in an excellent position to extend to east London ahead of the Olympic Games.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Peter Hendy', written in a cursive style.

Peter Hendy