

**TRANSPORT FOR LONDON**

**BOARD**

**SUBJECT: OPERATIONAL AND FINANCIAL PERFORMANCE AND INVESTMENT PROGRAMME REPORTS – SECOND QUARTER 2008/09**

**DATE: 10 DECEMBER 2008**

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**1 PURPOSE**

- 1.1 To inform the Board of TfL's performance for the second quarter of 2008/09 (22 June 2008 – 13 September 2008).

**2 BACKGROUND**

- 2.1 Attached are reports which detail TfL's performance during the second quarter 2008/09. They are as follows:
- a) the TfL Operational and Financial Report; and
  - b) the TfL Investment Programme Report.

**3 RECOMMENDATION**

- 3.1 The Board is asked to NOTE:
- a) TfL's operational and financial performance over the second quarter of 2008/09; and
  - b) TfL's progress on the Investment Programme over the second quarter of 2008/09.

**4 CONTACT**

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# Operational and Financial Report

## Second Quarter, 2008/09

The operating year 2008/09 comprises four quarters. Quarter one to three each cover three operating periods of four weeks. Quarter four covers four operating periods of four weeks. The dates are as follows:

Quarter one:	1 April 2008 - 21 June 2008	(Operating periods 1-3)
Quarter two:	22 June 2008 - 13 September 2008	(Operating periods 4-6)
Quarter three:	14 September - 6 December 2008	(Operating periods 7-9)
Quarter four:	7 December 2008 - 31 March 2009	(Operating periods 10-13)

This report details the operational and financial performance for quarter two, 22 June 2008 – 13 September 2008, and covers operating periods four to six.

## Operational and Financial Performance Report

### Second Quarter, 2008/09 (22 June 2008 – 13 September 2008)

#### Performance Summary

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Quarter two continued to build upon the passenger growth of 2007/08. 787 million passengers travelled on the Transport for London (TfL) network during quarter two 2008/09, 3.7 per cent more than last year.

**London Underground:** Demand for Underground services continued to grow as passengers made 249 million journeys, 2.5 per cent more than quarter two of last year but 1.0 million fewer than target. 96.3 per cent of scheduled services were operated, 1.2 percentage points higher than target and excess journey time was 1 minute better than target. In the final 4-week period of the quarter, total excess journey time fell to 5.9 minutes, the best performance for over 10 years.

**London Buses:** Bus passengers made 515 million journeys in the quarter, 20.7 million more than the previous year and 0.7 million more than target. 97.4 per cent of scheduled bus services were operated in quarter two, 0.4 percentage points lower than target. Excess wait time at 1 minute was in line with target.

**Docklands Light Railway (DLR):** DLR passengers made 15 million journeys, 1.0 million fewer than target largely due to the blockades and weekend closures. 97.3 per cent of trains were on time, 1.3 percentage points better than target.

**Customer Service:** The TfL group customer satisfaction score for quarter 2 was 81, which was 2.3 points higher than target and 1.2 points higher than last year. This resulted from a 3 point improvement in the score for London Buses and London Underground successfully maintaining the high score achieved in quarter one.

**Financial performance:** At quarter two, TfL operating income was £10 million lower than budget and TfL operating expenditure was £41 million lower than budget in the year to date. Capital expenditure (after overprogramming and third party reimbursements) was £95 million lower than budget in the year to date.

**Staff numbers:** TfL employed 21,878 full time equivalent (FTE) staff at the end of the second quarter, 223 fewer than budget but 49 more than last quarter. At the end of quarter two, there were 6,339 Metronet employees, 457 fewer than budget. These are additional to the TfL headcount.

## Performance Summary – Performance Indicators

2008/09		Quarter 2				Full Year			
Key Performance Indicator	Unit	Actual	Target	Var	PY	Forecast	Target	Var	PY
<b>Service Demand</b>									
Passenger Journeys - TfL Group (excl London Overground)	m	786.6	787.6	(1.0)	758.8	3,424.2	3,456.7	(32.5)	3,345.7
Passenger Journeys - LU	m	249.0	250.0	(1.0)	242.9	1,087.4	1,120.0	(32.6)	1,072.5
Passenger Journeys - Buses	m	514.6	513.9	0.7	493.9	2,234.1	2,233.8	0.3	2,176.1
Passenger Journeys - DLR	m	15.1	16.1	(1.0)	14.9	71.1	71.1	-	66.6
Total Trips - Dial a Ride	'000s	271.4	317.4	(46.0)	256.7	1,200.0	1,400.0	(200.0)	1,127.4
Cycle usage on TLRN (Index Mar 2000 = 100)	Index	233.1	229.7	3.4	217.9	205.0	205.0	-	190.8
<b>Service Provision (Supply)</b>									
% Scheduled Services Operated - LU	%	96.3	95.1	1.2	93.3	95.5	95.1	0.4	94.8
Train Kilometres Operated - LU	m	16.5	16.3	0.2	16.2	70.6	70.2	0.4	70.5
% Scheduled Services Operated - Buses	%	97.4	97.7	(0.4)	97.7	97.4	97.6	(0.2)	97.5
Bus Kilometres Operated - Buses	m	110.5	109.6	1.0	107.9	479.0	474.4	4.6	468.2
% Scheduled Services Operated - DLR	%	99.4	98.0	1.4	99.4	98.0	98.0	-	99.1
Train Kilometres Operated - DLR	'000s	848.0	1,037.0	(189.0)	1,058.2	4,042.0	4,493.6	(451.6)	4,442.9
No. of Taxi Drivers Licensed - PCO	'000s	24.8	24.7	0.1	24.5	24.7	24.7	-	24.7
No. of Private Hire Drivers Licensed - PCO	'000s	52.3	46.0	6.3	43.4	52.0	46.7	5.3	48.3
<b>Reliability</b>									
Excess Journey Time (Weighted) - LU	Mins	6.4	7.5	(1.0)	7.9	No forecast	7.5	-	7.8
Excess Wait Time, High Freq Routes - Buses	Mins	1.0	1.0	-	1.0	1.1	1.1	(0.0)	1.1
On Time Performance - DLR	%	97.3	96.0	1.3	97.9	96.0	96.0	-	97.3
On Time Performance (PPM Moving Annual Average) - LO	%	92.1	91.7	0.4	Not available	91.7	91.7	-	Not available
<b>Customer Satisfaction</b>									
Overall Customer Satisfaction - TfL Group	Score	80.6	78.3	2.3	79.4	No forecast	78.3	-	78.8
Overall Customer Satisfaction - LU	Score	79	78	1	77	No forecast	78	-	77
Overall Customer Satisfaction - Buses	Score	81	78	3	80	No forecast	78	-	79
Overall Customer Satisfaction - DLR	Score	89.5	90.0	(0.5)	97.9	90.0	90.0	-	97.5
Overall Customer Satisfaction - London Overground	Score	75	73	2	Not available	No forecast	73	-	Not available
<b>People</b>									
Number of Staff - TfL Group (excl Metronet)	FTE	21,878	22,101	(223)	21,427	22,326	22,030	296	21,848
No of Temporary Contractors - TfL Group (excl Metronet)	FTE	1,507	1,142	365	1,502	1,242	1,111	131	1,459
Number of staff - Metronet	No of staff	6,339	6,796	(457)	n/a	6,833	6,770	63	n/a
Numer of Temporary Contractors - Metronet	No of staff	1,418	1,712	(294)	n/a	1,686	1,547	139	n/a
<b>KPIs excluding Metronet</b>									
No of Temporary Contractors - TfL Group over 12 months service	FTE	494	511	(17)	564	477	467	10	482
No of days sickness absence per employee: TfL Group	Days	4.4	4.6	(0.3)	4.6	11.2	10.2	1.0	10.3
Women Staff - TfL Group	%	24.7	24.4	0.2	23.8	25.0	24.9	0.1	24.3
BAME Staff - TfL Group	%	34.6	29.0	5.6	34.0	34.5	29.0	5.5	34.4
Disabled Staff - TfL Group	%	6.2	6.7	(0.5)	6.9	6.4	6.7	(0.3)	6.4
Women Staff in Senior Mgt - TfL Group	%	21.0	21.2	(0.2)	21.5	20.6	21.9	(1.3)	21.2
BAME Staff in Senior Mgt - TfL Group	%	11.7	13.0	(1.3)	12.1	13.7	13.8	(0.1)	12.2
Disabled Staff in Senior Mgt - TfL Group	%	5.0	4.9	0.1	4.3	4.9	5.2	(0.3)	4.4

GREEN: better than or equal to target; AMBER: within 5% of target; RED: 5% or more worse than target

Notes:

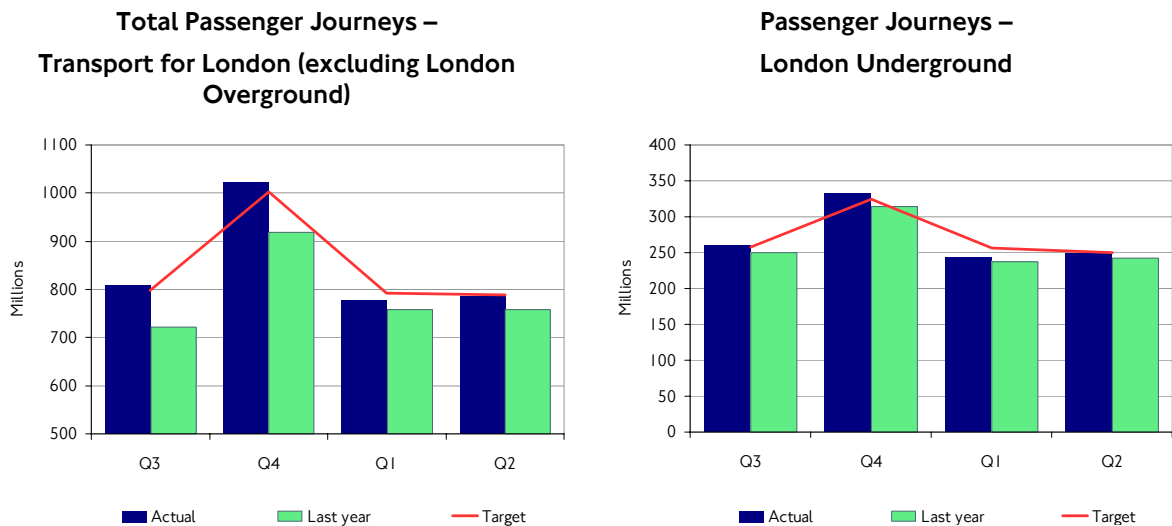
Tables may be subject to rounding errors.

FTE = Full Time Equivalents

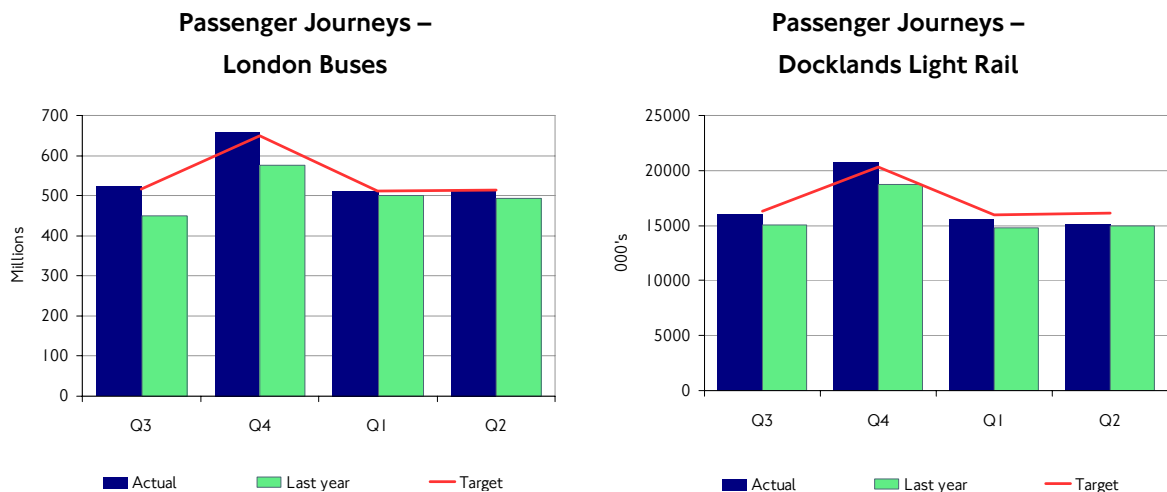
+ Due to the reporting process and nature of road traffic accident data the latest data available is for May 2008.

## Service Demand

- 1.0 Following on from record levels of demand in 2007/08, the number of journeys made by passengers across the TfL network continues to grow in 2008/09. In quarter two, passengers made 786.6 million journeys, 27.9 million (3.7 per cent) more than last year although 1.0 million (0.1 per cent) fewer than target. This total does not include passenger numbers for London Overground, which are being validated for reporting later in the year.



- 1.1 Service demand on the Underground continued at a record level. In quarter two, Underground passengers made 249.0 million journeys, an increase of 6.1 million journeys, or 2.5 per cent, compared to the second quarter of 2007/08. This was just 1.0 million or 0.4 per cent fewer journeys than target. In the year to date, passengers made 492.2 million journeys. This represented an increase of 12.8 million journeys compared to last year but 14.6 million journeys fewer than target.



- 1.2 Demand for bus services is also increasing. Bus passengers made 514.6 million journeys in the quarter. This represented an increase of 20.7 million journeys, or 4.2 per cent, compared to 2007/08 and 0.7 million (or 0.1 per cent) more than target. In the year to date bus

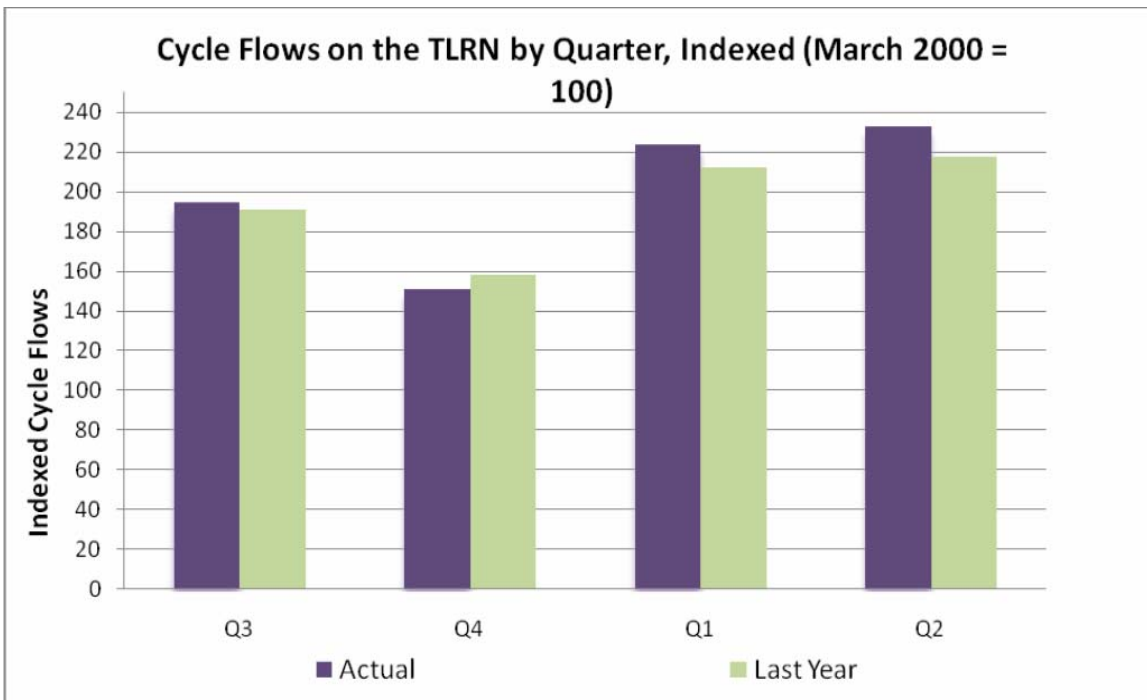
passengers made 32.1 million journeys. This was 3.2 per cent more than last year and was in line with target.

- 1.3 In quarter two, DLR passengers made 15.1 million journeys, 0.2 million or 1.2 per cent more than last year. DLR passengers made 1.0 million, or 6.3 per cent, fewer journeys than target due to the recent blockades and weekend line closures for engineering works on the Bank to Lewisham line, which were not included in the budget. DLR passengers made 30.6 million journeys in the year to date. This was 1.5 million journeys or 4.6 per cent less than target but 0.9 million more journeys (3.1 per cent) more than last year.

### River Services

- 1.4 Overall passenger journeys on River Services were 1.35 million in Quarter 2 2008/09. This is a significant increase on the 0.94 million journeys made in the same quarter of 2007/08. This increase follows Thames Clippers' introduction of an all-day and evening service between the London Eye and the O2 venue in November 2007.

### Cycling



- 1.5 In Quarter 2 2008/09 the index of cycle flows on the TLRN stood at 233.1. This represents an increase of 7 per cent since the same quarter last year when the index had a value of 217.9.
- 1.6 The level of cycle flows observed is consistent with an overall ambition to increase cycling to a level such that by 2025, cycling will equate to a 5 per cent mode share of all journey trips.

## Traffic

- 1.7 Traffic levels in central London (average weekday flow over 24 hours) have a distinct seasonal pattern and show consistent levels within that seasonal pattern year-on-year.
- The 24 hour weekday traffic flows in central London in Quarter 2 2008/09 are 4.5 per cent lower than Quarter 2 in 2007/08.
  - The average 24 hour weekday traffic flows in inner London in Quarter 2 2008/09 are 6.3 per cent lower than Quarter 2 in 2007/08.
  - The average 24 hour weekday traffic flows in outer London in Quarter 2 2008/09 are 3.6 per cent lower than Quarter 2 in 2007/08.
- 1.8 The total number of serious and severe incidents London wide recorded in Quarter 2 2008/09 was 275. This is an increase of 19 per cent on the same quarter last year which recorded a total of 231.

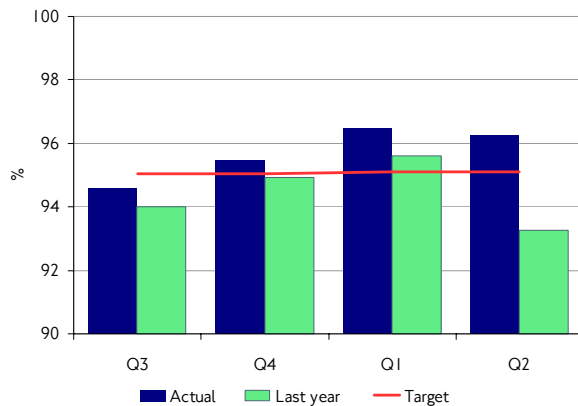
## Fare Trends

- 1.9 At the end of quarter two, 3.0 per cent of Underground passenger journeys were cash fares, down from 3.5 per cent in quarter two last year. Oyster pay-as-you-go (PAYG) journeys comprised 32.0 per cent of all Underground journeys compared to 25.8 per cent a year ago.
- 1.10 On the bus network, cash single fares accounted for 1.7 per cent of all journeys (1.8 per cent including roadside ticket machines) compared to 2.1 per cent (excluding roadside ticket machines) in quarter two 2007/08. Oyster PAYG fares comprised 18.6 per cent of all bus journeys (15.9 per cent last year).

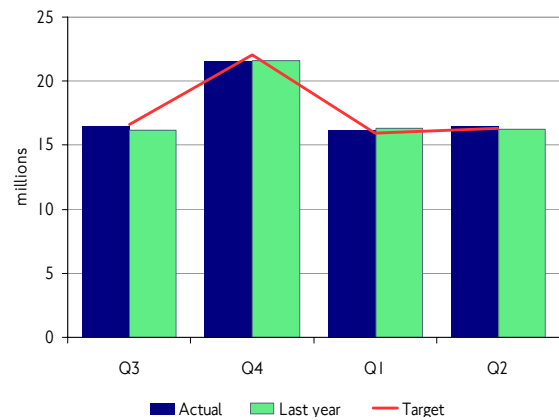


## Service Provision

**Scheduled Services Operated –  
London Underground**

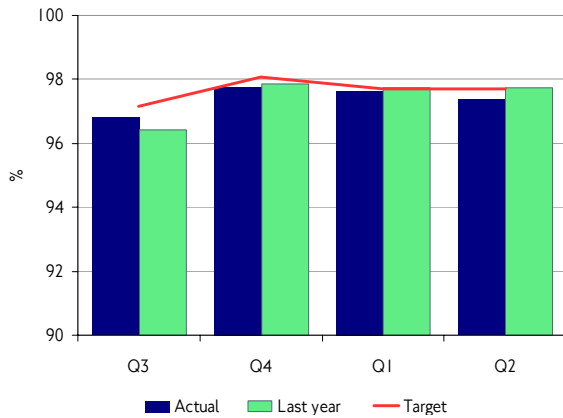


**Train Kilometres Operated –  
London Underground**

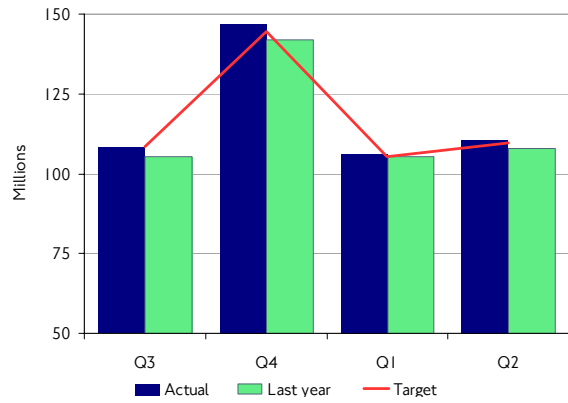


- 2.0 96.3 per cent of scheduled services were operated on the Underground in quarter two. This was 1.2 percentage points higher than target and 3.0 percentage points better than in the second quarter of last year when performance was depressed by industrial action by Metronet staff. The Victoria and Northern lines were the best performing lines in the quarter, respectively operating 98.5 per cent and 98.2 per cent of their scheduled services. Both of these lines have benefited from marked reductions in lost customer hours due to asset failures. Only two lines recorded shortfalls against their targets; the Circle and Hammersmith & City lines continued to suffer stock and staff shortages while the Waterloo & City has frequently lost several round trips per day due to late running. The current 5 train service is better than under the 4 train (in peak) timetable but it has proved too tight and does not allow enough time for recovery when a train is running late due to crowding issues. A new timetable, being introduced in January, is expected to improve performance on this line. In the year to date, 96.4 per cent of scheduled services were operated on the Underground. This was 1.3 percentage points higher than target and 2.0 percentage points more than last year. The strong network performance is reflected in the number of train kilometres operated which, at 16.5 million in the quarter, were 0.2 million above budget and 0.3 million higher than in quarter two of last year. In the year to date, 32.6 million kilometres were operated. This was 0.4 million more than target, but 0.1 million less than last year.

**Scheduled Services Operated –  
London Buses**



**Kilometres Operated –  
London Buses**



2.1 During the second quarter, 97.4 per cent of scheduled bus services were operated, 0.3 percentage points lower than last year and target. This was largely due to industrial action by drivers at First on 29 August and 12 September, with Metrobus also affected on the latter date. Losses due to traffic and other non-deductible losses were slightly worse than target, largely due to knock-on delays in the Central Area arising from ongoing roadworks in the Tottenham Court Road station area, in particular a westbound closure of Oxford Street for three weeks. In the year to date, 97.5 per cent, of scheduled bus services operated, which was 0.2 percentage points lower than target and 0.2 percentage points lower than last year. London Buses operated 110.5 million kilometres, an increase of 2.6 million kilometres (2.4 per cent) compared to last year and 1.0 million kilometres (0.9 per cent) more than target. In the year to date, London Buses operated 216.7 million kilometres, an increase of 3.5 million against last year (1.6 per cent) and 1.8 million more than target (0.8 per cent).

**Train Kilometres Operated –  
Docklands Light Rail**



2.2 The DLR operated 848,000 kilometres in quarter two, 18.2 per cent fewer than target and 19.9 per cent fewer than last year. The variance to target was due to the engineering work to facilitate the DLR 3 car upgrades, the extent of which was greater than anticipated when the budget was set. DLR operated 1.8m kilometres in the year to date, 12.6 per cent lower than last year and 11.9 per cent lower than target.

2.3 In quarter two, Dial-a-Ride was again affected by the poor performance of the bookings and scheduling system, delaying the migration of Woodford depot to the centralised control centre. While significant progress was made to address the system issues during quarter two, the number of trips operated was 46,000 lower than target. However, this was an

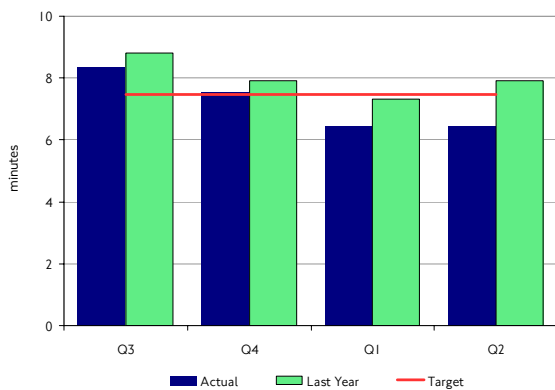
improvement of 5.8 per cent compared to last year and, despite the ongoing system issues, is indicative that Dial-a-Ride is addressing the service disruption. The centralisation process was successfully completed with the migration of Woodford Depot on 1 September, so Dial-a-Ride will now focus on further performance improvement.

- 2.4 There were 24,759 licensed taxi drivers at quarter end, 59 more than target. The number of licensed private hire drivers was 52,253 at the end of quarter two, 6,253 more than target. The rate of growth in the licensed taxi driver population has slowed in recent years, however, there has been and continues to be an increase of new applications to become licensed drivers.
- 2.5 The trend in the increasing number of licensed private hire drivers reflects industry churn and the conversion of the remaining drivers with temporary permits to full licence status.

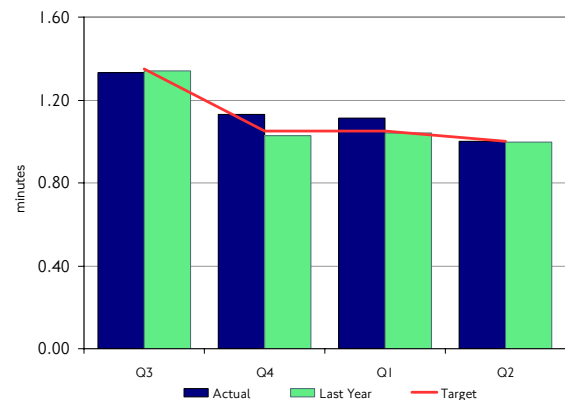
## Service Reliability

2.6 Excess journey time on the Underground averaged 6.4 minutes over the quarter, the same as in quarter one thereby maintaining a 1 minute improvement compared with the target. All elements of the measure – trains, stations and closures – continued to perform within target, and in the final 4-week period of the quarter, total excess journey time fell to 5.9 minutes, its best performance for over 10 years. Overall, journey time (scheduled plus excess) has been below 44 minutes in all but one period this year, a result only achieved in two periods during 2007/08. In the year to date, excess journey time averaged 6.5 minutes, which was 1.0 minutes better than target and 1.2 minutes better than last year.

**Excess Journey Time –  
London Underground**

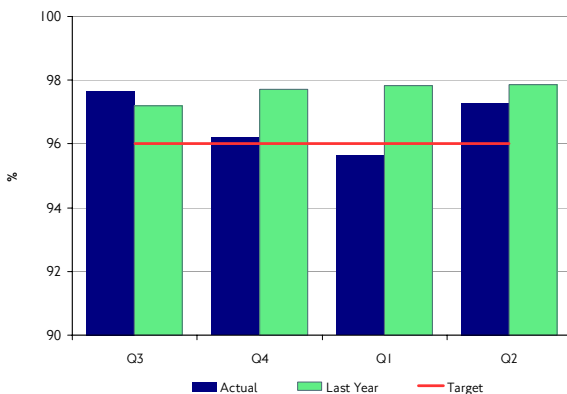


**Excess Wait Time: High Frequency Routes –  
London Buses**

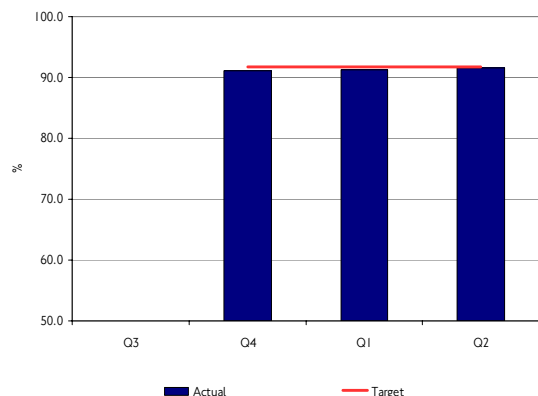


2.7 During the second quarter, excess wait time on London buses averaged 1.0 minutes which was in line with target and last year. This is encouraging performance given the current traffic disruption in London as a result of utilities works.

**On Time Performance –  
Docklands Light Rail**



**Passenger Performance Measure –  
London Overground**



2.8 In the second quarter, 97.3 per cent of DLR trains were on time. This was 1.3 percentage points better than target but 0.6 percentage points lower than last year. Performance has been affected by significant changes to the DLR network as a result of engineering and improvement works, the impact of which has proved difficult to predict. This will be an ongoing factor during this year and next and an action plan to deliver performance improvements is being implemented by the franchisee, in conjunction with the DLR team.

The DLR year to date average on time performance was 96.5 per cent. This was 1.4 percentage points lower than last year but 0.5 percentage points higher than target.

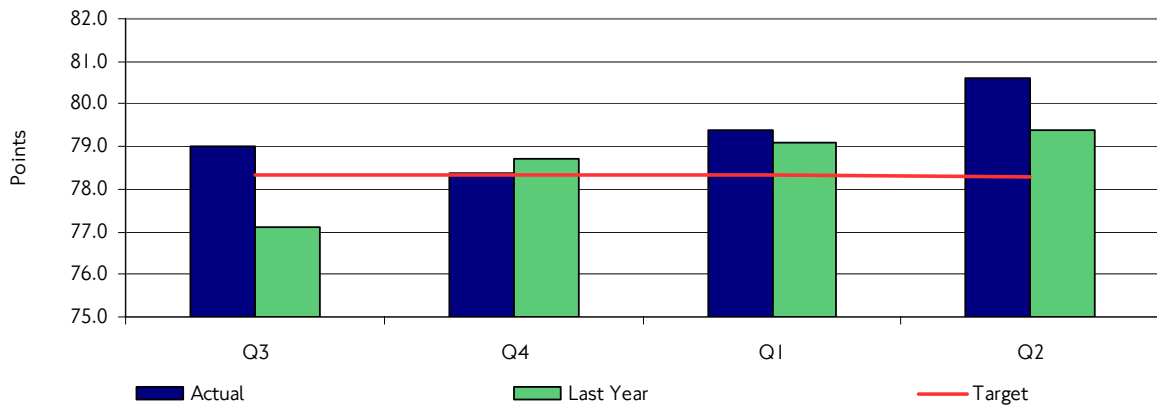
- 2.9 The London Overground Public Performance Measure (PPM) is the percentage of trains arriving at their destination within 5 minutes of the arrival time stated in the current timetable. The moving annual average for PPM at the end of quarter two was 92.1 per cent, 0.3 percentage points better than last quarter and 0.1 percentages point better than target.

## Customer

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### Customer Satisfaction

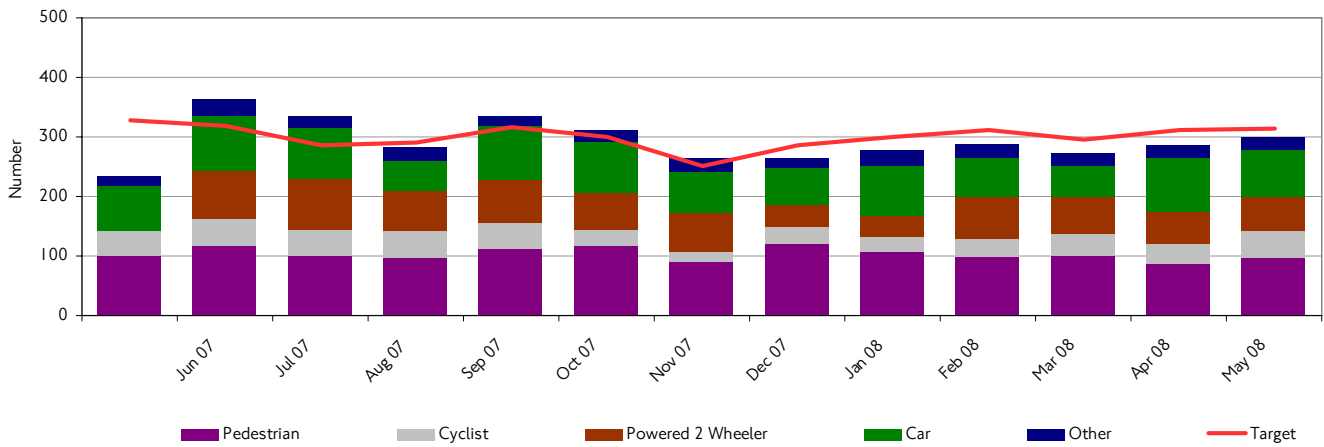
- 3.0 The TfL group customer satisfaction score for quarter two was 80.6, which was 2.3 points higher than target and 1.2 points higher than last year. This resulted from a 3 point improvement in the score for London Buses and London Underground successfully maintaining the high score achieved in quarter one.



- 3.1 London Underground achieved an overall Customer Satisfaction Survey score of 79 in quarter two, equalling the quarter one score and 2 points higher than last year. This score had only been achieved once before in quarter two, the previous occasion being quarter two of 2005/06 in the immediate aftermath of the 7/7 bombings. The improved service reliability described above has been a major factor. There were also high scores for the helpfulness and appearance of staff, which was the subject of a 'Customer Focus' campaign during the quarter.
- 3.2 London Buses overall customer satisfaction score for quarter two was 81, which was 3 points higher than target and one point higher than last year. The bus stop information, safety and security and service reliability scores improved compared to last year. The bus station overall satisfaction score decreased compared to last year. In the year to date, the overall satisfaction score was 2 points higher than target.
- 3.3 London Overground scored 75 points in the first half of the year. While scores are expected to improve in the long term, lower scores are anticipated next quarter as there are currently a number of service changes in respect of the Network Rail line upgrade works. To help improve the level of customer satisfaction, London Rail is planning to increase visibility of police and security staff by deploying more Police Officers, PCSOs and Travel Safe Officers.
- 3.4 DLR achieved an overall service score of 89.5 points cent for quarter two, which was 0.5 points below target. The main reason for the lower score was the effect of the 3 car enhancement work. However, the complete closure of Tower Gateway station, a reduced service along the Lewisham extension and the overall lower performance on the network were also contributory factors.

# Safety

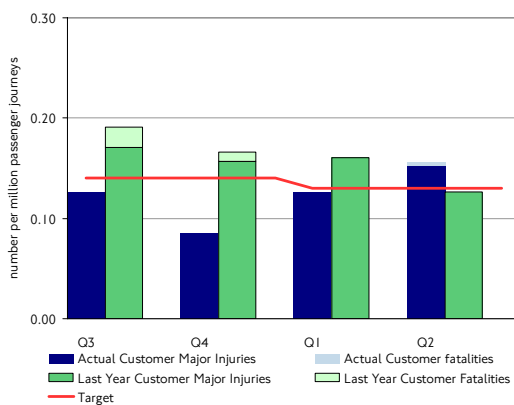
Road Traffic Accident Data (May 2007 – May 2008)



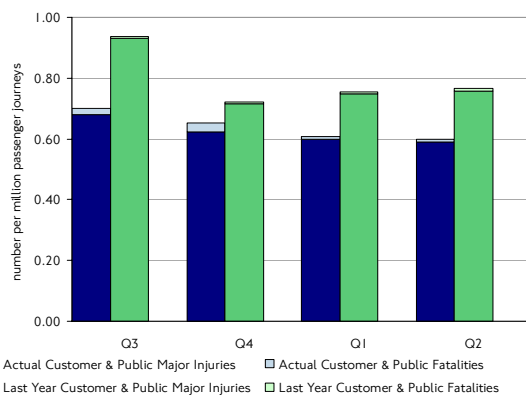
4.0 Due to reporting processes and the nature of road traffic accident data, results are reported 4 to 5 months in arrears and results are also subject to retrospective adjustments.

4.1 There were 117 fewer people killed or seriously injured on London’s roads between March and May 2008, representing a reduction of 12 per cent. Overall there were 836 casualties, 83 fewer than the reduction target. Fewer people were killed or seriously injured in all categories: 283 were pedestrians, 207 were in a car, 175 were on powered two wheelers and 104 were cyclists.

Customer Major Injuries and Fatalities – London Underground



Customer and Public Major Injuries and Fatalities – London Buses



4.2 There were 37 reported major injuries to London Underground customers in the second quarter, 6 more than the same time last year. This represented an average of 0.15 major injuries per million passenger journeys compared to the target of 0.13, although this measure remains on target for the year to date. There was one accidental fatality during the quarter.

4.3 On the bus network, 304 customers or members of the public sustained major injuries and 4 were killed in the second quarter of 2008/09. This represented an average of 0.60 injuries and fatalities per million passenger journeys, 0.17 fewer than last year.

## Financial performance

### Operating Income

2007/08 YTD Actual	Operating Income £m	Year to Date			Full Year		
		Actual	Budget	Variance	Forecast	Budget	Variance
(739)	London Underground	(776)	(780)	4	(1,757)	(1,751)	(6)
(693)	Surface Transport	(708)	(717)	9	(1,520)	(1,572)	53
(28)	London Rail	(52)	(52)	-	(122)	(122)	(1)
-	Metronet*	(365)	(367)	2	(762)	(763)	1
(8)	Group Directorates	(12)	(8)	(5)	(27)	(18)	(8)
(1,468)	<b>Total Operating Income</b>	(1,915)	(1,924)	10	(4,187)	(4,226)	38

Table may be subject to rounding errors

- 5.0 London Underground operating income was £4 million less than budget in the year to date, reflecting lower than expected fares income. Nevertheless full year operating income is forecast to be £6 million higher than budget as additional fares income of £15 million is forecast largely due to the July Retail Prices Index, on which the January 2009 fares increase is based, being higher than assumed in the budget. This benefit is partly offset by a reduction of £9 million in other revenue, including £6 million on CBS advertising reflecting a downturn in market conditions.
- 5.1 Year to date operating income in Surface Transport was £9 million lower than budget.
- Bus network fares income was £18 million higher than budget owing to increased income from bus passes (£15 million) because of the increased price differential between bus passes and travelcards, and higher on bus income (£10 million). This was partly offset by lower PAYG receipts (£7 million).
  - Congestion charging (CC) income was £15 million lower than budget due to fewer standard charges, lower penalty charge notice (PCN) volumes and the cancellation of unenforceable PCNs. Traffic enforcement income was £8 million lower than budget, mainly as a result of fewer CCTV and bus lane violations. There were fewer Low Emission Zone (LEZ) PCNs than expected resulting in income being £4 million lower than budget.
  - Full year operating income is forecast to be £53 million lower than budget largely because of lower CC income (£37 million), lower traffic enforcement income (£16 million) and lower Community Safety, Enforcement and Policing (CSEP) income due to lower volumes of traffic warden tickets issued (£7 million). Bus network income is forecast to be £11 million higher than budget largely due to higher RPI for fares increase in January 2009 than budgeted for. However, this is partly offset by payback of money on the National Concessionary Scheme. The forecast passenger journeys, which determine the periodic payment to TfL, is fewer than originally anticipated.
- 5.2 London Rail operating income was in line with budget at the end of quarter two. Full year income is forecast to be £1 million higher than budget.
- 5.3 Metronet income of £365 million was £2 million lower than budget in the year to date. Full year income is forecast to be £1m lower than budget.

\* This includes £761 million paid by London Underground through the PPP payment to Metronet and for other London Underground capital works. Metronet figures are included in this report, for clarity, on the basis of aggregation.



- 5.4 Group Directorates' operating income was £5 million higher than budget in the year to date. Group Services accounted for £3 million of this variance largely due to unbudgeted rental agreements with sub tenants of Palestra, Albany House and Portland House, together with interest received on late payment of rent by commercial tenants. The full year forecast for the Group Directorates is £8 million higher than budget, of which £6 million is in Group Services. This is mainly because of the increased rent mentioned above. Additional income is also forecast from properties held for future road schemes, as properties planned for disposal have remained within the TfL portfolio and continue to provide income.

## Operating Expenditure

2007/08 YTD Actual	Operating Expenditure £m	Year to Date			Full Year		
		Actual	Budget	Variance	Forecast	Budget	Variance
1,102	London Underground	1,138	1,160	(23)	2,529	2,526	3
1,142	Surface Transport	1,164	1,180	(16)	2,619	2,643	(24)
66	London Rail	117	138	(21)	277	295	(18)
n/a	Metronet	255	229	26	558	562	(3)
141	Group Directorates	164	171	(7)	396	422	(26)
2,451	<b>Total Operating Expenditure</b>	<b>2,838</b>	<b>2,878</b>	<b>(41)</b>	<b>6,380</b>	<b>6,448</b>	<b>(68)</b>

Table may be subject to rounding errors

- 5.5 Operating expenditure in London Underground was £23 million lower than budget after quarter two. This was largely due to abatements for late delivery of BCV and SSL station enhancements. This follows a settlement agreement with Metronet whereby these abatements were set off against pre-transfer claim liabilities that LU had provided for. The 2008/09 budget assumed that the abatements would not be applied in anticipation of extensions being granted to the station completion dates. The full year forecast is £3 million higher than budget owing largely to the cancellation of the Ticket Office Closure programme in response to a Mayoral strategy, and higher than budgeted operational staff numbers.
- 5.6 Surface Transport spent £16 million less than budget in the year to date largely because of lower bus network contract costs (£10 million) and a lower provision for CC bad debts due to lower PCN enforcement income and a higher recovery rate of the PCNs (£8 million). The full year forecast is £24 million less than budget. The variance mainly relates to lower provision for CC enforcement income bad debts (£17 million) and lower spend on bus network operations (£17 million), primarily due to the delay in introducing the revised Quality Incentive Contracts (QICs 2). This is partly offset by the reclassification of Greenwich Waterfront Transit (GWT) and East London Transit (ELT) from capital to operating expenditure and higher expenditure on Police Community Support Officers (PCSO).
- 5.7 London Rail operating expenditure was £21 million less than budget in the year to date, mainly due to delays in signing the Oyster PAYG agreements with the Train Operating Companies (TOCs) on the London Wide Oyster project (£18 million). London Rail forecast to spend £18 million less than budget in the full year largely due to the aforementioned delays on the London Wide Oyster project (£19 million).
- 5.8 Metronet expenditure of £255 million in the year to date was £26 million more than budget. However, the full year forecast of £558 million is £3 million lower than budget.
- 5.9 The Group directorates spent £7 million less than budget in the year to date and forecast to spend £26 million less in the full year.

- The Planning directorate spent £5 million less than budget in the year to date due to delays in initiating the revision to the Mayor's Transport Strategy 2 (MTS2), staff vacancies, funding for Borough Partnership schemes at Brixton Central, Elephant and Castle, and Leicester Square deferred to 2009/10 and delays in commissioning work on the East London Transit Phase 2. Planning's full year forecast is £21 million less than budget largely due to re-phasing of work to 2009/10. The main contributors are consultation and development of the MTS and Transport Study Models (£9 million), Borough Programme schemes at Leicester Square, Elephant and Castle and Brixton Central Square (£5 million), and a Mayoral commitment to provide each borough with £100k in 2009/10 (£3 million).

## Group Items

Group Items £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Interest Income	(58)	(42)	(15)	(109)	(80)	(29)
Debt Servicing	85	75	10	190	185	5
Contingency/Other Group Items	(2)	18	(19)	33	65	(32)
<b>Total Group Items</b>	<b>26</b>	<b>50</b>	<b>(25)</b>	<b>114</b>	<b>170</b>	<b>(56)</b>

Table may be subject to rounding errors

- 5.10 Interest income was £15 million higher than budget in the year to date and is forecast to be £29 million higher than budget in the full year. This is largely because TfL borrowed money earlier in the year than expected and therefore had higher cash balances. Since the end of this quarter, investment policy has been revised and, other than working capital, funds are invested in government guaranteed deposits. This will result in lower interest earnings in future periods.
- 5.11 Debt servicing was £10 million higher than budget in the year to date and is forecast to be £5 million higher than budget in the full year. This is because TfL borrowed money earlier in the year than expected and is partly offset by lower interest rates than budgeted.
- 5.12 Other Group Items including contingency was £19 million below budget in the year to date and is forecast to be £32 million lower for the full year due to the rephasing of expenditure on Climate Change (£5 million) and Door to Door (£4 million) transport initiatives into future years in addition to funding for additional schemes (£19 million) which are being delivered directly by the modes within existing budgets.

## Capital Expenditure

2007/08 YTD Actual	Capital Expenditure £m	Year to Date			Full Year		
		Actual	Budget	Variance	Forecast	Budget	Variance
114	London Underground*	162	194	(32)	410	438	(28)
76	Surface Transport*	84	119	(35)	216	280	(64)
128	London Rail*	247	315	(68)	542	724	(182)
n/a	Metronet	335	316	19	668	665	3
n/a	Crossrail	-	-	-	405	405	-
11	Group Directorates*	25	36	(11)	68	72	(4)
-	Overprogramming (TfL Group)	-	(32)	32	-	(68)	68
<b>329</b>	<b>Net Capital Expenditure</b>	<b>854</b>	<b>949</b>	<b>(95)</b>	<b>2,309</b>	<b>2,516</b>	<b>(207)</b>
(31)	Capital Income	(2)	(22)	20	(21)	(49)	28
<b>298</b>	<b>Net Capital</b>	<b>852</b>	<b>927</b>	<b>(75)</b>	<b>2,289</b>	<b>2,467</b>	<b>(178)</b>

\*Shown after delegated overprogramming and third party reimbursements.

Table may be subject to rounding errors

- 5.13 London Underground capital expenditure was £32 million less than budget in the year to date mainly on station projects (£22 million), including £7 million on Tottenham Court Road upgrade due to rephasing of expenditure and savings on utilities works, £6 million at Shepherd's Bush due to project re-scoping, £2 million at Bank Waterloo & City line entrance due to reprogramming, and £1 million due to reprogramming of Victoria Station Upgrade. Rolling stock expenditure at £9 million below budget includes variances of £4 million for train cab simulators, £2 million for 7-Car C-stock project and £2 million for Bakerloo and Central lines on-train CCTV, all reflecting re-programming of work to later this year or next. The Connect project, which will provide a fully integrated communications system, was £10 million lower than budget due to deferral of Sub Surface Lines (SSL) works in line with the Metronet programme.
- 5.14 The full year forecast is £28 million less than budget for London Underground. £21 million is due to re-phasing of the Northern, Jubilee and Metropolitan line power upgrade projects, and £13 million is due to deferral of Connect SSL works in line with the Metronet programme. Rolling stock projects are forecast to be £15 million under budget for the reasons described in the previous paragraph. The above variances are partly offset by a reduction of £12 million in the devolved overprogramming provision.
- 5.15 Surface Transport spent £35 million less than budget in the year to date, mainly due to slippage on a number of projects including TLRN renewals (£11 million), the Blackwall Tunnel North (£7 million), and A316 Country Way and Western Avenue bridges (£4 million). Lower expenditure on ELT and GWT was largely because expenditure was re-classified from capital to operating (£10 million) since the budget was set. Vehicle purchases were £5 million lower than budget due to slippage on the Hydrogen bus project and Dial-a-Ride vehicle purchase was delayed until later in the year to allow a review of the 2007/08 intake. These were partly offset by expenditure on the CC relet installation to allow it to cope with additional cameras, which was brought forward from future years (£6 million).
- 5.16 The full year forecast for Surface Transport is £64 million less than budget largely due to deferral of and slippage on road maintenance projects namely Blackwall Tunnel North (£15 million), A406 Hanger Lane bridges (£4 million) and Ardleigh Green railway bridge (£4 million),

re-phasing of the iBus and Countdown projects (£10 million), and carry over of a number of projects to 2009/10 (£15 million). The re-classification from capital to operating expenditure for ELT and GWT accounts for a further £10 million of the variance.

- 5.17 Capital expenditure in London Rail was £68 million less than budget in the year to date. The main reasons were re-phasing of works and a reassessment of value of work done on the DLR 3 Car project (£30 million), rephasing of works and contingency on the East London Line (ELL) Extension (£23 million) and rephasing of NLRIP due to Network Rail Board approval occurring later than was originally anticipated (£10 million).
- 5.18 The full year forecast for London Rail is £182 million lower than budget primarily due to a revised programme of works and rephasing of risk and contingency on the ELL Extension (£87 million). On the DLR 3 Car project, the forecast is £45 million lower than budget due to reassessment of the value of work to date by the contractor, property costs being incurred in 2007/08 instead of this year, and re-phasing of contingency. NLRIP was re-phased due to the Network Rail Board approval (£37 million). Subsequent contract award will not be obtained until the end of the calendar year. The opening dates of these projects will not be affected by the re-profiling of costs.
- 5.19 Metronet spent £335 million in the year to date, £19 million more than budget. The full year forecast of £668 million is £3 million higher than budget.
- 5.20 Crossrail is forecast to spend £405 million in 2008/09.
- 5.21 Capital expenditure in the Group Directorates was £11 million less than budget and is forecast to be £4 million lower than budget in the full year. The Finance directorate spent £9 million less than budget in the year to date primarily because of a delay in the IM Strategy Implementation Project (IMSIP) and a temporary freeze on the Customer Services Implementation Project (CSIP) while the business case is being revised.
- 5.22 Capital income was £20 million less than budget in the year to date. This relates to the sale of Hammersmith Met which was delayed until 2009/10. A further £8 million of property sales are also expected to be deferred until 2009/10, giving a year end forecast of £28 million below budget.

## Efficiencies

Efficiency Initiatives £m	Full Year Recurring		Full Year New		Full Year Total	
	Forecast	Variance to Budget	Forecast	Variance to Budget	Forecast	Variance to Budget
Procurement	45	3	37	11	82	14
Staff & Business Improvement Programme	23	-	15	(14)	38	(13)
Marketing	4	-	-	-	4	-
Other Back Office	15	-	8	(4)	23	(4)
<b>Total Back Office Efficiencies</b>	<b>88</b>	<b>3</b>	<b>60</b>	<b>(6)</b>	<b>148</b>	<b>(3)</b>
Bus Network	69	-	17	-	86	-
Road Maintenance Contract	-	-	4	-	4	-
Other Surface Transport Initiatives	-	-	2	(1)	2	(1)
LU Operational Efficiencies	16	(6)	7	2	23	(4)
<b>Total Operational Efficiencies</b>	<b>85</b>	<b>(6)</b>	<b>30</b>	<b>1</b>	<b>115</b>	<b>(5)</b>
<b>Total Cashable Efficiencies</b>	<b>172</b>	<b>(3)</b>	<b>90</b>	<b>(5)</b>	<b>262</b>	<b>(8)</b>

Brackets in variance columns show that efficiencies were lower than budget.

Tables are subject to rounding errors.

- 6.0 Total full year efficiencies are forecast at £262 million which is £8 million lower than budget. New efficiencies are forecast to be £5 million lower than budget and recurring efficiencies are forecast to be £3 million lower than budget. Teams across TfL are seeking initiatives to achieve the full year budget by year end.
- 6.1 Staff and Business Improvement efficiencies are forecast to be £13 million lower than budget largely because of lower efficiencies from IMSIP. This is partly due to slippage in IMSIP where the achievement of these efficiencies will be delayed to future years. The IM team are working to identify where more efficiencies can be achieved in this financial year.
- 6.2 Other back office efficiencies are forecast to be £4 million lower than budget but TfL are seeking initiatives to achieve the full year budget by year end.
- 6.3 London Underground operational efficiencies are forecast to be £4 million lower than budget largely because planned ticket office closures have been cancelled in response to the Mayor's policy.
- 6.4 These were partly offset by Procurement efficiencies which are forecast to be £14 million higher than budget. Surface Transport procurement efficiencies are forecast to be £6 million higher than budget largely because of additional engineering framework and CC re-let efficiencies. Corporate directorates forecast to achieve £6 million more new procurement efficiencies than budget.
- 6.5 The full year forecast at quarter two is £12 million lower than the previous quarter's forecast. This is largely because of rephrasing to later years of efficiencies from IMSIP, and a revised forecast for other back office efficiencies in the operational modes. These are partly offset by higher procurement efficiencies.

## Balance Sheet

Transport for London Group Balance Sheet at end of Period 6 £m	Variance to Budget
Fixed Assets - <i>lower than budget</i>	49
Stocks, Debtors and Payments in Advance - <i>higher than budget</i>	(112)
Cash - <i>lower than budget</i>	76
Creditors - <i>lower than budget</i>	(89)
Deferred Capital Grant - <i>higher than budget</i>	328
Provisions - <i>higher than budget</i>	1
<b>Total Net Assets - <i>higher than budget</i></b>	<b>253</b>

- 7.0 The fixed asset variance is largely due to underspends in London Rail, Surface Transport and London Underground, and is covered in the activity analysis above paragraph 5.13. Partially offsetting these is £26m relating to the delayed sale of Hammersmith Met, which is deferred to 2009/10.
- 7.1 Trade debtors are some £50m higher than budget due to the timing of VAT reclaims by the Group. Accrued income and payments in advance are also some £50m higher than budget, of which £21m relates to timing differences on the receipt of ODA grant. A further £10m is for pre-payments in Metronet BCV resulting from renegotiation of contracts
- 7.2 The creditor variance lies predominantly within London Underground in respect of earlier than expected settlement of contractual claims. In addition to these, capital creditors are also reduced as a result of lower capital expenditure and faster than budgeted payment of creditors.
- 7.3 The variance in deferred grants arises from changes in assumptions regarding grant allocation within the Group. These assumptions will be revisited throughout the remainder of the year, and the grant allocation is only finalised during the preparation of the Group's financial statements after the end of the financial year.

Transport for London Group Balance Sheet Forecast for the Year End £m	Variance to Budget
Fixed Assets - <i>lower than budget</i>	173
Stocks, Debtors and Payments in Advance - <i>lower than budget</i>	21
Cash - <i>higher than budget</i>	(118)
Creditors - <i>lower than budget</i>	(173)
Deferred Capital Grant - <i>lower than budget</i>	553
Provisions - <i>higher than budget</i>	12
<b>Total Net Assets - <i>higher than budget</i></b>	<b>468</b>

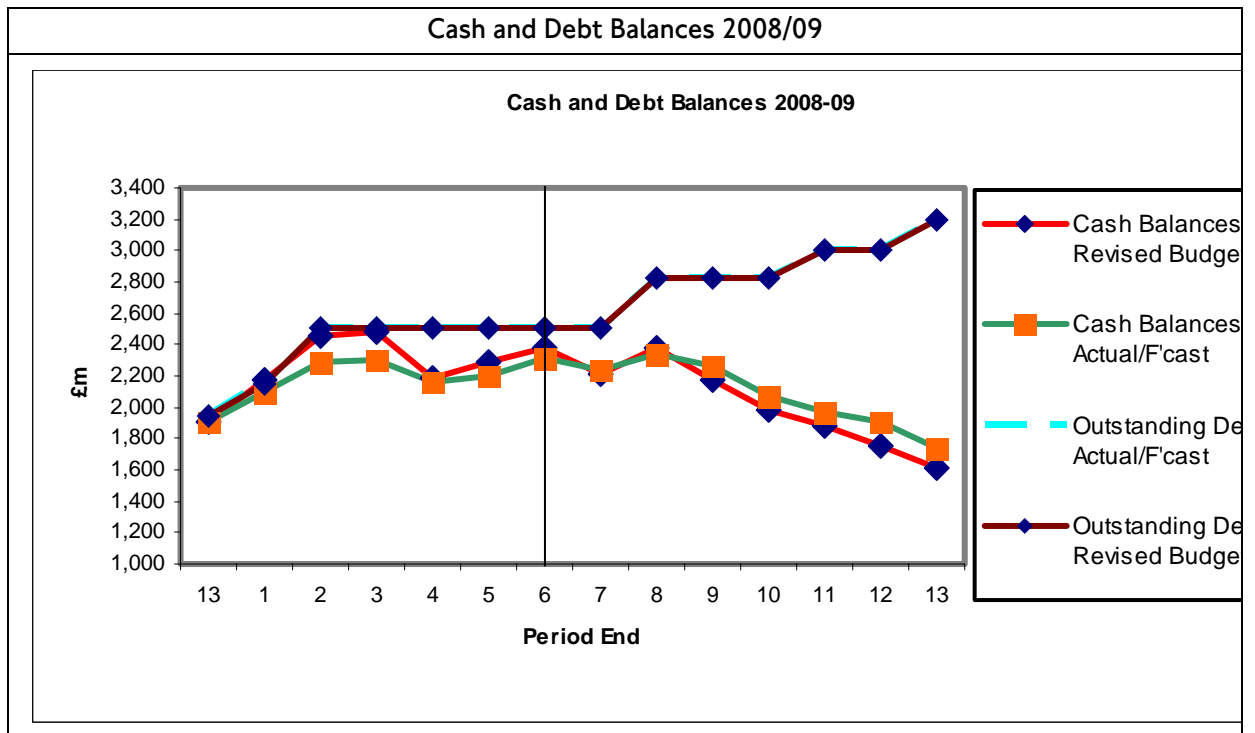
- 7.4 The fixed asset variance results from lower forecast capital spend predominantly in London Rail with smaller underspends in Surface and London Underground. This is partially offset by lower disposals relating to property sales deferred to 2009/10.
- 7.5 Stocks, debtors and payments in advance are within normal trading tolerances.

- 7.6 Creditors are forecast to be below budget, largely reflecting lower than budget capital expenditure by London Rail, London Streets and London Underground. In addition, the earlier than expected settlement by London Underground of contractual claims also results in lower forecast creditors.
- 7.7 The variance in deferred grants arises from changes in assumptions regarding grant allocation within the Group. These assumptions will be revisited throughout the remainder of the year, and the grant allocation is only finalised during the preparation of the Group's financial statements after the end of the financial year.
- 7.8 Provisions are forecast to be higher than budget. The variance arises as a result of establishment of a provision for claims arising from the 7 July bombings within the Guernsey insurance captive (£7m). These are offset by expected recoveries from re-insurers. There are also some slightly higher provisions for completed schemes within London Streets.

## Cash Summary

### Cash Balances and Debt

- 8.0 Cash balances at the end of quarter two were £2,308m, £76m less than budget. Forecast end of year cash is £1,736m and is £118m higher than budget.
- 8.1 Of £750m approved borrowing, £560m has been drawn down and £190m is committed in P13. Further borrowing of £500m is yet to be approved by the Mayor. Of this amount £183m will crystallise early next year when the DLR Woolwich extension commences operations leaving £317m to be borrowed before the year-end. Debt at the year end will be £3,200m with £3,017m recorded by TfL and £183m recorded by DLR.
- 8.2 The graph below shows the actual/forecast cash balances and debt compared to the revised budget at each period end throughout the year.



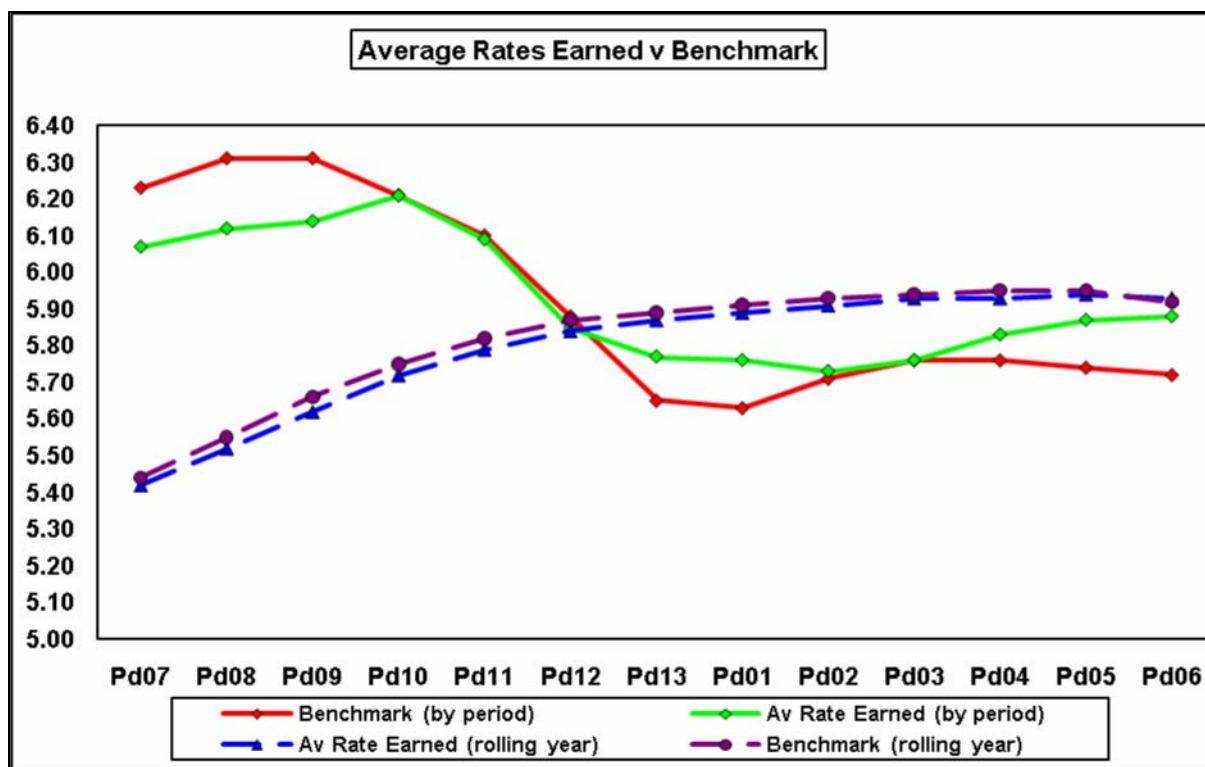


## Performance

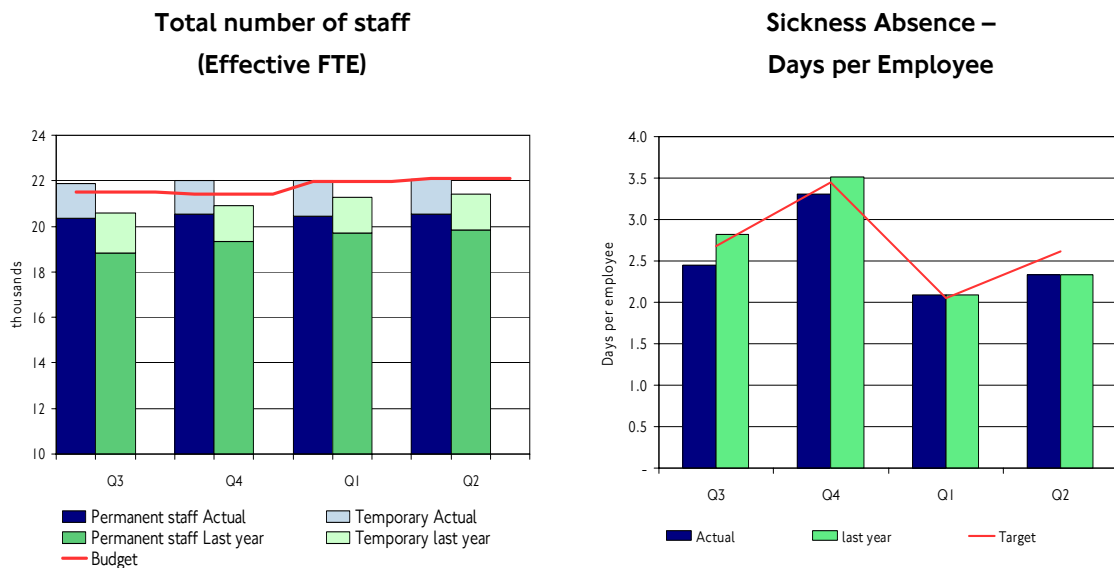
- 8.3 Interest receivable performance (shown below) is measured against a benchmark of the average of 3 month LIBOR minus 12.5 basis points.
- 8.4 Results in 2008-09 show returns recovering in P1-3 and exceeding benchmark by 9 basis points for P1-6.
- 8.5 Results for the last three periods are noted in the table below:

Treasury Management Yield	2007/08 Actual	Period 4	Period 5	Period 6	YTD Actual
Benchmark	% 5.90	% 5.76	% 5.74	% 5.72	% 5.72
Average Rate of Return	5.87	5.83	5.87	5.88	5.81
Variance to Benchmark (lower) / higher	(0.03)	0.07	0.13	0.16	0.09
Interest Earned, Period	£112.9m	£9.5m	£9.6m	£10.0m	£57.6m
Budget	£73.9m	£6.9m	£6.7m	£6.4m	£42.3m

- 8.6 The chart below shows the Group's cash management performance relative to its benchmark. In particular it shows rising Libor rates in September – November last year and TfL's returns recovering through March-September, prior to the onset of the recent phase of the global banking crisis.



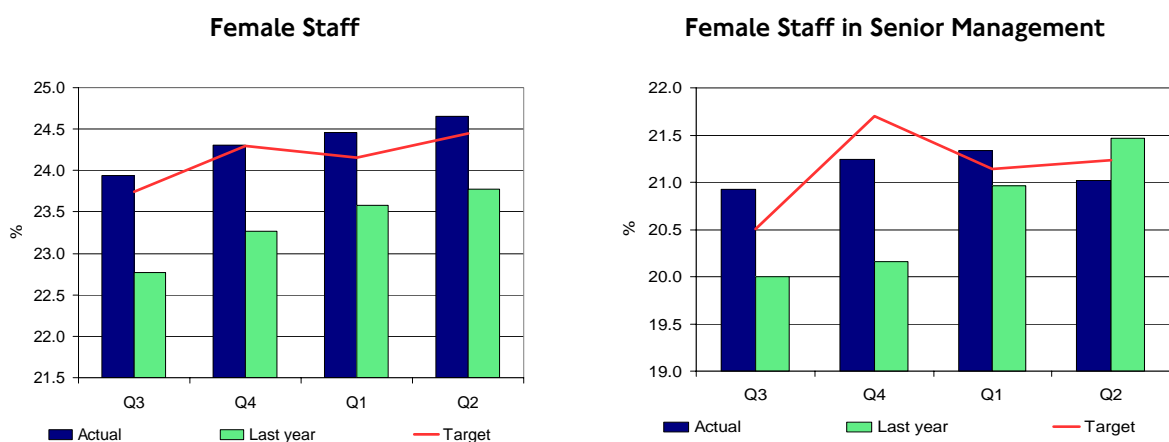
# People



- 9.0 Please note that that people performance information for Metronet and Crossrail is not included in the TfL group performance indicator graphs. Supplementary commentary relating to Metronet and Crossrail is provided where available.
- 9.1 **Staff numbers:** TfL employed 21,878 full time equivalent (FTE) staff at the end of quarter two, 223 FTE fewer than budget and 49 fewer than last quarter. London Underground had 14,519 FTE staff, 50 fewer than budget mainly because of fewer staff in Programmes partly offset by more staff working on projects in Strategy and Service Development and Information Management (IM). The full year forecast is 124 FTE higher than budget. Metronet had 6,339 employees, 457 fewer than budget. Metronet forecast to exceed the full year employee budget by 63 members of staff. Surface Transport had 4,489 FTE staff at the end of quarter two, 194 fewer than budget. The variance to budget was principally due to London Streets' restructuring after the completion of Project Delta. The full year forecast though is 48 higher than budget. London Rail had 249 FTE staff which exceeded budget by 4 FTE to cover long term sickness. Corporate Directorates had 2,620 FTE staff at the end of the quarter, which was 16 more than budget.
- 9.2 **Temporary staff in operational modes:** At the end of quarter two, there were 1,507 temporary FTE staff employed by TfL, 365 more than budget. Of these, 494 had been employed for more than 12 months, which was 17 better than target. London Underground had 150 more temporary FTE than budget. This includes 57 in Programmes where temporary rather than permanent staff are intentionally being employed on Metronet contract and project management matters and to cover vacancies pending the outcome of the current Operating Cost Review. Delays in Connect have led to retention of 28 temporary FTE for longer than budgeted, there are 25 additional temporary staff engaged on IM projects and 10 in Engineering where permanent recruitment has not been as fast as expected and temporary staff are required to meet project commitments. However the number of London Underground temporary staff with service in excess of 12 months has remained steady since the start of the year and, at 215, was 31 within target at the end of the quarter. There were 1,418 temporary staff and contractors in Metronet at the end of quarter two, 139 fewer than budget. This is forecast to increase to 275 more than budget by year end. In Surface Transport there were 16 more temporary FTE than budget due to additional staff in Strategy, Dial a Ride and Bus operations. There were 155 temporary staff in Surface exceeding 12 months service, 7 fewer than target. London Rail had 44 temporary staff, 5 fewer than budget at the end of

quarter two. The majority of these staff were employed on the East London Line project, with 14 temporary staff having served for more than 12 months, 13 fewer than target.

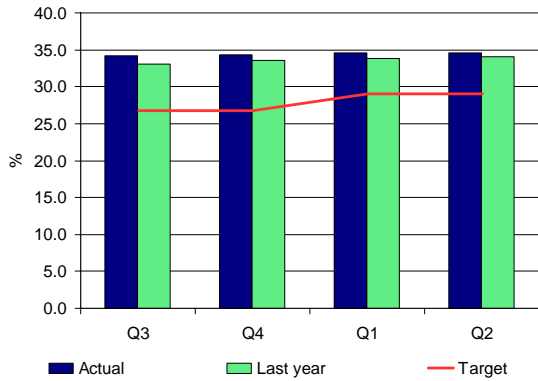
- 9.3 **Temporary staff in corporate directorates:** There were 503 temporary FTE at the end of quarter two, 204 more than budget. The variance included 161 staff who worked in Group IM on short term projects as recruitment of permanent staff was on hold because of reorganisation. Marketing and Communications had 37 temporary staff working in the Oyster call centre to maintain support levels and Customer Services Integration Programme (CSIP) where staff are providing cover in the Transport Information Call Centre (TICC). Corporate directorates had 33 more temporary staff with over 12 months service than target who are mainly IM staff.
- 9.4 **Sickness:** On average, TfL staff were absent for 4.4 days per employee in the year to date, 5.7 per cent better than target. Operational staff were absent for an average of 5.5 days per employee which was 3.2 per cent better than target. Non-operational staff were absent for an average of 2.6 days in the year to date, which was 10.9 per cent better than target.
- 9.5 **Workforce composition:** At the end of September TfL launched an exercise to update equality and diversity workforce data. Staff will be encouraged to update their personal details on SAP. Equality data forms will be sent by post to all staff without direct access to SAP. The exercise is in two phases with all non London Underground staff being targeted in phase 1. Phase 2 begins in November to cover London Underground employees. All refreshed data will be uploaded into SAP for reporting in quarter 3.
- 9.6 The review of recruitment and selection processes as part of the Breakthrough strategy has begun and includes the observation of some live interview and assessment processes as well as a review of relevant documentation from previous campaigns. A number of focus groups and interviews are being held with candidates to record their experiences of the selection process. Breakthrough is a strategy to ensure that TfL is using best-in-class recruitment processes designed to deliver a diverse and inclusive workforce that is representative of London’s population.
- 9.7 24.7 per cent of TfL staff were female. This was 0.2 percentage points higher than target and 0.9 percentage points higher than last year. 21.0 per cent of senior management were women, 0.2 percentage points lower than target and 0.4 percentage points lower than last year.



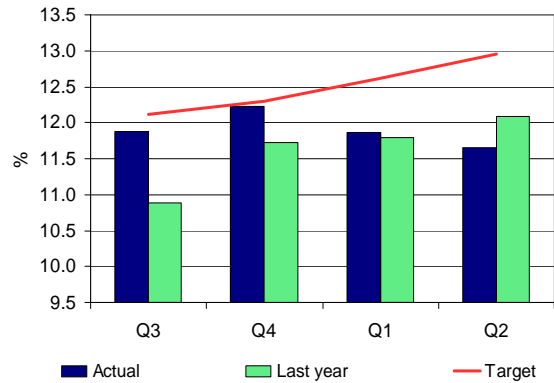
- 9.8 At the end of quarter two, 34.6 per cent of TfL staff were from BAME communities. This was 5.6 percentage points higher than the target and 0.6 percentage points higher than last year. Compared to last quarter, the percentage of BAME staff in senior management decreased by

0.2 percentage points to 11.7 per cent. This was 1.3 percentage points lower than target and 0.4 percentage points lower than last year.

**Black, Asian and Minority Ethnic (BAME) Staff**

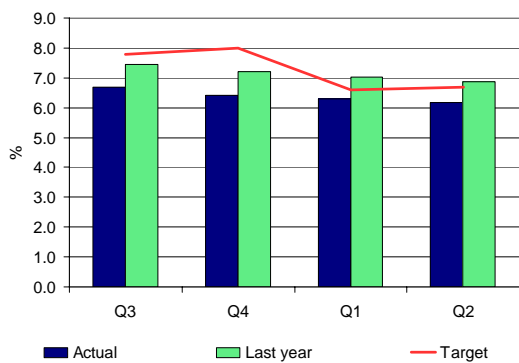


**Black, Asian and Minority Ethnic (BAME) Staff in Senior Management**

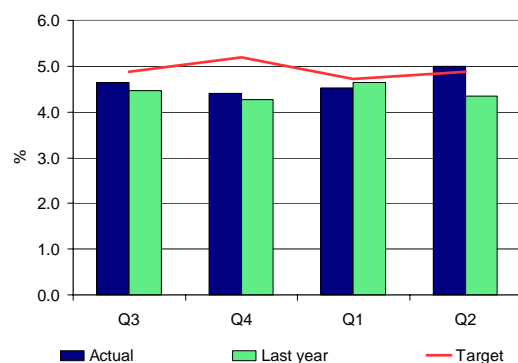


9.9 The proportion of disabled staff decreased by 0.1 percentage points from quarter one to 6.2 per cent at the end of quarter two. This was 0.5 percentage points lower than the target and 0.7 percentage points lower than last year. The percentage fall is exaggerated by an increase in the size of the staff population who have provided information about their disability status. The decrease compared to last year was because of 38 fewer disabled staff and 524 more non-disabled staff in the survey. The proportion of disabled staff in TfL's senior management was 5 per cent, 0.5 percentage points more than last quarter. This was 0.1 percentage points higher than target and 0.7 percentage points higher than last year.

**Disabled Staff**



**Disabled Staff in Senior Management**



9.10 Of the employees who declared their sexual orientation, 1.0 per cent were lesbians, 4.5 per cent were gay men, 0.2 per cent were bisexual women, 0.4 per cent were bisexual men, 29.4 per cent were heterosexual women and 56.7 per cent were heterosexual men. The balance of employees preferred not to declare their sexual orientation.

9.11 Of the senior managers who declared their sexual orientation, 0.2 percent were lesbians, 3.3 per cent were gay men, 18.1 per cent were heterosexual women and 65.8 per cent were heterosexual men. The balance of senior managers preferred not to declare their sexual orientation.

## Annex One: Financial Summary

£ millions	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Fares Income - LU, Buses and LR	(1,270)	(1,257)	(14)	(2,832)	(2,805)	(27)
Other Income <sup>†</sup>	(644)	(668)	23	(1,356)	(1,421)	65
<b>Total Income</b>	<b>(1,915)</b>	<b>(1,924)</b>	<b>10</b>	<b>(4,187)</b>	<b>(4,226)</b>	<b>38</b>
Operating Expenditure (net of 3rd party contributions)	2,838	2,878	(41)	6,380	6,448	(68)
<b>Gross Operating Margin</b>	<b>923</b>	<b>954</b>	<b>(31)</b>	<b>2,193</b>	<b>2,222</b>	<b>(30)</b>
Interest Income & Debt Payments	28	33	(5)	81	105	(25)
Contingency/Other Group Items	(2)	18	(19)	33	65	(32)
<b>Total Group Items</b>	<b>26</b>	<b>50</b>	<b>(25)</b>	<b>114</b>	<b>170</b>	<b>(56)</b>
<b>Margin</b>	<b>949</b>	<b>1,004</b>	<b>(56)</b>	<b>2,307</b>	<b>2,392</b>	<b>(86)</b>
Capital Income (including Property Sales)	(2)	(22)	20	(21)	(49)	28
Capital Expenditure	927	1,043	(117)	2,476	2,754	(278)
Reimbursements from Third Parties	(73)	(63)	(10)	(167)	(170)	4
Overprogramming (TfL Group)	-	(32)	32	-	(68)	68
<b>Net Capital Expenditure</b>	<b>854</b>	<b>949</b>	<b>(95)</b>	<b>2,309</b>	<b>2,516</b>	<b>(207)</b>
<b>Net Service Expenditure</b>	<b>1,800</b>	<b>1,931</b>	<b>(131)</b>	<b>4,595</b>	<b>4,859</b>	<b>(264)</b>
<b>By Mode:</b>						
London Underground	522	552	(30)	1,164	1,169	(4)
Surface Transport	540	582	(42)	1,316	1,351	(35)
London Rail	311	400	(89)	696	898	(201)
Metronet	225	178	47	465	464	1
Crossrail	-	-	-	405	405	-
Group Directorates	177	200	(23)	435	472	(37)
Overprogramming (TfL Group)	-	(32)	32	-	(68)	68
Group Items	<b>26</b>	<b>50</b>	<b>(25)</b>	<b>114</b>	<b>170</b>	<b>(56)</b>
<b>Net Service Expenditure</b>	<b>1,800</b>	<b>1,931</b>	<b>(131)</b>	<b>4,595</b>	<b>4,859</b>	<b>(264)</b>

Table may be subject to rounding errors

The budget has been revised since quarter one, as approved by the Board on 30 September 2008.

Crossrail capital expenditure is only included in the full year, as it is not yet a wholly owned subsidiary of TfL.

<sup>†</sup> This includes £761 million paid by London Underground through the PPP payment to Metronet and for other London Underground capital works. Metronet figures are included in this report, for clarity, on the basis of aggregation.

## Annex Two: Balance Sheet

Balance Sheet £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
<b>Fixed Assets</b>						
Tangible Assets	17,749	17,798	49	19,260	19,433	173
<b>Current Assets</b>						
Stocks	20	17	(3)	23	18	(5)
Debtors	299	248	(51)	217	225	8
Capital Debtors	23	13	(10)	19	13	(6)
Payments in Advance	220	172	(48)	190	214	24
Cash at Bank and in Hand	2,308	2,384	76	1,736	1,618	(118)
<b>Current Liabilities</b>						
Revenue	(994)	(1,094)	(100)	(950)	(1,075)	(125)
Receipts in Advance	(229)	(221)	8	(259)	(242)	17
Capital	(448)	(446)	2	(480)	(541)	(61)
<b>Long Term Liabilities</b>						
Balances with Infracos	(1,488)	(1,489)	(1)	(1,644)	(1,651)	(7)
Creditors Due after One Year	(384)	(382)	2	(637)	(634)	3
Prudential Loans	(2,510)	(2,510)	-	(3,017)	(3,017)	-
Capital Grants	(7,981)	(7,653)	328	(8,390)	(7,837)	553
Other Provisions	(222)	(221)	1	(212)	(200)	12
Pension Provision	(607)	(607)	-	(607)	(607)	-
<b>Total Net Assets</b>	<b>5,756</b>	<b>6,009</b>	<b>253</b>	<b>5,249</b>	<b>5,717</b>	<b>468</b>
<b>Capital and Reserves</b>						
Earmarked Reserves	996	1,004	8	926	785	(141)
Pension Reserves	(607)	(607)	-	(607)	(607)	-
General Fund	162	162	-	162	162	-
Other Reserves	5,205	5,450	245	4,768	5,377	609
<b>Total Capital Employed</b>	<b>5,756</b>	<b>6,009</b>	<b>253</b>	<b>5,249</b>	<b>5,717</b>	<b>468</b>

## Annex Three: Cash Summary

Cash Summary £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Net Revenue Expenditure	(949)	(1,004)	(55)	(2,307)	(2,392)	(85)
Working Capital Movements	(30)	165	195	82	169	87
<b>Cash Spend on Operating Activities</b>	<b>(979)</b>	<b>(839)</b>	<b>140</b>	<b>(2,225)</b>	<b>(2,223)</b>	<b>2</b>
Net Capital Expenditure	(925)	(989)	(64)	(2,455)	(2,637)	(182)
Working Capital Movements	126	134	8	162	229	67
<b>Cash Spend on Capital Activities</b>	<b>(799)</b>	<b>(855)</b>	<b>(56)</b>	<b>(2,293)</b>	<b>(2,408)</b>	<b>(115)</b>
<b>Funded by:</b>						
Transport Grant	1,545	1,547	2	3,105	3,097	(8)
Precept Funding	5	5	-	12	12	-
Prudential Borrowing	560	560	-	1,067	1,067	-
Third Party Contributions	73	63	(10)	167	170	3
<b>Total Funding</b>	<b>2,183</b>	<b>2,175</b>	<b>(8)</b>	<b>4,351</b>	<b>4,346</b>	<b>(5)</b>
<b>Net Movement in Cash</b>	<b>405</b>	<b>481</b>	<b>76</b>	<b>(167)</b>	<b>(285)</b>	<b>(118)</b>



# Investment Programme Report

## Second Quarter, 2008/09



# Transport for London

## Investment Programme Report

Second Quarter, 2008/09 (22 June 2008– 13 September 2008)

### I. Programme Highlights

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The key highlights from the second Quarter of 2008/09 were:

- Victoria Line Upgrade - a key milestone was reached with the start of testing of the new Service Control Centre in Engineering Hours.
- Sub Surface Upgrade – the roll out of new trains (S-Stock) was completed and is now in static testing.
- The King's Cross Channel Tunnel Rail Link works progressed well, with the handover of the Northern Ticket Hall roof slab and the area known as the Bomb Gap to Network Rail.
- The Invitation to Tender for the main works was issued for the Victoria Station Upgrade.
- The Quick Wins programme was completed successfully on the Cooling the Tube Programme.
- Connect Airwave - all of the 125 required stations were fully commissioned.
- London Rail Rolling Stock - Unit 1 began testing for the North London Railway.
- DLR Woolwich Arsenal Extension - all major civil engineering works and testing was completed.
- North London Railway Infrastructure Project - all preliminary designs were agreed by Network Rail.

Post Quarter events include:

- The Public Inquiry has opened for the Victoria Station Upgrade.
- Shepherd's Bush Station was re-opened on target after modernisation and escalator replacement.
- The new Wood Lane Underground Station opened on target.
- The new London Overground station at Shepherd's Bush opened on target.




## 2. Projects (over £50m) and Programmes (over £10m per annum)

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TfL's Investment Programme contains a range of programmes and projects over £50m in addition to a range of smaller activities. These are delivered by TfL directly, through our partners in the London Boroughs or through long-term partnerships with the private sector such as the PPP on London Underground and Private Finance Initiatives (PFI).

This section reports on discrete projects with a total cost greater than £50m and programmes over £10m per annum. For each project, key milestones are given with a forecast date against the current planned date for 2008/09, and if appropriate, additional milestones from the 2008/09 Budget Deliverables document.

### Key to RAG status:

Within 1 month of target	
Between 1 - 3 month delay	
Greater than 3 month delay	

This report focuses on delivery of investment projects. For a discussion on financial performance see the Quarter 2 Operational and Financial Report.

## London Underground

### LU Line Upgrade – PPP BCV

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Victoria Line upgrade: Second pre-production train delivered	09-07-2008	11-07-2008	Completed
Victoria Line upgrade: Full overlay available	17-07-2008	17-07-2008	Completed
Victoria Line upgrade: Start Testing the New Service Control Centre (in Engineering Hours)	30-11-2008	06-10-2008	Completed
Victoria Line upgrade: Start Testing T1/T2 in traffic hours without passengers	26-01-2009	06-04-2009	▲
Victoria Line upgrade : Approval to trial signalling control in passenger hours	22-03-2009	06-07-2009	■
Full Journey Time Capability	31-08-2013*	28-08-2012	●

\*PPP Contract Date

The Victoria Line is the first major line upgrade on the Bakerloo, Central and Victoria lines (BCV) network. The works include new rolling stock, signalling, control equipment, depot and track.

A key milestone was achieved in Quarter 2 as testing of the new Service Control Centre in engineering hours began.

In Quarter 2, the signalling software was further developed and commenced testing on the south of the line. Depending on the success of this, the start of testing train 1 and train 2 in passenger hours may slip further.

Rolling stock delays also crystallised in Quarter 2, caused by the supplier's lack of engineering resources, difficulty with materials supply and quality issues.

The programme remains dependent on the timely resolution of key software and assurance issues.

Despite these rolling stock and signalling issues, the completion date of February 2012 for the Journey Time Capability (JTC) remains ahead of the contractual date of August 2013.

## LU Line Upgrade – PPP JNP

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Jubilee Line – Transmission Base Train Control (TBTC) Rolling Stock – Delivery of Train 59	26-10-2008	01-10-2008	Completed
Jubilee Line – Jubilee Line Section 1 (JLS1) – Maturity Level 3 Testing	27-11-2008	09-02-2009	▲
Piccadilly Line - Piccadilly Line Upgrade – New Fleet Contract Award	10-01-2009	10-01-2009	●
Jubilee Line – JLS2 – Maturity Level 3 Testing	13-03-2009	02-03-2009	●
Jubilee Line – TBTC Contract - J2/3 - Ready for Revenue Service	16-03-2009	08-06-2009	▲
Jubilee Line J5 Ready for Revenue Service	01-09-2009	15-04-2010	■
Northern Line N6 Ready for Revenue Service	07-12-2011	07-12-2011	●

Work is underway on both the Jubilee and Northern Line upgrades which comprise signal and train control replacement.

On the Jubilee Line, train conversion completed in Quarter 2, with “Train 59” (final train) ready for J2/3 on 1 October 2008, three weeks ahead of plan.

Delivery of the signalling, which is on the critical path, has slipped with the J2/3 Ready for Revenue Service milestone now in June 2009 (from March 2009). This is the conversion of 2 sections of the line to the new signalling system, which were formerly to be converted separately. The forecast completion date for the line upgrade (J5 Ready for Revenue Service) is now three months beyond the PPP contract delivery date of 31 December 2009.

For the Northern Line, closure planning has begun, based on the original south-to-north migration sequence. The programme is suffering from the focus of Tube Lines resources on the Jubilee line. The train conversion programme remains suspended, pending a second design configuration. This has now been submitted and train conversion is expected to re-commence in December 2008. The forecast line completion date, based on the latest draft programme, is 7 December 2011, compared with the PPP contract date of 7 January 2012.

For the Piccadilly Line upgrade, Tube Lines are completing a comprehensive review of the overall project programme, with a revision due in Quarter 3. Tenders for the new rolling stock were returned in Quarter 1. HM Treasury and TfL have agreed the funding mechanism for the rolling stock and contract award is still planned for 10 January 2009. Discussions between LU and Tube Lines about commercial terms/lease arrangements will take place next Quarter.

## LU Line Upgrade – PPP Sub-Surface Line (SSL)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Create a Strategic Level Plan for the Plan	01-05- 2008	01-05- 2008	Completed
Complete delivery into service of refurbished D-Stock fleet	01-07-2008	01-04-2008	Completed
Review and accept the Design Compliance Report for new trains	28-08-2008	27-10-2008	▲
Issue Programme Assurance Plan for approval	29-08-2008	20-06-2008	Completed
Complete preparations for platform works at High St Kensington	01-02-2009	01-02-2009	●
LUL Approve OPO CCTV Train Design	13-03-2009	11-02-2009	●

The SSL network (consisting of the Circle, District, Hammersmith & City and Metropolitan lines) upgrades will provide new rolling stock, new signalling and a new control centre, in order to increase capacity and reduce journey times. The programme is scheduled to complete by 2018.

The main effort continues to be the rollout of new trains (to be known as S-Stock), and related enabling works, which is progressing to plan. The 8 cars for the first S-Stock test train are complete and in static testing, and the second test train is in manufacture. A mock up display of the S-Stock train saloon was held at Euston Square Gardens from 22 September 2008 to 3 October 2008, showing walk-through carriages, air conditioning and customer information systems.

The new signalling contract is under preparation and ten suppliers have expressed an initial interest to tender for the works.

## Channel Tunnel Rail Link (CTRL) at King's Cross

Spend to end of Q2 (£m)	EFC (£m)
730.1	873.6

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Handover roof slab to NR	01-09-2008	01-09-2008	Completed
Handover the site known as the bomb gap to NR	30-09-2008	19-09-2008	Completed
PFI power complete installation of LUL power supply	07-01-2009	03-11-2008	●
Phase 2 completion (excl post NTH works)	29-02-2010	01-12-2009	●

King's Cross Congestion Relief covers increased capacity at King's Cross St Pancras. Phase 1 included an expanded Tube ticket hall and new Western Ticket Hall. Phase 2 includes a new Northern Ticket Hall, step-free access to the Metropolitan and Circle lines and links to the new Channel Tunnel Rail Link (CTRL) Terminal. The King's Cross project is funded by the Department for Transport (DfT) and contracted by London Underground to Metronet.

Phase 1 included refurbishment of the Metropolitan and Circle Line platforms and was completed on 10 December 2006.

Phase 2 is well advanced on site. Two critical milestones were achieved on or ahead of target in Quarter 2. The handover of the Northern Ticket Hall was achieved on 1 September 2008 and the area known as Bomb Gap was handed over to Network Rail on 19 September 2008. The Northern Ticket Hall is forecast to be opened three months ahead of schedule in December 2009.

### Bond Street Congestion Relief

Spend to end of Q2 (£m)	EFC (£m)
7.9	*‡

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Stage D Design Complete	30-01-2009	31-10-2008	●
Completion	29-09-2016	29-09-2016	●

Bond Street station is a key interchange between the Jubilee and Central Lines. Demand and congestion is forecast to increase further as a result of growth in employment and leisure travel and the completion of Crossrail in 2017. In addition to congestion problems, the station does not have step free access. The scheme provides:

- two additional escalators from the interchange level to the Jubilee Line;
- a low-level interchange route between the Central and Jubilee Lines;
- a new Disability and Discrimination Act (DDA) compliant entrance and ticket hall on Marylebone Lane
- 4 new lifts, allowing step free access to both Central and Jubilee Line platforms, interchange and street levels. A step free route to the Crossrail station will also be available.

Detailed design and survey works are underway around the station site.

### Paddington (Hammersmith & City) Congestion Relief

Spend to end of Q2 (£m)	EFC (£m)
1.6	*

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Outline / Scheme Design approved RIBA C/D	30-04-2009	18-12-2009	■
Completion	25-11-2013	18-08-2014	■

Paddington (Hammersmith & City Line) station is amongst LU's top priorities for congestion relief because of demand growth associated with local area redevelopment and the Sub-Surface Line Upgrade. The project seeks to deliver congestion relief and step free access benefits and ensure the continued safe operation of the station. There are interfaces with Network Rail and Crossrail, who require part of the adjoining "Triangle Site" for a re-located taxi access to the main line station.

The Network Rail, Crossrail and LU project components are now combined into the Paddington Integrated Project (PIP) with a joint project steering board. As a consequence of this, the programme has been re-structured with delay to the design. During Quarter 2, the concept design was completed. The first critical construction milestone is delivery of the Crossrail taxi ramp in December 2010. Project milestones will be reported in more detail from Quarter 3, when the programme will be agreed by the project board.

‡ Financial information is not shown here for reasons of commercial confidentiality

### Shepherd's Bush/White City

Spend to end of Q2 (£m)	EFC (£m)
65.4	*

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Escalator replacement – finish on site	29-09-2008	01-09-2008	Completed
Modernisation – station reopens	06-10-2008	06-10-2008	Completed
Delivery into Service Post Compensation Event	31-01-2009	31-12-2008	●

Shepherd's Bush (Central Line) station is the principal public transport gateway to the Westfield Shopping Centre, which opened in October 2008. The station modernisation, including escalator replacement, was completed on time on 6 October 2008. Wood Lane station also opened on target on 12 October 2008.

Difficulties with cost and design led to the suspension of the Step Free Access (SFA) element of the project. LU has commissioned a study to examine the options for use of the two shafts already constructed, for future SFA schemes.

### Finsbury Park Congestion Relief

Spend to end of Q2 (£m)	EFC (£m)
3.2	*

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Complete Stages E-G	31-03-2009	31-03-2009	●
Completion	09-10-2012	09-10-2012	●

Finsbury Park station is one of the network's busiest bus, Underground and National Rail interchanges.

Advance design work on the refurbishment of two unused spiral staircases to relieve congestion continued during Quarter 2. Approval to commence these works is expected in December 2008.

## Victoria Station Upgrade

Spend to end of Q2 (£m)	EFC (£m)
34.8	638.0

Milestones	Current Plan Date	Actual / F'cast Date	RAG
ITT main works implementation	29-09-2008	02-09-2008	Completed
Main Works ITT return	23-04-2009	25-11-2008	●
Stage 2 Main Works contract instructed	04-02-2010	10-12-2009	●
Completion	02-08-2018	02-08-2018	●

With 80 million people passing through it each year, Victoria is one of the most congested stations on the Underground network. Temporary station closures are regularly used to manage congestion, particularly during the morning peak. This project will provide a significant increase in passenger circulation space in key congested areas of the station and step free access from street to platform for the Victoria Line.

The Invitation to Tender for the Main Works was issued on 2 September 2008, ahead of plan, with contract award for the Implementation of the Main Works targeted for December 2009. The Transport Works Act Order (TWAO) Public Inquiry will commence in October 2008, with a decision from the Secretary of State expected in September 2009. Under the enabling works, asbestos removal and fireproofing is continuing to plan.

## Tottenham Court Road Congestion Relief

Spend to end of Q2 (£m)	EFC (£m)
43.3	*

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Completion of Stage E design	28-02-2008	31-05-2008	Completed
Contract award –delivery demolition	16-01-2009	17-11-2008	●
Detailed design RIBA stage F complete	30-01-2009	15-12-2008	●
Start on site – demolition	30-06-2009	22-01-2009	●
Completion	15-08-2016	03-08-2016	●

Tottenham Court Road station is currently operating in excess of its capacity and suffers from significant congestion. Demand at the station is forecast to increase further with Crossrail. The congestion relief scheme includes an enlarged ticket hall, improved, additional entrances to the station, additional escalator access to the Northern Line platforms improved circulation space and step free access throughout the station.

The arrangements for titles and powers for compulsory purchase of property are being prepared and progressing well.



The works are packaged into two phases – demolition and enabling works, followed by main works. The demolition and enabling works tenders have been received and contract award is expected in November 2008, two months ahead of programme.

### Bank

Spend to end of Q2 (£m)	EFC (£m)
4.5	*

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Bank (Walbrook Sq) – Complete design of tunnel breakthrough	28-02-2009	28-02-2009	●
Review of Stage B feasibility report complete	30-04-2009	25-03-2009	●

The Bank project consists of two workstreams:

Bank- Walbrook Square aims to provide more convenient access to streets south and south-west of the station, reduce congestion on the Waterloo & City (W&C) Line platforms, and provide step free access to the W&C Line.

Bank - Congestion Relief aims to relieve current and expected congestion in Bank station, which would lead to increasingly frequent station closures (notably of the Northern Line/DLR area) if nothing is done. There are two options under feasibility/engineering review and one will be progressed. The design is continuing, with the feasibility report due in March 2009.

### Olympic Works (Station Accessibility)

Station	Spend to end of Q2 (£m)	EFC (£m)
Green Park	2.8	97.0
Baker Street	6.8	75.0
Southfields	1.8	17.4

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Southfields contract award – detailed design	17-09-2008	24-06-2008	Completed
Southfields Delivery into Service	01-10-2010	01-10-2010	●
Green Park Delivery into Service	17-12-2010	17-12-2010	●
Baker St Delivery into Service	22-11-2011	22-11-2011	●

This programme provides step free access at three stations critical to the Games: Southfields, Green Park and Baker Street (SSL only).

**Southfields** - The project scope now includes the stations refurbishment works. The design and build contract has been let and detailed design is on target for completion by February 2009.

**Green Park** – The planning application was submitted in August 2008. Two objections have been received and are under negotiation. The programme is currently on target to meet the Olympic delivery date.

**Baker Street** – The scheme design was completed in Quarter 2 and the project has sought authority to proceed to detailed design and build. The possible need for a TWAO to build SFA to Platforms 5 and 6 may delay SFA to the Circle and Hammersmith & City Lines until September 2011. SFA to Platforms 1 to 4 is still planned for November 2010.

### Stations Accessibility Works (2010 target)

Station	Spend to end of Q2 (£m)	EFC (£m)
Amersham SFA	0.3	*
Greenford SFA	0.2	*
Newbury Park SFA	0.2	*
West Kensington SFA	1.0	*
Osterley SFA	0.5	*
Kingsbury SFA	1.0	*

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Amersham SFA Delivery Into Service	23-12-2010	28-10-2010	●
Greenford SFA Delivery Into Service	23-12-2010	28-10-2010	●
Newbury Park SFA Delivery Into Service	23-12-2010	28-10-2010	●
West Kensington SFA Delivery Into Service	23-12-2010	28-10-2010	●
Osterley SFA Delivery Into Service	23-12-2010	28-10-2010	●
Kingsbury SFA Delivery Into Service	31-12-2010	05-11-2010	●

**Amersham, Greenford, Newbury Park & West Kensington:** These projects will contribute to the 25 per cent 2010 DfT accessibility target. Contracts are planned to be awarded in Quarter 3 for the detailed design and build of the four stations.

Both Osterley and Kingsbury stations are 2010 target stations. Osterley station will complete detailed design on 11 December 2009. Kingsbury station is expected to complete detailed design on 30 March 2009.

### Cooling the Tube

Spend to end of Q2 (£m)	EFC (£m)
73.7	171.2 <sup>§</sup>

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Portable fan rollout summer 2008	31-08-2008	18-07-2008	Completed
Central services tunnel – Royal Institute of British Architects (RIBA) C approval	15-09-2008	15-09-2008	Completed
Victoria Line – Start on site MTV I	01-10-2008	29-09-2008	Completed
Decommissioning of portable fans	31-01-2009	31-01-2009	●
Kings Cross RIBA D CDS approved	28-02-2009	28-02-2009	●
All Mid Tunnel Vents commissioned	31-07-2012	31-07-2012	●

This is a long term programme to control ambient temperatures, which are already high, and without intervention could rise to unacceptable levels as more energy is used within the tunnels to provide the Line Upgrade train service capability. Planned mitigation measures include improved energy efficiency, increased ventilation, and selected station cooling systems.

<sup>§</sup> Programme over current business plan period to 2009/10

Priority is being given to the work needed to enable the planned Victoria Line upgrade train service. The Victoria Line Cooling works consist of Mid Tunnel Vent (MTV) Shaft upgrades, and cooling at specific stations. The Design and Build contracts for the first two (of up to sixteen) MTV sites are now underway and work started on site on 29 September 2008. Designs for Green Park station are at an advanced stage and interfaces with other projects at the station, and with Royal Parks, are being finalised. Designs for Victoria and Oxford Circus are progressing; designs for King's Cross have been shelved as a result of a value management review which has resulted in an improved approach to work at Euston, thereby covering cooling needs in the area.

The summer 2008 "Quick Wins" programme was completed successfully. All 39 portable fans were commissioned, two station air supply projects were complete, impulse fans were commissioned at two sites, a scheme to improve cooling at Seven Sisters was completed, and the cooling system at Euston Ticket Hall was put into service.

Research and development for air conditioning on deep tube trains is continuing. A full scale demonstration of a system on two cars in revenue service is planned to take place in 2010.

#### Operational Accommodation (OAIP)

Spend to end of Q2 (£m)	EFC (£m)
32.8	82.9

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Brixton Train Crew Accommodation (TCA) - Start on Site – Main Works	15-05-2008	04-04-2008	Completed
High Barnet TCA - Tender Award Completed	21-06-2008	20-06-2008	Completed
High Barnet - Start on Site	31-07-2008	31-07-2008	Completed
Edgware TCA - Commence Stage D-G	31-08-2008	29-08-2008	Completed
Brixton TCA - Practical Completion	30-06-2009	14-04-2009	●

This programme is to improve the condition, ambience, and capacity of staff accommodation.

- Brixton Train Crew accommodation – Work began on site in April 2008 with completion forecast ahead of target in April 2009.
- High Barnet – The main works contract commenced on site on 31 July 2008.
- Edgware Train Crew Accommodation – The detailed design began on 29 August 2008.

## Connect Airwave

Spend to end of Q2 (£m)	EFC (£m)
42.3	*

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Upgrade Enhanced Base Transmission System (EBTS) to new airwave components – Batch 7	02-09-2008	16-05-2008	Completed
Upgrade EBTS to new airwave components – Batch 9	24-11-2008	18-08-2008	Completed

This project enhances the emergency services' communication system on the Underground by expanding coverage and capacity. The contract was awarded in January 2007 and work has progressed to an accelerated plan. The 125 stations required are now fully commissioned and in service. Extension of coverage to Stratford is now being considered.

## Connect Works

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Connect – 4 Lines Radio Systems Go-Live	29-02-2008	29-02-2008	Completed
Central Line Radio – Commencement of train cutover	26-05-2008	14-07-2008	Completed
Northern Line Radio – Commencement of train cutover	22-09-2008	26-10-2008	▲

Connect is a 20-year PFI contract to upgrade and maintain the radio and transmission system used on the Underground.

Only the Northern line now remains to be transferred onto the new radio system. Seven other stations across the network remain to be transferred due to legacy problems.

Future work is now focused on maximising the functionality of the train radio and video improvements. Outages on the system have required further work to improve system resilience. A revised resilience strategy is now in place.

Power Works

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Award Finchley Road & Neasden Detailed Design and Build (DD&B)	01-07-2008	08-05-2008	Completed
SSL Met Line DD&B issue of Invitation to Tender (ITT)	07-07-2008	04-09-2008	Completed
Jubilee Line Power Upgrade – Award Finchley Rd & Neasden design and build contract	01-08-2008	05-05-2008	Completed
Piccadilly – Provisional Concept Design Compete	18-08-2008	18-08-2008	Completed
SSL Power Upgrade – S&D package   staged project life end	30-09-2008	03-10-2008	Completed
Victoria Line Upgrade (VLU) Power Upgrade – Full completion of 22Kv power cable	12-12-2008	12-12-2008	●
VLU Power Upgrade – Civil works complete	25-03-2009	25-03-2009	●
SSL Power Upgrade – Award design and build contract	01-03-2009	01-03-2009	●
Jubilee Line Power Upgrade – Power On	16-08-2009	10-06-2009	●

The

power system upgrade programme will deliver the additional power capacity that is required in support of the line upgrades.

The delivery phase of the Victoria Line Power Upgrade remains on programme with final completion in December 2009. Completion of the 22kV power cable is planned for December 2008 and the civil engineering works will be complete in March 2009.

The Sub-Surface Lines Power Upgrade is progressing from scoping and development to detailed design and build. The first design and build package was tendered on 4 September 2008. The preparation of further tenders is underway for issue in Quarters 3 and 4.

For the Northern Line Power Upgrade, activity is currently on hold pending the resolution of fundamental project issues with Tube Lines, primarily the traction voltage. Negotiations are underway, with resolution not expected until early 2009.

On the Jubilee Line Power Upgrade, detailed design began in May 2008. Progress is generally on target for Power On in June 2009.

For the Piccadilly Line Power Upgrade, the current delivery programme and budget is based on a 630V specification rather than on a 750V. 750V offers greater operating efficiency and a new programme and cost is being developed for this.

## London Rail

### East London Line Extension

Spend to end of Q2 (£m)	EFC (£m)
526.1	988.9

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Main contractor takes occupancy of ELL Track way & Stations	31-03-2008	01-03-2008	Completed
Completion of the launch of bridge GE19	31-05-2008	05-05-2008	Completed
Completion of main spar New Cross Gate	31-05-2008	11-05-2008	Completed
Handover of bulk supply point to EDF	31-08-2008	31-08-2008	Completed
Operational building complex available for use by employer	31-12-2008	31-12-2008	●
Test running	31-01-2010	14-05-2009	●
Trains in Service	30-06-2010	30-06-2010	●

The upgraded and extended East London Line (ELL) is planned to open in 2010 with TfL as the passenger service operator through a joint ELL/North London Railway concession with London Overground Rail Operations Ltd (LOROL). This project is an Olympic deliverable.

Bridge GE19 (Great Eastern mainline), which on 28 May 2008 dropped approximately 200mm when the bearing taper plates and packing pieces became dislodged, has now been replaced into its final position and decking work has begun. An investigation was carried out and recommendations are being implemented. The GE19 bridge work is not on the critical path for the programme.

Most contractor milestones were met in Quarter 2, including the approval of the signalling design on 27 June 2008. The New Cross Gate flyover main span was also completed on time in the Quarter.

The rate of submission of design proposals continues to improve, but is still behind target. This has caused delays to work in the southern section and some possessions have been used for enabling works (drainage) rather than main works. On the Network Rail sites, track and signalling work at West Croydon and Crystal Palace is now delayed to spring 2009, from summer 2008.

The project remains on track for the East London Line (ELL) to re-open by the scheduled date of June 2010.

## London Rail Concession Rolling Stock

This programme is delivered under an operating lease. No direct costs are reported.

Milestones	Current Plan Date	Actual / F'cast Date	RAG
First NLR unit accepted	31-10-2008	12-11-2008	▲
First East London Rail unit delivered for NR test track	31-12-2008	31-12-2008	●
Trains in Service – North London Rail	31-12-2008	31-01-2009	▲
Trains in Service – East London Line	30-06-2010	30-06-2010	●
Last NLL unit accepted	14-01-2009	31-05-2009	●
Last ELL unit accepted	14-08-2009	14-08-2009	●

The London Rail Concession Rolling Stock project will provide 216 new vehicles in three-car and four-car formation to be utilised on the North London Railway (NLR) and the ELL.

The train manufacturer has declared a further delay of four weeks in the delivery of the NLR units, caused by the supply of interiors from overseas. Bombardier has presented a recovery plan, showing full fleet acceptance by May 2009. Unit 1 began testing on 19 August 2008; units 2 to 5 are now in production. The first unit of the new London Overground branded trains is still expected to be in operation by the end of 2008.

No delay to the ELL rolling stock has been declared, although this must be at risk given they follow on from the completion of North London Line (NLL) stock production. Train production is not currently on the critical path for the ELL Project. The trains in service milestone date is currently influenced more by the delivery of the ELL Project in 2010 and therefore a 13 week delay on the delivery of the final vehicle should not affect the date of service commencement.

## DLR Bank-Lewisham 3 Car Infrastructure

Spend to end of Q2 (£m)	EFC (£m)
134.3	266.3

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Westferry platform units installed	17-08-2008	24-10-2008	▲
Sectional completion package 2	05-01-2009	05-01-2009	●
Sectional completion – Cable Street viaduct	31-01-2009	30-01-2009	●
Sectional completion – Stepney causeway	13-03-2009	13-03-2009	●
Construction/track work/signalling complete	31-01-2010	31-01-2010	●
Service operational	31-01-2010	31-01-2010	●

This project will deliver the structural works necessary for 3 car operation on the DLR from Bank and Tower Gateway to Lewisham.

During Quarter 2, all packages moved into construction. The platform units at Westferry station have been delayed due to delivery and installation delays of support steelwork. This milestone is not on the critical path. The Tower Gateway blockade began on 28 July 2008 and work is continuing to plan with a forecast reopening in spring 2009. Piling works have now been completed



at Westferry and Limehouse. Single line operation began on Package 2 (Crossharbour to Lewisham) on 30 June 2008 to allow the construction of platform extensions. The works were completed successfully on 25 August 2008 and the line was fully reopened.

#### DLR Woolwich Arsenal Extension

This programme is delivered under a Private Finance Initiative (PFI). No direct costs are reported.

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Completion of station	27-08-2008	30-09-2008	Completed
Systems testing complete	31-12-2008	31-12-2008	●
Project completion	28-02-2009	28-02-2009	●

This project delivers the extension of the DLR from King George V station to Woolwich Arsenal through a PFI contract.

Progress has been good in Quarter 2. All major civil engineering works were completed and the gauge traction power and conductor rail testing are now all complete. The fit-out of the new Woolwich Arsenal station is nearly complete.

#### DLR Stratford International Extension

Spend to end of Q2 (£m)	EFC (£m)
89.8	192.7

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Stratford Int. Station - Completion of new platform structure	18-07-2008	06-10-2008	Completed
Stratford Int. Station - Completion of main platform canopy and finishes	03-11-2008	11-11-2008	●
Completion of construction of Star Lane platform, canopies and signalling equipment room	19-02-2009	12-03-2009	●
Complete works on Package 6	30-06-2010	30-06-2010	●
Service operational	30-07-2010	30-07-2010	●

This project covers the extension of the DLR from Canning Town to Stratford International, using the existing NLL alignment as far as Stratford Regional Station.

Package 8 (Network Rail platforms at Stratford Station) remains on target to be completed by 31 July 2010; all structural work has been completed (station box, link, western subway). The platform extensions were completed in Quarter 2.

On Package 6 (conversion of North London line to DLR), design and approval delays were experienced in the early part of Quarter 2, but have now been resolved. Package 6 is on schedule to complete by 1 July 2010.

## DLR Railcars

Spend to end of Q2 (£m)	EFC (£m)
10.5	58.8

Milestones	Current Plan Date	Actual / F'cast Date	RAG
18 <sup>th</sup> vehicle delivered	18-09-2008	31-12-2008	■
18 <sup>th</sup> vehicle in service	18-10-2008	14-02-2009	■
24 <sup>th</sup> vehicle delivered	16-12-2008	18-03-2009	■
1 <sup>st</sup> railcar delivered for Stratford Int. Extension	09-01-2009	20-06-2009	■
24 <sup>th</sup> vehicle in service	16-01-2009	02-06-2009	■

This project covers the provision of 16 extra DLR railcars for 3-car operation, 6 for the Woolwich Arsenal extension, 9 for the Stratford International extension and 22 for the Games.

The production of railcars by Bombardier is behind programme. At the end of Quarter 2, the Beckton depot had received 11 new vehicles against a target of 18 by 18 September 2008. Trial running has now begun for the first 3 vehicles, but is behind programme due to the delays in train production. The type testing results of the first trains have been analysed to ensure that further deliveries address initial test findings.

## North London Railway Infrastructure Project

Spend to end of Q2 (£m)	EFC (£m)
20.5	237.1

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Completion of preliminary (GRIP4) design	30-09-2008	30-09-2008	Completed
Prime contract award	31-10-2008	31-10-2008	●
Project completion	31-01-2011	31-01-2011	●

The North London Railway Infrastructure Project (NLRIP) covers a programme of track, signalling and civil infrastructure enhancements to facilitate the operation of the future London Overground service commitment, which is to be introduced in January 2011.

Market testing of the cost estimates has suggested that the expected cost would be over the budget, so value engineering and scope reduction options have been assessed. The preferred option is a reduction of the off-peak service to 6 trains per hour (from 8 tph) from Camden Road to Stratford. This revised service pattern proposal is now with the Office of Rail Regulation for formal consultation. Network Rail has confirmed support for the proposed service pattern.

During Quarter 2, all preliminary designs were approved in principle by Network Rail and issued to tenderers. Contract award for the main works is expected in February, subject to approval by the Network Rail Board.

The line opening date remains at January 2011.

## Surface Transport

### iBus

Spend to end of Q2 (£m)	EFC (£m)
59.6	81.8

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Roll out of 3,300 buses	29-07-2008	25-06-2008	Completed
Roll out of new technology to fleet substantially complete (7,300 buses)	28-02-2009	18-02-2009	●
All vehicles in fleet (8,208) installed with iBus	30-04-2009	30-04-2009	●
Old system decommissioned and all operations transferred to new system	28-02-2009	30-06-2009	■

The iBus project is to procure and implement a radio communication and Automatic Vehicle Location solution. This will improve quality of information to customers, both on-bus (through audio-visual next stop information), and at bus stops and reduce the current risk of a system failure.

The entire fleet (8,208) vehicles will be complete on schedule by the end of April 2009. The milestone to decommission the old system is still forecast to be delivered four months behind schedule at the end of June 2009, due to the earlier delays in rollout of the new system.

### Congestion Charging Re-Let

Spend to end of Q2 (£m)	EFC (£m)
47.1	104.5

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Selection of retail service providers	29-08-2008	30-09-2008	Completed
Release 1 – go-live of new contract for extended zone	01-11-2009	01-11-2009	●
Completion of delivery stage (release 1)	30-11-2009	30-11-2009	●
Financial close (release 1)	28-03-2010	28-03-2010	●
Release 2 – go live of account based charging using ANPR or DSRC enforcement technology	01-11-2010	01-11-2010	●

The Congestion Charging Re-Let project is to establish new contracts for the operation of the extended zone and to operate the Low Emission Zone. The re-let will allow the introduction of customer accounts and new detection technology to facilitate more flexible charging options.

The selection of the retail provider (E-Pay) occurred at the end of September, a month later than planned. This will not affect the delivery of the rest of the project. This project is now forecasting a final cost of £104.5m, which is a reduction of about £20m since Quarter 1, largely due to savings on the final costs of the Electronic Point of Sale (EPOS) service provider, but also due to a change of supplier on camera link installation and other smaller savings.

#### Greenwich Waterfront Transit (Phase 1)

Spend to end of Q2 (£m)	EFC (£m)
4.2	46.4

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Detailed design submitted for approval	12-08-2008	02-09-2008	Completed
Dispatch tender documents	18-08-2008	30-07-2009	■
Complete preparation of Orders and Planning Applications	06-10-2008	01-12-2008	▲
Construction commences	31-07-2009	30-11-2009	■
Construction completed	29-08-2011	01-11-2011	■
Service commences	31-10-2011	10-12-2011	▲

This project is to establish a 13km bus transit route from Abbey Wood to North Greenwich via Woolwich, part of which will be a segregated bus way, to be completed by the end of 2011.

The Greenwich Waterfront Transit detailed design was completed three weeks late due to problems with the drainage and lighting designs. The submission of tender documents has been deferred due to delays with the Compulsory Purchase Order (CPO) process. The milestone to complete preparation of orders and planning applications is delayed by eight weeks until the beginning of December due to changes in the CPO boundaries. Discussions have taken place with the LDA and London Borough of Greenwich to explore mitigations to the concerns raised by residents.

Since Quarter 2 closed, the remaining milestones have slipped and the service commencement milestone has slipped by two periods to December 2011.

## Programmes (over £10m per annum)

### TLRN Capital Renewal

This is an “annualised programme”, where minor schemes are delivered on a rolling basis. Costs are based on a yearly budget.

Spend to end of Q2 (£m)	EFC (£m)
17.0	46.6

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Q1 Target of 14 Capital Renewal schemes to achieve Gate 2 approval	20-06-2008	12-09-2008	Completed
Q2 Target of 60 (cumulative) Capital Renewal schemes to achieve Gate 2 approval	12-09-2008	07-11-2008	▲
Q3 Target of 144 (cumulative) Capital Renewal schemes to achieve Gate 2 approval	05-12-2008	05-12-2008	●
Q4 Target of 200 (cumulative) Capital Renewal schemes to achieve Gate 2 approval	31-03-2009	31-03-2009	●

The Transport for London Road Network (TLRN) Capital Renewal Programme involves the reconstruction and resurfacing of carriageways and footpaths to improve their condition and safety, and the renewal, upgrading and improvements to bridges, tunnels, lighting and other equipment.

At Quarter 1, two of the targeted 14 schemes had reached the Gate 2 (Delivery) target. This was due to optimistic programming when the targets were produced. A rolling programme was established and the revised set of targets for Quarter 2 - Quarter 4 are shown in the table above. Against the revised Quarter 2 target of 60, only 37 schemes had reached Gate 2. The expected outturn in the year is 200 schemes past Gate 2, an increase on the 168 originally approved by PRG in Quarter 1 2008/9.

The current measure of success for this programme does not fully reflect the full outputs of the TLRN programme – it focuses on the number of schemes and does not take into account size or complexity. Surface Transport is to produce better measures for the 2009/10 year.

As a consequence of the under delivery of schemes, the programme is also under spending compared to the original budget profile. At this mid point, the programme has spent £17m compared to the original £27m budgeted. The Quarter 2 forecast shows an accelerated spend towards the year end in line with the revised delivery profile. Surface Transport is confident that they will achieve their year end target.

### Accident Reduction Road Safety

Spend to end of Q2 (£m)	EFC (£m)
2.1	9.7

Milestones	Current Plan Date	Actual / F'cast Date	RAG
6 cumulative LRSU Gate 2 sign offs at Q2	12-09-2008	07-11-2008	▲
42 cumulative LRSU Gate 2 sign offs at Q4	31-03-2009	31-03-2009	●

The Accident Reduction Road Safety Plan involves making changes to the physical road layout of Borough roads at selected locations, road surfaces, signing and other changes as required for each road safety remedial measure.

The Quarter 2 target of 6 schemes reaching a Gate 2 sign off has not been achieved and instead only one scheme was achieved. However, 11 outstanding Gate 2 sign offs have been completed from the 2007/8 programme.

As with the TLRN Capital Renewals programme, the measures of success does not fully reflect the outputs of the programme and Surface Transport is to produce more appropriate measures for 2009/10.

The Streets directorate has been restructured (Project Delta) to improve operational efficiency and delivery. This is expected to improve the delivery of annualised programmes in the second half of the year and thereafter.

### TLRN Cycling Capacity

Spend to end of Q2 (£m)	EFC (£m)
2.1	23.2

Milestones	Current Plan Date	Actual / F'cast Date	RAG
10 cumulative schemes have Gate 2 sign off at Q2	12-09-2008	07-11-2008	▲
57 cumulative schemes have Gate 2 sign off at Q4	31-03-2009	31-03-2009	●

The TLRN Cycling Capacity Programme programme delivers new or upgraded assets including cycle advance areas, new crossings, on-highway priority measures, secure parking, access at major junctions, safety improvements, traffic free areas, green routes through parks and along waterways. For TLRN Cycling only one Gate 2 sign off was achieved from the 2008/9 programme. However, four outstanding Gate 2 sign offs were achieved from the 2007/8 programme.

The Project Delta restructure should improve the delivery of this programme moving forwards.

As with the other programmes, Surface Transport is to produce more appropriate measures for 2009/10.