

A Tale of Two Infracos

The Transport Committee's Review of the PPP
January 2007

The Transport Committee

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The Transport Committee's general terms of reference are to examine and report on transport matters of importance to Greater London and the transport strategies, policies and actions of the Mayor, Transport for London, and the other Functional Bodies where appropriate. The Transport Committee is also required to examine and report to the Assembly from time to time on the Mayor's Transport Strategy, and, in particular its implementation and revision.

The Transport Committee agreed the following terms of reference for this review on 8 June 2006.

The Committee agreed on 7 September to conduct its second review of the Public Private Partnership (the PPP). The terms of reference for this review were agreed as follows:

The Transport Committee's review of the PPP will seek to examine and reach conclusions on:

- The performance of the contracted firms under the PPP contracts (the Infracos) to deliver the programme of infrastructure renewal and upgrading planned on the London Underground within the PPP contracts
- The performance of the contracted firms under the PPP contracts to deliver the necessary maintenance on the London Underground
- The management and supervision of the contracts undertaken by London Underground
- The impact on daily passenger services from the execution of both the programme of infrastructure renewal and daily maintenance of the London Underground contracted to the Infracos
- The impact on daily passenger services and the delivery on PPP commitments from contracts that sit outside the PPP

The Transport Committee's review will seek to make recommendations on:

- Potential alterations to the working arrangements and practices of Metronet (SSL), Metronet (BCV) Tube Lines and London Underground to reduce negative impacts on daily passenger services and/or improve the effectiveness of the PPP contracts
- Potential alterations to the service charges within the PPP contracts and the finances available to service these contracts to make the PPP more efficient and effective in delivering infrastructure renewal and maintenance before and/or after the review of the contracts to be completed in 2010

The Committee would welcome any feedback on this report. Please contact Danny Myers on 0207 983 4394 or via e-mail at danny.myers@london.gov.uk if you have any comments. For press queries, please contact Lisa Moore on 020 7983 4228 or via lisa.moore@london.gov.uk.

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Chair's Foreword



Geoff Pope

Chair, London Assembly Transport Committee

The Government imposed the Public Private Partnership [PPP] contracts for renewing and maintaining the Underground network. Despite the determined opposition of London's elected Mayor and Assembly, the hugely complex contracts (at some 2,800 pages, and costing £500 million to set up) locked us all into a 30-year legal agreement. At the time, we warned that there were inherent problems in this very flawed arrangement.

However, as this Report demonstrates, there have been some very worthwhile gains from the PPP. When we have seen the private sector at its best, the results have been impressive. They have had much better relationships with their workforce, and have been inventive and resourceful in using innovative engineering solutions to overcome challenges on the Tube network that should have been tackled decades ago.

This is indeed "A Tale of Two Infracos" and the smaller enterprise Tube Lines, who work on the Jubilee, Northern and Piccadilly Lines have had some remarkable successes. Their freedom to play the market in procuring contractors has put them well ahead of schedule in some of their work. I welcome the recent announcement that there is a new maintenance agreement between Tube Lines and Alstom and hope that this brings a much needed step change in the reliability of the ailing Northern Line fleet.

The larger infraco Metronet has had some successes – notably with the Central Line. However our Report makes it clear that Metronet's "closed shop" structure, which meant only its parent companies could have a slice of the very lucrative cake, in practice gravely compromised their ability to deliver on time. Metronet's current management team is very determined to turn things round, and have shown us evidence of enterprise and creativity. They need the freedom given to Tube Lines by the parent companies.

There is evidence in this Report that the public sector London Underground has not always been a particularly helpful client – early problems with the scoping of projects have not assisted infracos to meet deadlines. They also need more active support from their workforce. We are pleased to see signs of much more positive engagement with the Infracos in the last year.

No sensible Londoner believes you can overhaul and renew a large and complex transport system like the London Underground without a great deal of 'pain', inconvenience and disruption. Inevitably things will sometimes go wrong.

On the other hand, we must question whether it was wise to award two of the three PPP contracts to just one infraco – Metronet. They have had significant failures on

both. Performance simply has to improve, rapidly and demonstrably, and infuriating episodes like Monday morning overruns must be eliminated. If not, I believe that the Government has a moral responsibility to call the contracts in before the break point in 2010, and at the very least, remove one of the PPP contracts from Metronet.

1. Executive Summary

‘These companies come together with the Government to create the most complex contracted structure that the world of public procurement has ever seen, and then they say, ‘Boy, there’s a lot of bureaucracy here, this is very confusing, this is outrageous’.

It is like Claude Rains in Casablanca saying, ‘I’m shocked to see gambling going on here’, just before he takes his winnings.’

Tim O’Toole, 2 November 2006

The PPP was a gamble. Unique, large and complex there were winnings to be had, public and private alike. A 30 year £1 billion a year contract yielding significant profits for two private sector companies and delivering to the public an Underground rail system to compare with any in the world. Three and a half years in, the Transport Committee is asking: who is winning what?

For the public, as with most aspects of life in London, it depends on where you happen to live and work. Live or work along the District, Piccadilly and Jubilee Lines and the Tube service you are provided with is more reliable and/or has greater capacity than when the PPP started. Live or work along the Northern, Bakerloo, and Victoria Lines and the tube service has been blighted by persistent delay, and inconsistent performance.

The performance of the PPP in its first three and a half years has thrown up a paradox; the PPP can work, but it isn’t.

The answer to this paradox is relatively simple.

Tube Lines has demonstrated that the PPP can work. Metronet has demonstrated that the PPP can fail.

These assertions are not without exception. The Northern Line has persistently performed poorly under Tube Lines and Metronet has extracted some excellent results on the District and Central Lines and the renewal of the Waterloo & City Line has proved to be a success despite what appears to be unwarranted negative publicity on reopening. However these are exceptions to the rule. A comparison between the two PPP providers – however unwelcome and uncomfortable either party may find such an exercise – only serves to highlight the fundamental flaws in Metronet’s approach to the PPP.

Tube Lines – working to clear lines of command and an ambitious long term spending programme – have delivered substantial improvements to the Underground to time and budget, often exceeding their contractual obligation.

Metronet – supported by an apparently self-serving and lax corporate structure and blighted by a blame culture – have demonstrated that the PPP leaves room for unnecessary delay, incurring additional cost and failing to meet their contractual obligation.

Where the PPP hasn't worked

Metronet's reputation has been severely damaged – executive careers cut short and newspaper editorials fiercely critical. Substantial fines are being paid out for poor performance where it occurs. What has gone wrong?

The Committee has found that Metronet's preferred supplier model is largely to blame. The model allows Metronet to sub-contract almost all the work being undertaken to its five composite companies. The arrangement has led to two developments. First, when work has slipped Metronet has lacked the necessary clout to discipline and action these failings. Secondly, and perhaps more worryingly, there is the concern articulated to the Committee by the PPP Arbiter. He reported that he has been unable to determine a clear line of payments between Metronet and their partners. This leaves Metronet open to the suggestion, that 'payments have been made to the suppliers, unrelated necessarily to the work actually carried out'¹.

For example, Balfour Beatty, contracted to perform track repairs, maintenance and renewal, have been responsible for some of Metronet's more high profile failures – not least their failure to prepare track for last summer's hot conditions. However, despite this failure, Balfour Beatty is being paid irrespective. Metronet reports this failure to a Board of Directors, one of whom was the Chief Executive of Balfour Beatty.

Balfour Beatty is therefore benefiting twice from work **not** being done; first through unwarranted contract payments and secondly through their shareholding in Metronet.

The PPP was designed to bring market discipline to a major public infrastructure project. The management of the preferred supplier contracting arrangements employed by Metronet has failed to impose this discipline. A clear line of responsibility and accountability needs to be established between the work being done on the ground and those charged with overseeing this work.

The price of Metronet's failure is being doubly felt; both by the passengers through a delayed renewal programme and service delays and by the public purse. Metronet is now claiming that the original PPP contract undervalued the work being done and is seeking an estimated additional £750m to complete the work scheduled for completion ahead of 2010.

It is little wonder that London Underground rejects this figure and not just because of Metronet's own performance but also in light of the marked and welcome contrast provided by Tube Lines.

The Committee supported the PPP Arbiter's decision to demand that Metronet appoint an independent Chair to their Board and welcomes that Metronet has acted quickly so to do. The Committee would also welcome further non-executive appointments to the Board, so that the non-executive members of the Board exceed the number of executive members on the Board.

The Committee recommends that Metronet also more actively pursue contracting work outside their composite companies. This will put an end to an

¹ Transcript London Assembly Transport Committee, PPP Arbiter, 7 December 2006

arrangement that looks at best cosy and which has failed to deliver on significant aspects of the PPP programme.

And there is the Northern Line. It is a source persistent frustration that the Northern Line still operates at nothing like basic agreed standards set out in the PPP contract. Although it is welcome that Tube Lines has brought forward its track renewal programme two years to be completed by 2011, the reliability of the trains remains one of the Line's biggest problems.

It is imperative therefore that the Alstom Train Maintenance contract, a deal struck before the PPP with considerably less stringent demands, is renegotiated successfully. The Public Finance Initiative (PFI) is close to having its performance measures altered to reflect the busy nature of the line – focusing instead on the impact on a customer's journey rather than the overall reliability of the fleet. The Committee welcomes that negotiations are close to being tied up and hopes that once completed will bring a welcome upturn in performance.

It is incumbent on all three parties to make this newly aligned PFI integrate successfully into the wider renewal of the Tube; to do so all parties – Alstom, Tube Lines and London Underground – must ensure that standards of maintenance improve and enough trains are serviced to meet contractual expectations.

Grounds for cautious optimism

Tube Lines' aggressive pursuit of their targets and additional spending has yielded notable success on their station refurbishment programme and spectacular results on the Piccadilly Line fleet, which performs 70% in excess of basic standards. Their work on the Piccadilly Line around Heathrow was completed on time and to budget and suffered from virtually no teething troubles.

On station refurbishment, London Underground has proved to be a demanding and potentially difficult client. However, where Metronet hesitated and haggled over shifting specifications, Tube Lines carried out work and met deadlines, leaving the negotiation to be finalised once the work had been completed. The results are not surprising. Along the Northern, Jubilee and Piccadilly Lines (which Tube Lines are responsible for) the work is ahead of schedule; Tube Lines have completed work at all 30 stations due by the end of Year 4 in the contract.

Metronet remain massively behind schedule. Although there has been a welcome claw-back compared to the figures at the end of Year 3, Metronet to date have completed 33 of the 47 stations due for completion according to their own plans and are 23 stations short of meeting contractual expectation. In 2004 the Transport Committee was alarmed at the rate of the progress being made on Metronet's station refurbishment programme and demanded significant improvement. Two years on and there has been improvement – though performance still falls considerably short of what Londoners might reasonably expect.

The Committee is pleased to note that Metronet appears, albeit belatedly, to be addressing the central problems posed by the 'preferred supplier' model. Metronet informed the Committee that they are exploring looking beyond their own composite companies to deliver their station programme. Although market testing outside of the model should have been adopted much sooner, it is nonetheless a welcome and necessary development.

It is essential Metronet exerts more direct control, market discipline and aggression to the recovery over their station refurbishment programme.

The Future

The PPP was designed to have a slow start. The first few years were set aside for 'soft' projects, albeit relatively substantial by most standards.

A central reason for the slow start was, as Tim O'Toole put it, to 'make sure the patient is well enough to withstand the major operation.'² The major operation being the introduction of new track, trains and signalling on top of some of the oldest infrastructure along some of the busiest railway in the world. A dip in service is to be expected as this work is undertaken and completed; but if services are already at a low level, additional minor inconvenience could become major disruption.

An uneven momentum is gathering. Tube Lines, albeit with the notable exception of the Northern Line, has proved that the PPP can be made to work in excess of expectation. Metronet bewilders with their inconsistency but the harsh lessons appear to be finally sinking in; changes are in place and a response to its previous failures should have an effect in the next year. If they do not, further questions will be asked and action sought.

The PPP Arbiter concluded that Metronet had not carried out its activities in an overall efficient and economic manner between April 2003 and March 2006. An Extraordinary Review from the PPP Arbiter into the claim from Metronet, scheduled for this year, will seek to put a cost on the failures of the past three and a half years.

London Underground has vowed that this price will not be paid by the paying customer at the ticket barrier or in a scaling back of their own other infrastructure commitments. The Committee can only agree.

The Mayor must work with Government to minimise any further costs to Londoners arising from the PPP contracts between London Underground and Metronet.

Londoners have already paid a high enough price for Metronet's painful learning curve.

*

2007 represents a watershed for the PPP. There is the likelihood of an Extraordinary Review. If, after a very specific warning made a year in advance by the PPP Arbiter, Metronet are still found to be operating in an inefficient and uneconomic manner, and if, after four years, Metronet's station refurbishment programme, track work and project management are still causing performance to drop beneath contractual benchmarks, fresh questions will have to be asked, including: **should Metronet be allowed to continue to be responsible for the management of 9 of London Underground's 12 tube lines?**

Any answer to such a question must allow for the consideration of stripping Metronet of some, if not all, of its responsibilities. This would not be the easy option. The Government should prepare to legislate for such a complex and potentially costly course of action. In addition, TfL need to prepare for such an

² Transcript London Assembly Transport Committee, 2 November 2006

eventuality and consideration is needed as whether they have the capacity to oversee any alternative.

Four years' worth of warnings will have been fired. It may be time to weigh up the risk of long-term persistent failure against short-term acrimony and the political and financial cost of dealing with it.

A full list of recommendations and conclusions are included in Appendix A

2. Introduction

2.1 There are the numbers.

One demanding public sector customer. Two private sector companies, composed of seven internationally renowned companies. Twelve underground lines that need to have their stations, track and trains maintained and renewed. A 30-year £1 billion a year contract broken into four 7.5 year sections. 181 benchmarks by which performance is measured and bonuses and penalties handed out.

2.2 And there are the people.

Every night, thousands of engineers and construction workers clock on when the Tube clocks off to fix track, renovate stations, service trains, check signals. And every morning, an estimated 3 million daily passengers try to get from A to B via the oldest metro network in the world, largely oblivious to the work undertaken that night let alone to the scale and complexities of a work programme which is one of the 10 largest infrastructure projects being undertaken in the world today.

2.3 The PPP is unique. It splits the maintenance and renewal of the Tube's infrastructure from the day-to-day operating of the system. London Underground retains ultimate ownership and responsibility for the delivery of the day-to-day service leaving the Infracos to undertake the maintenance and renewal of the network's infrastructure including stations, track and signalling.

2.4 The Department of Transport provides funding to cover London Underground (LUL) service charge payments to Metronet and Tube Lines. The payments made between LUL and the Infracos are complicated, relying on complex output and target based contracts that use penalties and bonuses to lever performance.

2.5 The Tube has been split into three entities with regard to the PPP. Metronet is responsible for the renewal of most of the deep tube lines and sub-surface lines; Tube Lines is responsible for the remaining lines. Both Metronet and Tube Lines were specifically formed to execute the PPP and are composites of engineering and project management companies who brought with them international experience (see below).

Chief Exec	Infraco (Partners)	Lines
Andrew Lezala	Metronet (WS Atkins, Balfour Beatty, Bombardier, EDF Energy and Thames Water)	Deep Tube Lines Bakerloo, Central, Victoria, Waterloo & City Sub-surface lines Circle, District, Metropolitan, Hammersmith & City, East London
Terry Morgan	Tube Lines (Amey, Bechtel Ferrovial)	Jubilee, Northern, Piccadilly

- 2.6 The performance of the Infracos is measured against 181 benchmarks set out in the 30 year long PPP contracts. These 181 targets cover four distinct areas:
- the number of trains available on each line for LUL to operate,
 - the ambience of stations
 - the state of a station's facilities (such as train time readers)
 - the rate at which track, lifts, escalators, and stations are being renewed, refurbished or otherwise modernised.
- 2.7 Performance of the Infracos is monitored over 13 four-week periods annually. Progress is reported quarterly to Transport for London's Surface Transport Advisory Panel and each year London Underground produce an annual report assessing the Infracos' performance across all four areas covered by the 30-year contracts. Every 7.5 years the PPP Arbiter reviews the contracts before the DfT commit to a level of funding for the following phase of maintenance and renewal. The first review is due to place in 2010. This review can alter the level of basic acceptable benchmark performance and the degree to which bonuses and penalty payments are applied according to performance.

PPP – the first few years

- 2.8 A large-scale 30-year project, supported by a massively complicated contract heralded in on the back of a largely hostile reception, was always facing a difficult start. And so it has proved.
- 2.9 This is the London Assembly Transport Committee's second review of the PPP. The Committee's first review, conducted in early 2005, found that the number of engineering overruns was too high; that Metronet's station refurbishment programme was critically behind schedule; and that the Northern Line posed the network with its biggest problem.
- 2.10 This review of the PPP gathered evidence from Tube Lines, Metronet, London Underground and the PPP Arbiter between October and December 2006. The Committee found themselves addressing virtually the same issues as before. The nature of the problems had not changed, but a clearer picture had emerged as to the root cause of these persistent problems. This report examines these issues.
- 2.11 This clearer picture can be attributed to two incidents that attracted a great deal of negative publicity for the PPP and London Underground. For three days in October 2005, the Northern Line was closed due to a faulty piece of braking equipment. Amidst the understandable outcry and public frustration, it became clear what was the root cause of the problem – a Private Finance Initiative (PFI) maintenance contract with Alstom that dated back to before the PPP, which imposed far less rigorous demands than those expected on other lines under the PPP contract.
- 2.12 In November 2006 the PPP Arbiter, after a request from Metronet themselves, published his first assessment of Metronet's performance to date. The report's terms of reference were simple: to establish whether Metronet had conducted its business in the first three years of the PPP in an economic and efficient manner in line with Good Industry Practice. The results did not make good reading for Metronet. They hadn't. And in reporting his findings, and further

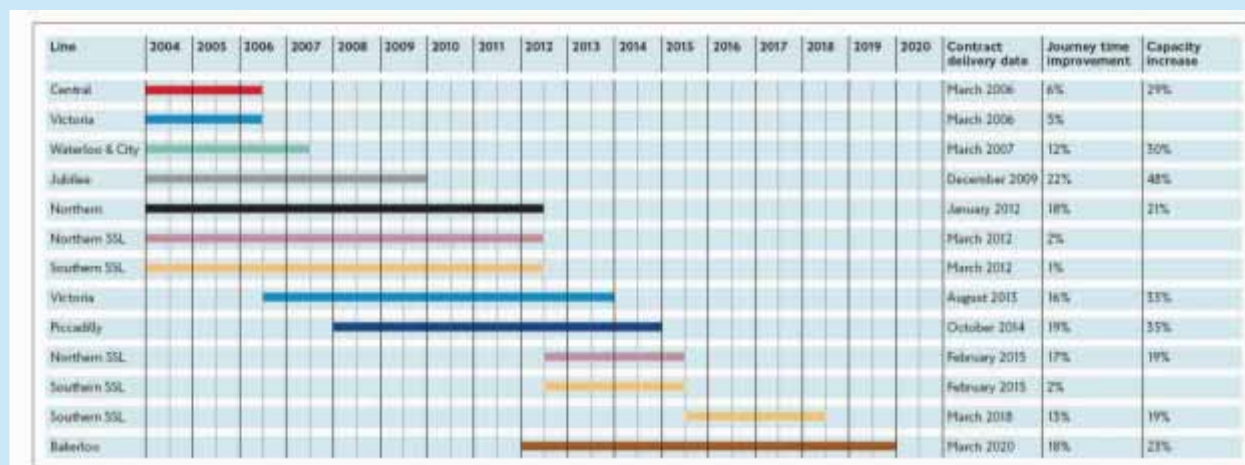
underlined in the candid evidence supplied to the Transport Committee in December 2006, the PPP Arbiter shone a light on perhaps why Metronet had performed so disappointingly to date. Their tied supply chain, whereby Metronet tenders the majority of its work to companies that comprise the Metronet consortium, had apparently failed to deliver the market discipline expected from the PPP.

- 2.13 This report does not only dwell on the negative. The first four years of the PPP has provided many examples of success; the performance of the Piccadilly and Central Lines, the District Line fleet; the improvement along the Jubilee Line and the success of Tube Line's station refurbishment programme. The start to the PPP has thrown up reasons to be both cheerful and fearful.

3. Reasons to be fearful, reasons to be cheerful

- 3.1 When the PPP started it was in many ways a leap in the dark. Years of protracted and hostile negotiation produced many long, detailed and complex contracts but not one clear and definitive statement on the condition of the Tube's trains, track and signalling – and therefore the value of the work to be done. The contracts were complicated for a reason. The oldest underground rail network had been neglected for decades. Quite simply, no one really knew what was down there.
- 3.2 A starting position of such ignorance had to be factored into the schedule of the renewal programme. The 30-year contract was broken into four 7.5-year sections. The first quarter – which ends in 2010 – was set aside very much as a soft landing and presented as an opportunity for the Infracos, through the maintenance of their assets, to get to know the condition of the network and what needs to be done.
- 3.3 The theory went that come the back end of Quarter 1 and Quarter 2, as Metronet and Tube Lines embarked upon the renewal of these assets, the risk of massive delay and escalating costs would consequently recede. The delay of putting the job back a few years would be off-set by a more efficient and less disruptive upgrade to the system. As Tim O'Toole put it to the Committee, the slow start to the PPP was to 'make sure the patient is well enough to withstand the major operation.'³

Figure 1 – Schedule of Line Upgrades



The first line upgrade milestones on the Central and Victoria Lines were relatively small or interim measures.

Graphic courtesy of London Underground

- 3.4 Quarter 1 allocated many soft targets – the central strand being a programme of station renewal. Simpler and a more obvious statement of intent to the travelling public, the refurbishment programme was viewed as relatively straightforward compared to the difficulties posed by the track, train and signalling upgrades.

³ Transcript London Assembly Transport Committee, 2 November 2006

- 3.5 Well laid plans, even those pinned down by one of the most complex public sector contracts ever devised, rarely match up to the reality. Tube Lines found that the condition of the Northern Line track was so bad that to wait until 2012 to complete its renewal was folly. Further frustration was to be found in the small print of a government contract issued prior to the PPP for the maintenance of the Northern Line fleet. The contract made significantly less rigorous demands than those set out in the terms of the PPP. These two factors compounded to make the Northern Line – the network’s most crowded line – a source of persistent misery and mystery to passengers and management alike.
- 3.6 The supposedly less complicated station renewal programme fell dramatically behind schedule. Preserving the unique nature of the Tube’s stations’ character and history and matching up London Underground’s expectations with the specifications laid down in a contentious contract has meant the start to the PPP has been anything but soft.

This chapter will explore in detail what has gone wrong and why, with particular regard to the Northern Line and the station refurbishment programme.

Station Refurbishment

- 3.7 The two Infracos adopted radically different approaches to tackle the central problem that existed in the first three years of the station renewal programme; the mismatch between what London Underground would like to have done and what the Infracos thought they were being paid to do. So, where Metronet hesitated and haggled over specifications, Tube Lines carried out work and met deadlines, leaving the negotiation to be finalised once the work had been completed.
- 3.8 The results are not surprising. Metronet’s station refurbishment programme was after Year 3 massively behind schedule. By March 2006 only 14 stations out of the projected 35 stations planned for refurbishment had been completed and all 14 completions were late. Consequently, Metronet has had to revise its projections and has promised to deliver effectively 5 years worth of station refurbishments in just over three and a half years in order to avoid the heavy penalties administered at the end of the first contract period.
- 3.9 There appears to have been a marked improvement in Year 4, although performance still falls considerably short of contractual expectations.

Infraco	Expected ⁴	AAMP ⁵	Contract ⁶
BCV	16	17	24
SSL	17	30	32
Total Metronet	33	47	56
JNP (Tube Lines)	30	30	30

Figures supplied by London Underground, 22 January 2007

⁴ Expected = total already completed since contracts commenced and currently stated as due for completion by end of financial year 2006/07 (as at end of Period 10)

⁵ AAMP = total stated in Annual Asset Management Plans as due for completion by end of financial year 2006/07

⁶ Contract = total stated in PPP Contracts as due for completion by end of financial year 2006/07

- 3.10 Tube Lines meanwhile have completed all 30 stations due to date under the contract.
- 3.11 Terry Morgan, Chief Executive at Tube Lines, elaborated on the negotiation process behind a station refurbishment. There are three types of station renewal; a basic modernisation, enhanced refurbishment and a complete modernisation. 'You will not be surprised that stations that are being refurbished wander very quickly into being an enhanced refurbishment, and those enhanced refurbishment stations wander into being potential modernisation.'⁷
- 3.12 Tube Lines carried out the work despite costs inflating well beyond projected spend, and have left the haggling to be done on conclusion of the project rather than at its start up. The process has been painful to Tube Lines – for example the complete overhaul of Borough Station – due to cost £4m – came in at £14m. The extra cost was due according to Terry Morgan to the 'indiscipline brought about by having so much uncertainty about scope'. This undermined Tube Lines' ability to manage the projects in accordance to its plans.
- 3.13 However, painful early lessons in the station refurbishment have yielded a long-term benefit. For example, the refurbishment of the Heathrow Terminal 4 station on the Piccadilly Line was delivered under budget and ahead of schedule. Tube Lines priced the work required to be just under £5m – the final cost was £4.5m. Where scoping once may have taken two years to complete, it is now achievable in one month; where once design work took 18 months, it took 2-3 months at Heathrow; and the work on site, which may have taken two years to complete previously, was limited to 12 months.
- 3.14 Tube Lines' first tranche of station refurbishments were not without disagreements with London Underground. However, Tube Lines had faith in the arbitration process and got on with the work trusting that if the work is complete, negotiations would be constructive rather than confrontational. This has been borne out in practice.
- 3.15 Metronet encountered similar difficulties in the early stages of the station refurbishment programme. The renewal of Queensway Station, the completion date of which was brought forward to 2006 from 2008, also suffered from a slow start. This was attributed, once again, to the scoping process. Metronet's Chief Executive, Andrew Lezala, says that these problems are now largely a thing of the past.; 'the scoping teams are working much more closely together now. I think it is an issue from the past, not a current issue.'⁸
- 3.16 The Committee would like to share this optimistic prognosis but we are concerned that the renewal of Baker Street station appears to be suffering from exactly the kind of scoping issues that have blighted the early phases of the station refurbishment, even though the refurbishment has been tendered outside the supply chain (see 3.19-3.25).
- 3.17 Furthermore, Tube Lines has clearly been able to demonstrate that they have learnt and learnt quickly from early difficulties, whilst Metronet has been slow to

⁷ Transcript London Assembly Transport Committee, 12 October 2006

⁸ Transcript London Assembly Transport Committee, 12 October 2006

respond to concerns about their station work. Cost for Tube Lines refurbishments are, as evidenced by the Heathrow Terminal 4 work, falling. However for Metronet, until the end of Year 3, the average cost of a station project stood at £7.5m – set against a projection of just £2m a station.

- 3.18 After Year 2, London Underground and the London Assembly both expressed concern about the progress being made. It is only well into Year 4 that significant changes are afoot to alter radically how the programme is approached. There is a root cause, illustrated in the following evidence given to the Committee by Tube Lines and Metronet's respective Chief Executives.

I have got the full attention of the Chief Executives of all of those companies, focused on improving our delivery.

Andrew Lezala, Chief Executive, Metronet

I like the model I have got, which means I can buy competitively. And if people do not perform, then I can just say, 'You are not being used again', and we have done that on many occasions.

Terry Morgan, Chief Executive, Tube Lines

The Supply Chain

- 3.19 Until now, Metronet has not been able to make similar statements to those charged with delivering the station refurbishment. The Transform Alliance (Trans4m) is a company that was specifically formed to perform the task of Metronet's station refurbishment programme. Trans4m are a conglomerate of four of the five members of the Metronet consortia – Balfour Beatty, Atkins, EDF and Thames. Metronet's constituent companies have effectively employed themselves to perform the task.
- 3.20 The tied supply chain system was employed to ensure that Metronet benefited from a 'certainty of price and resources'⁹ throughout the 30 year contract – an appealing guarantee given that the costs of many major construction projects have had a tendency to escalate rapidly.
- 3.21 However, the arrangement has evidently failed. Early failures were greeted with concern but were also seen as, perhaps, a part of the learning process; as 'inevitable teething problems.'¹⁰ The tied supply chain is not intrinsically flawed; it can work, as Metronet flagged up with regard to their fleet renewal strand of the PPP. However, where it has failed on track repair and renewal and station refurbishment there appears to have been a delay and the policy remained to stick with the 'tied supply' chain arrangements.
- 3.22 The PPP Arbiter concluded that 'it is absolutely essential that Metronet do actually put some of these projects out to tender, if nothing else to provide an incentive to the entire supply chain to perform better. A real benchmark is much more valuable than a theoretical one.'¹¹
- 3.23 It was therefore reassuring to hear that Metronet is undertaking a process of market testing with a view to tendering out station refurbishment work to a

⁹ Transcript London Assembly Transport Committee, 7 December 2006

¹⁰ Transcript London Assembly Transport Committee, 7 December 2006

¹¹ Transcript London Assembly Transport Committee, 7 December 2006

provider other than the Trans4m Alliance. For example, the £4m refurbishment of Earl's Court station is not being undertaken by Trans4m.

- 3.24 The disagreements over the scoping of the station refurbishment may well come to a head later this year. The conditions required for an Extraordinary Review of the PPP are already in place¹². If as the Infracos claim and the PPP Arbiter suspects, London Underground has been opportunistic in its demands over specifications, the questions of who pays for what will be determined by the PPP Arbiter. To arrive at any conclusion, the PPP Arbiter needs to know whether Metronet's costs are efficient. As it stands, he is currently unable to make such an assessment.
- 3.25 The problem with the 'tied supply' chain is even more pronounced on another aspect of Metronet's performance that has attracted criticism - the maintenance and renewal of track.

Metronet's maintenance and renewal of track

- 3.26 Metronet's maintenance and renewal of track was undermined severely in May 2006 when they failed to adequately prepare sections of the District Line for summer temperatures. This failure led to a series of disruptive speed restrictions in May, despite the repeated warnings of London Underground.

It is not...just hindsight. Last winter, we told [Metronet], 'This rail de-stressing programme does not look credible to us and you are not going to make it', and they assured us that they would and they did not. It was very clear what had to happen, and it did not happen.¹³

Tim O'Toole, December 2006

- 3.27 The incident in May 2006 appears symptomatic of a wider problem. For example, Metronet's renewal¹⁴ rates are substantially below contractual expectations – 42 per cent of volumes expected on sub-surface lines had been completed at the end of Year 3 and 49 per cent on the Bakerloo, Central and Victoria Lines. It was anticipated that £3.1m would be spent per km of work. It has worked out at £5m per km.
- 3.28 Supply chain arrangements, yet again, are the problem according to the PPP Arbiter. Supply contracts have lacked the flexibility required to hasten the rate of required renewals. Insufficient resources have been allocated to the task resulting in poor maintenance and renewal work on the ground. In summary, the wrong system, with not enough money, has been supporting substandard work.
- 3.29 The track work has been undertaken by Balfour Beatty – part of the Metronet consortium. This contract has been deemed contrary to Good Industry Practice by the PPP Arbiter and is now under review – a move the London Assembly Transport Committee naturally welcomes. The contract with Balfour Beatty has given rise to concerns about how 'money is moving through the supply chain'¹⁵ – hence the Arbiter's conclusion that he had been provided insufficient

¹² An extraordinary review can be triggered if costs exceed £50m as set out in the contract

¹³ Transcript London Assembly Transport Committee, November 2006

¹⁴ Renewal in this context is referred to as ballast track renewal

¹⁵ Transcript London Assembly Transport Committee, December 2006

information to be able to assess Metronet's financial management. Chris Bolt discovered that there were 'significant fixed payments in the original contract with Balfour Beatty, irrespective of work that was actually done'¹⁶.

- 3.30 In the instances where Metronet has employed their own staff to perform track work they have compared more than favourably with the work undertaken by Balfour Beatty. London Underground issued an Emergency Direction in April 2006 in response particularly to the quality of the work being done on the District Line.
- 3.31 The PPP was designed to bring market discipline to a major public infrastructure project. However the contracting arrangements employed by Metronet has failed to impose this discipline. A clear line of responsibility and accountability needs to be established between the work being done on the ground and those charged with overseeing this work.
- 3.32 London Underground believes that Metronet has learned a painful lesson from last summer and this summer we shall see improvement. However there is already another issue looming on the Victoria Line which may come to echo the situation endured on the District Line last summer.
- 3.33 The Arbiter is critical of Metronet's plans to re-rail and partially repair sections of the Victoria Line track – a solution that departs from Good Industry Practice. This is an example of what the Arbiter describes as Metronet's limited long-term view¹⁷. Metronet is applying a bandage when surgery is required, a decision that could lead to years of potentially unnecessary maintenance work that should be avoided. Despite advice to the contrary, the current renegotiations with Balfour Beatty over the PPP track contract apparently does not have as a guiding principle how best to manage assets in the long term¹⁸.
- 3.34 Unlike the station refurbishment programme which is edging outside of the Metronet tied supply chain, the track maintenance and renewal will remain tied, albeit under different terms and conditions. This is a particular concern for the Victoria Line, whose performance has been a constant source of frustration for London Underground, especially if a new contract fails to have long-term asset management as a guiding principle.
- 3.35 Tim O'Toole explained to the Committee that some of the most recent failures reported on the line have been attributed to the most recent work being undertaken. Throughout the duration of the PPP, Metronet has not been able to secure any significant improvement on the line's performance. It is due for a significant programme of rolling stock and track renewal – a programme that will inherently bring its own level of understandable disruption.
- 3.36 A robust new plan is being drawn up – one which will allow the new track, trains and signalling some breathing space to bed in effectively. This will see the old assets operate along side the new; to avoid the situation where a 'switch is flipped in 2011'¹⁹ and potential teething problems that occur disrupt the entire

¹⁶ Transcript London Assembly Transport Committee, December 2006

¹⁷ Whole Life Asset Management

¹⁸ Whole-life cost minimisation

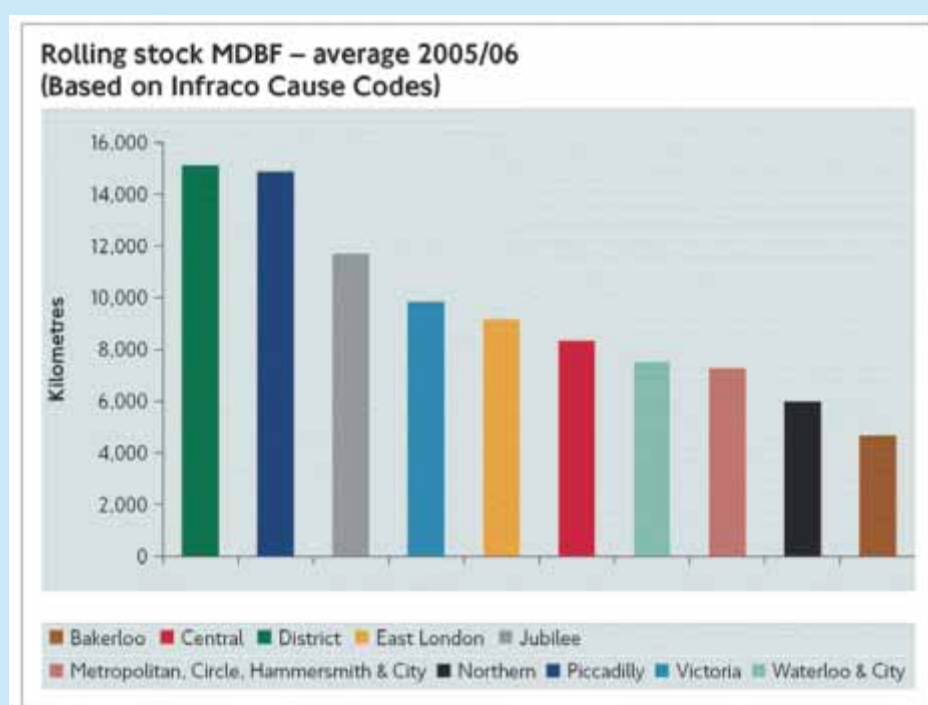
¹⁹ Transcript London Assembly Transport Committee, November 2006

service. Consequently, the Victoria Line will operate for a period under constantly changing circumstances. The risks for severe delays are obvious.

Preparing the patient: risks of further disruption

- 3.37 There is a wider concern, which includes the Victoria Line, that disruption caused by the programme of track renewal due shortly on a number of lines, could be exacerbated by poorly performing fleets.
- 3.38 A fleet's performance is measured by the mean distance each train covers before a break down. Performance varies enormously across the entire network and does not subscribe to any discernable pattern; old fleets out-perform new fleets and vice versa. Here also, there is not a neat line to be drawn between the performance of Tube Lines and Metronet.

Figure 2 – Performance of rolling stock, Year 3



Graphic courtesy of London Underground

- 3.39 For example, the most reliable fleets are on the District and Piccadilly Lines which fail on average roughly every 15000km of service operated. On the Piccadilly Line, managed by Tube Lines, the fleet is 30 years old; the fleet on the District Line, managed by Metronet, is a similar age.
- 3.40 At the wrong end of the performance scale, the inconsistency is baffling. For example, performance of the Northern and Jubilee Line fleets, both overseen by Tube Lines, deteriorated at 18 per cent and 1 per cent respectively between Years 2005 and 2006. The Metronet managed Central Line fleet, which is of a similar age to both the Northern and Jubilee Line fleets, actually improved its reliability by 25 per cent over the same period.

- 3.41 The inconsistency of a fleet's performance is unfortunately not restricted to only those fleets managed by Tube Lines. The Victoria Line fleet is twice as reliable as the Bakerloo Line fleet – and again both are of a similar age and should theoretically be in a similar condition. However, to put this comparison into perspective, the Victoria Line fleet was half as reliable as the best performing fleets on the Piccadilly and District Lines.
- 3.42 Although the comparisons are a little unfair – the conditions in which the Bakerloo and Victoria Lines fleets operate varies with greater stress inherent in the operation of the Bakerloo Line – it is the huge variance in the numbers that is of concern. Tim O'Toole explained that a fleet operating at a rate of about 15000km between failures could expect that figure to drop to 13000km when a new track or signalling system is installed. This would represent a marked downturn in performance but a good service could be maintained, even if it was a little patchy during an inevitably difficult transition phase.
- 3.43 However, if a fleet is only managing around 5-6000km between failures and new track or signalling is installed, the 2000km drop in reliability would be devastating; 'you are not even running a metro service at that point. It would be a disaster situation.'²⁰
- 3.44 This goes some way in explaining the concern about an upgrade to the Victoria Line compared to relative confidence there is in installing a new signalling system on the Jubilee Line. The Bakerloo Line – the last line due for a line upgrade – is a cause for major concern also. The graph also illustrates exactly why the Northern Line is such a permanent problem for the network; an unreliable fleet is operating on a line that is being renewed.

The Northern Line

- 3.45 The Northern Line has not only been Tube Lines' biggest problem. It is the worst performing line on the entire network. It enjoyed only two periods out of 26 up to the end of Year 3²¹ where its performance was not penalised by the PPP contracts for lost customer hours, although performance has not been as bad since February 2006 after the Corrective Action Notice was issued by London Underground.
- 3.46 These figures also exclude the loss of service caused by the 'trip cock' failure in October 2005. This failure in three days alone accounted for 18 times the amount of lost customer hours²² endured throughout the other three and half weeks during that month. The failure has been partly attributed to the maintenance of the fleet which is managed by Alstom, under a contract that sits outside of the PPP.
- 3.47 The Alstom PFI, which was in place before the PPP and which Tube Lines inherited the management of as part of the PPP, has been the source of much contention. Its terms and conditions are considerably less robust than those set

²⁰ Transcript London Assembly Transport Committee, November 2006

²¹ Page 14, London Underground and the PPP: the third year 2005/06, June 2006,

²² Lost Customer Hours measures availability – i.e., train delays, withdrawals and cancellations, depot late start-ups, signals and crossing failures, full or partial line suspensions, lift and escalator failures, platform closures and full or partial station closures.

on other maintenance contracts in the PPP and is the subject of protracted renegotiation between Tube Lines and Alstom.

- 3.48 The effect is devastating to the service with trains not being available for peak time. However, after the severe disruption in October 2005, working arrangements between Tube Lines and Alstom have changed. A 170-point action plan has been implemented. For example, the number of Tube Lines engineers overseeing working at Alstom has increased and Alstom employed more engineers; train drivers are now met at termini and asked to report faults on their trains.
- 3.49 Although a bystander for most part in the contract negotiation, London Underground themselves have a significant role to play in the maintenance of the Northern Line fleet. In order to meet their contractual obligation Alstom need to be provided with enough trains at their servicing depots. The problem is a complicated one – should the Northern Line fail, an inability to get trains to the right depot for servicing is naturally a function of this failure.
- 3.50 It appears after protracted negotiations that the Alstom PFI is close to being realigned. Tube Lines are set to allocate additional payments according to the impact on passengers rather than the reliability of the fleet; an alteration bringing the maintenance contract more in line with the rest of the PPP. The change could prove crucial and is a far more robust and comprehensive measure of maintenance work than the conditions previously adhered to.
- 3.51 However, securing a more robust Alstom contract will not provide a neat answer to the many problems that the Northern Line faces. There are other elements that further undermine the Northern Line performance. All tube trains are moving toward Automatic Train Operation over the course of the PPP. Currently, both the Central and Victoria Lines operate the system where the train is driven automatically but the driver controls the dwell time in the station. Compare the performance of the Central and Northern Line fleets – which are both of a similar age – it is clear that this is a factor.
- 3.52 A line that is entirely manually driven can lead to ‘bunching’ – when you run a system of 30 trains an hour say between Kennington and Morden and each train is operated a little differently, with some doors left open slightly longer and shorter depending on the driver, the reliability of the service is inevitably affected.
- 3.53 It also soon became evident after work started on the Northern Line, that the schedule of track renewal was unrealistic. Based on a series of overnight engineering slots, the original plan was not delivering efficiently or effectively for Tube Lines and causing too much disruption to passengers.
- 3.54 Tube Lines approached London Underground and they both agreed to a programme of 40 weekend closures during which track renewal would place. This brought forward the completion date for the work by two years and is already proving effective at reducing the number of track related delays.
- 3.55 The Committee were informed on a visit to an engineering site that three months worth of night-time work is able to be completed during a weekend

closure of 50 hours. The infrastructure being laid down on the Northern Line will stretch to over 11 kilometres of track once completed and the number of track failures is down.

- 3.56 The only problem is that train and signal failures are not falling. In Year 3, TfL issued a Corrective Action Notice demanding that performance return to benchmark – the basic standards laid in the contract – before April 2007. It is welcome that the Northern Line is not as bad as it once was; it is no consolation though that the service provided is the worst across the network and shows no signs of meeting minimum standards.

4. Between now and 2010

- 4.1 As the PPP heads toward the end of its first 7.5 year period, its impact will begin to be measured more tangibly – and not just in performance measures and the regular schedule of bonuses and abatements. Negotiations will begin which will determine the standard level of performance and the scale of fines and bonuses for the second period between 2010 and 2017. Much of this will be determined by the level of performance presented to the PPP Arbiter in 2010.
- 4.2 Part of the Committee’s remit was to look ahead to the Arbiter’s review of 2010. It was disappointing, albeit understandably, that all three parties were relatively unwilling to give any detail as to how the PPP’s schedule of payments and benchmarks may be tweaked in order to drive forward the PPP more effectively.
- 4.3 For example, when the PPP started, cleaning trains and stations did not include the removal of hundreds of thousands of free papers every Monday and Friday. This has, according to Metronet, added £730,000 annually to the costs of their cleaning operation²³. In 2010, such changes to operating costs will have to be factored in.
- 4.4 As mentioned elsewhere in the report, the 2010 review is likely to be preceded by a Metronet triggered Extraordinary Review into the costs of the PPP to date. Original contract costs and expectations will be set against delivery and actual costs; claim and counter claim will be determined eventually by the PPP Arbiter.

The 2010 Review

- 4.5 As the Committee highlighted in its last report on the PPP, but worth repeating again here, the £20 million that Tube Lines spent on new axle boxes along the Piccadilly Line has reaped a huge benefit. In Year 3 of the PPP, the Piccadilly Line reported the lowest number of train and track failures than any other line on the network. This success, supported by a well-maintained fleet performing 70 per cent in excess of the contractual expectation, has meant that Tube Lines is regularly receiving substantial bonus payments for its performance on the Piccadilly Line.
- 4.6 Tube Lines had invested £94m more in new assets than was expected after Year 3; it had reported an after tax profit of £89m on the back of this investment. The £5m deficit should be viewed in context of the Northern Line, which has consistently cost Tube Lines fines throughout the first three years.
- 4.7 However, there is an inescapable risk that goes alongside a success, such as the one enjoyed on the Piccadilly Line, due to the nature of the PPP. As Terry Morgan elaborates:

...a key element of PPP is that, if you take the Piccadilly, where I can say we have made a significant improvement, when we come to the periodic review, that benefit is given to London Underground... the public sector retain the benefits we have accrued in the first seven and a half years.²⁴

²³ Metronet Matters, Page 2, Issue 15

²⁴ Transcript London Assembly Transport Committee, October 2006

- 4.8 These benefits are welcome but they also throw up as an unintended consequence, a disincentive for the Infracos to ramp up performance in the period leading up to a review. There is nothing to be gained for an Infraco in securing a certain level of performance up to 2010 which then gets set as a new benchmark and makes the task of accruing bonuses for the second period that much harder. As Tim O'Toole underlined to the Committee.

....there will naturally be a tendency to gain at the 7½ year mark. It is going to be a real tension. When you are going to your Board and asking for millions of pounds to do some new programme, it is hard to believe people are not going to be thinking about that potential re-pricing.²⁵

- 4.9 So when assessing how the PPP might perform in areas where it has already achieved notable success and there is less risk in receiving punishments at the end of Period 1, it is reasonable to expect that investment and performance improvement may slow. This is not a specific criticism of either Infraco but a pattern of conservative behaviour and investment encouraged by the structure of the PPP deal.

The Extraordinary Review

- 4.10 Although the report has already compared the two approaches both Infracos took to their station refurbishment programme, it is worth re-emphasising why Tube Lines' station refurbishment programme has been a success. Painful early lessons were acted on and acted on quickly. Tube Lines proved themselves responsive and aggressive in doing so; the extra cost incurred early on is being paid back with greater efficiencies now.
- 4.11 This is where the PPP's structure and processes are able to lever a positive impact on behaviour. Metronet's costs are expected to have ballooned to a projected £750m by the time the first review of the PPP's charges and benchmarks are made in 2010. An Extraordinary Review – whereby additional costs accrued can be reassigned between client and customer – can be triggered if costs exceed £50m more than projections. The situation now clearly permits such a review.
- 4.12 The Arbiter's first assessment of Metronet's performance, conducted at their request, is looked upon as an early warning mechanism for shareholders ahead of such an Extraordinary Review. The Arbiter's report gives Metronet clear guidance as to what is expected; more tendering outside the consortium; greater financial accountability and transparency; and more direct and robust management centrally from Metronet not hindered by an obvious conflict of interests.
- 4.13 Consequently, Metronet has acted already. The Balfour Beatty contract is being renegotiated; the Board has an independent non-Executive Chair; and the station refurbishment programme is being tendered outside the consortium. Whereas the 2010 Review could see success breed caution; the Extraordinary Review process has suggested that there is a robust enough mechanism to

²⁵ Transcript London Assembly Transport Committee, December 2006

action failure where an Infraco may appear unwilling to do so. This is potentially a cause for cautious optimism; not least because in order to recover their position before 2010 and the possibility of massive fines, as well as achieving a favourable outcome from an Extraordinary Review, Metronet simply cannot afford to fail again.

- 4.14 The first shots have already been fired in the build up to the Extraordinary Review. Andrew Lezala told The Times on 17 November 2006 that “..the contract allows London Underground the choice of paying more in cash or descoping the project.” The response from London Underground’s Tim O’Toole was predictable as it was understandable; labelling the prospect of descoping as a “very serious indictment” of Metronet’s performance and making it clear that should the Arbiter find that any of the £750m claim is London Underground’s responsibility, the fare payer and the five year capital investment programme would not be a source for any payment. What Metronet don’t cover, TfL and the Mayor expect the Government to.
- 4.15 The Transport Committee is very concerned that Londoners should not have to pay any more for the PPP, which has already cost them a very great deal of money. If London Underground is indeed found liable for a proportion of the £750m claim, it will involve some very tough decisions.

The Mayor must work with Government to minimise any further costs to Londoners arising from the PPP contracts between London Underground and Metronet.

5. Conclusions

- 5.1 The PPP to date has delivered a better, more reliable tube network. But it should have done, considering the levels of investment and the disruption caused to the network. Has it done so as efficiently and effectively as it might? The Transport Committee is in no position to argue with the PPP Arbiter's own assessment. Metronet has failed to perform in an economic and efficient manner.
- 5.2 Tube Lines, like Metronet, suffered from a slow and sometime painful start to the PPP but learnt quickly and applied a long-term and aggressive perspective to the task ahead. Consequently, the performance of the Jubilee and Piccadilly Lines has been excellent; their station refurbishment programme is ahead of schedule and London Underground felt confident enough to award the Wembley Central station renewal to them – a project delivered to time and budget. Confidence in Tube Lines' ability to deliver was further underlined with the smooth implementation of the seven car Jubilee Trains over the course of 2005/06.
- 5.3 The Northern Line remains Tube Lines and the networks' major headache. Tube Lines is to be congratulated on their accelerated track renewal programme and their recent efforts in coming close to securing a revised fleet maintenance contract with Alstom. Allied to an apparent improvement in working practices between Alstom and Tube Lines, it is hoped that incidents like the "trip cock" fiasco of October 2005 will not be repeated. The next year is crucial for the Northern Line; it is difficult given the Line's chequered history and inherent problems to be anything other than cautious at this stage.
- 5.4 Metronet's tied supply chain may have worked with regard to the management of their fleet – which on the Central, District and Circle has been excellent. However, it has tangibly failed with regard to track renewal and station refurbishment.
- 5.5 The contract for track work is being renegotiated with Balfour Beatty. The Committee was alarmed to note that this renegotiation is not bedding in a long-term view with regard to the management of their assets.
- 5.6 Metronet's failure to deliver its programme of station renewals, especially in view of Tube Lines' evident success, has been their most public and spectacular failure in their management of the PPP to date.

The Committee therefore calls upon Metronet to report back to the Committee by July 2007 to report on:

- **the revised conditions of the Balfour Beatty track contract,**
- **the extent to which they have 'market tested' their tendering process for station refurbishment, and**
- **the progress being made to recover their station refurbishment programme which is critically delayed, perhaps even fatally, to meet contractual expectations by 2010.**

- 5.7 The Committee welcomed Metronet's response to the PPP Arbiter's call for a non-executive Chair of the Board. The Committee would like to take this recommendation further and see a further six non-Executive independent nominations made to the Metronet board to ensure that the casting vote is an objective one.
- 5.8 2007 represents a watershed for the PPP. There is the likelihood of an Extraordinary Review. If, after a very specific warning made a year in advance by the PPP Arbiter, Metronet are still found to be operating in an inefficient and uneconomic manner, and if, after four years, Metronet's station refurbishment programme, track work and project management are still causing performance to drop beneath contractual benchmarks, fresh questions will have to be asked, including: should Metronet be allowed to continue to be responsible for the management of 9 of London Underground's 12 tube lines?
- 5.9 Any answer to such a question must allow for the consideration of stripping Metronet of some, if not all, of its responsibilities. This would not be the easy option. The Government should prepare to legislate for such a complex and potentially costly course of action. In addition, TfL need to prepare for such an eventuality and consideration is needed as to whether they have the capacity to oversee any alternative.

Appendix A - List of conclusions and recommendations

Metronet's performance

The PPP was designed to bring market discipline to a major public infrastructure project. The management of the preferred supplier contracting arrangements employed by Metronet has failed to impose this discipline. A clear line of responsibility and accountability needs to be established between the work being done on the ground and those charged with overseeing this work.

The Committee supported the PPP Arbitrator's decision to demand that Metronet appoint an independent Chair to their Board and welcomes that Metronet has acted quickly so to do. The Committee would also welcome further non-executive appointments to the Board, so that the non-executive members of the Board exceed the number of executive members on the Board.

The Committee recommends that Metronet also more actively pursue contracting work outside their composite companies. This will put an end to an arrangement that looks at best cosy and which has failed to deliver on significant aspects of the PPP programme.

It is essential Metronet exerts more direct control, market discipline and aggression to the recovery over their station refurbishment programme.

The Committee therefore call upon Metronet to report back to the Committee by July 2007 to report on:

- the revised conditions of the Balfour Beatty track contract,
- the extent to which they have 'market tested' their tendering process for station refurbishment, and
- the progress being made to recover their station refurbishment programme which is critically delayed, perhaps even fatally, to meet contractual expectations by 2010.

The Future- the cost of PPP overspend

The Transport Committee is very concerned that Londoners should not have to pay any more for the PPP, which has already cost them a very great deal of money. If London Underground is indeed found liable for a proportion of the £750m claim, it will involve some very tough decisions.

The Mayor must work with Government to minimise any further costs to Londoners arising from the PPP contracts between London Underground and Metronet.

The future of the PP contracts

Should Metronet be allowed to continue to be responsible for the management of 9 of London Underground's 12 tube lines?

Any answer to such a question must allow for the consideration of stripping Metronet of some, if not all, of its responsibilities. This would not be the easy option. The Government should prepare to legislate for such a complex and potentially costly course of action. In addition, TfL need to prepare for such an eventuality and consideration is needed as whether they have the capacity to oversee any alternative.

Appendix B - Evidence submitted to the Committee

The Committee would like to thank all the organisations who took the time to contact the Committee and submit evidence to the scrutiny.

If you wish to obtain transcripts from the meetings below please log on to <http://www.london.gov.uk/assembly/reports/transport.jsp>.

Oral Evidence

London Assembly Transport Committee, 12 October 2006

- Andrew Lezala, Metronet
- Terry Morgan, Tube Lines

London Assembly Transport Committee, 2 November 2006

- Tim O'Toole, London Underground

London Assembly Transport Committee 7 December 2006

- Chris Bolt, PPP Arbiter

All graphics used in the report are courtesy of Transport for London.

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Haddii adiga, ama qof aad taqaanid, uu doonaayo inuu ku helo koobi ah warbixinta oo kooban iyo talooyinka far waaweyn ama farta qofka indhaha la' loogu talagalay, ama luuqadooda, oo bilaash u ah, fadlan nagala soo xiriir telefoonkan 020 7983 4100 ama email-ka cinwaanku yahay assembly.translations@london.gov.uk

Appendix D - Principles of scrutiny

The powers of the London Assembly include power to investigate and report on decisions and actions of the Mayor, or on matters relating to the principal purposes of the Greater London Authority, and on any other matters which the Assembly considers to be of importance to Londoners. In the conduct of scrutiny and investigation the Assembly abides by a number of principles.

Scrutinies:

- aim to recommend action to achieve improvements;
- are conducted with objectivity and independence;
- examine all aspects of the Mayor's strategies;
- consult widely, having regard to issues of timeliness and cost;
- are conducted in a constructive and positive manner; and
- are conducted with an awareness of the need to spend taxpayers money wisely and well.

More information about scrutiny work of the London Assembly, including published reports, details of committee meetings and contact information, can be found on the London Assembly web page at www.london.gov.uk/assembly.

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