

TRANSPORT FOR LONDON

BOARD

SUBJECT: BUDGET 2008/09

MEETING DATE: 12 MARCH 2008

1. PURPOSE

- 1.1 TfL's revised business plan for 2005/06 to 2009/10 was approved by the TfL Board on 18 December 2007. The plan formed the basis of TfL's budget submission made to the Greater London Authority (GLA) for inclusion in the Mayor's draft consolidated budget proposal, which was approved by the London Assembly on 13 February 2008.
- 1.2 This attached paper outlines TfL's detailed budget for 2008/09, reflecting both the Mayor's agreed budget for 2008/09 and amendments that have arisen since the business plan approval for the TfL Board to approve.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Board:
 - a) NOTE the contents of this report; and
 - b) APPROVE the 2008/09 Budget.



TfL Budget

2008/09

Cover Image: In November 2007 TfL took over responsibility for operating the North London Railway. The new London Overground service (NLR plus the East London Line) will be the focus of major investment during the next two years, including the introduction of new rolling stock in 2008/09.

Transport for London

Budget 2008/09

INTRODUCTION

- 1.1 TfL's revised Business Plan for 2005/06 to 2009/10 was approved by the TfL Board on 18 December 2007. The plan formed the basis of TfL's budget submission made to the Greater London Authority (GLA) for inclusion in the Mayor's draft consolidated budget proposal, which was approved by the London Assembly on 13 February 2008.
- 1.2 This paper outlines TfL's detailed budget for 2008/09, reflecting both the Mayor's agreed budget for 2008/09 and changes that have arisen since the Business Plan was approved.
- 1.3 The budget is presented in two parts: an operating budget which includes expenditure related to TfL's operations and investment delivered by others through PPP/PFI type contracts, bus contracts, and schemes funded for delivery by the Boroughs as part of the Local Implementation Plans (LIPs); and a capital budget which includes investment expenditure on assets that TfL directly manages.
- 1.4 This budget reflects the TfL group structure as it currently stands. It is likely that during the course of 2008/09 that there will be some significant additions to the Group if the TfL bid for the undertaking of the Metronet companies in administration is successful and the Crossrail Bill receives Royal Assent. Should these changes occur a revised budget will be prepared during the course of the year.
- 1.5 The 2008/09 budget continues to demonstrate both the demand for TfL's services and the increased scope of the organisation. Income is anticipated to be £3,463m, a 6% increase on 2007/08, and operating expenditure is up by 8% to £6,052m. The Investment Programme is entering a crucial phase, illustrated by planned capital expenditure of £1,565m in the year, a 47% increase on 2007/08. Together with investment funded by operating expenditure, this generates total 2008/09 Budget investment of £3,164m.

OPERATIONAL DELIVERY

- 2.1 The 2008/09 budget will support growth in passenger numbers across all modes of transport that TfL operates. Passenger journeys are forecast to rise to 1,120m on the Underground and 2,234m on the Bus network.
- 2.2 In terms of service provision to support this growth in usage, kilometres operated on the buses are forecast to increase to 474m, although Underground mileage shows a marginal decrease, due to the closure of the East London Line and the early closure in the evenings of the Victoria Line due to engineering works.
- 2.3 Services operated on the Docklands Light Railway Network will also increase, with the opening of the extension to Woolwich Arsenal.
- 2.4 Despite demand rising across the networks, targeted reliability remains at or close to 2007/08 levels, representing improved organisational performance in real terms.
- 2.5 TfL is working to maintain levels of customer satisfaction across most categories, despite the impact of rising customer expectations, increased improvement works and increasing demand / congestion highlighted above. Other operating highlights in the forthcoming financial year include:

2.6 **Oyster card**

The number of places in London where the Oyster card can be bought is set to almost double to 4,000 by the end of 2008 as Oyster retail machines are installed at up to 1,900 new shops and newsagents.

Following Oyster availability being extended to Overground in November 2007, it is planned that it will be progressively rolled out across other National Rail operators (at all other stations within the Travelcard boundary in London). Underground 'quick fare' machines, which provide the most popular fares from each station, will be upgraded to accept Oyster by 2008, thereby further helping to speed up ticket purchase.

2.7 **Walking and Cycling**

The 2008/09 budget increases the level of expenditure on walking and cycling to £62m, a 35% increase on the current year. TfL's investment in cycling will deliver on-highway priority measures, such as cycle lanes and cycle advance stop lines, together with more cycle parking facilities, as well as continuing the works on the London Cycle Network Plus and the Greenways programme. Pilots will be developed for the new walking gold zones as part of the new walking and cycling strategy and TfL will be developing a free hire scheme for cycles in London.

During the coming year TfL will be investing in new and upgraded crossings, dropped kerbs, pavement widening, better lighting and other measures to encourage pedestrians. In addition TfL will continue to work with boroughs and other stakeholders on the *Legible London* project, a scheme to provide a simple and reliable wayfinding system. TfL will also commence work on the Olympic walking route.

2.8 **Congestion Charging**

From 27 October 2008 TfL will introduce new charges to discourage the use of vehicles with high carbon dioxide (CO₂) emissions.

The current service provider contracts for operating the Congestion Charging zone reach their expiry date at the end of October 2009. Activities in 2008/9 will include the development of new systems for the introduction of new contracts that will take forward the operation from November 2009. This is part of the overall 23 month delivery project which commenced in January 2008 following successful selection of the main service provider.

In July 2008 the Low Emission Zone project will go live for light HGVs, buses and coaches.

2.9 **Road Safety**

London continues to lead the UK and Europe in reducing road casualties. Progress towards creating safer streets by 2010 is measured against casualty data based on the 1994-98 average.

Given TfL's success in meeting the UK 40% reduction by 2004, TfL's target is now a 50% reduction in pedestrian, cyclist and overall KSI (Killed or Seriously Injured) casualties; a 60% reduction in child KSI and 40% reduction in powered two wheeler KSI casualties. In 2008/09 TfL is aiming to reduce overall road KSI casualties by 7.4% over the actual total in 2006/07.

TfL is planning on carrying out a number of major projects to improve safety on the roads. An example of this is the work on the Blackwall Tunnel which will improve lighting, fire detection and emergency procedures. Overall £59m will be spent on Road Safety including improving the physical layout at selected locations of TLRN and on speed management measures.

TfL will work with the Boroughs to encourage and support the implementation of borough-wide default 20mph speed limits in all residential areas.

2.10 **Transport Policing and Enforcement**

Visible transport policing will continue to be provided on buses, the Underground, DLR, National Rail and trams through the provisions secured by TfL with the Metropolitan Police and British

Transport Police. Uniformed officer numbers currently stand at around 2400 and this represents a 50% increase since 2003/04. TPED continues to manage these police resources on behalf of TfL.

2.11 **London Overground**

TfL's new responsibility for managing the London Overground franchise began in November 2007. New trains and additional customer service staff are to be provided and passengers will get a more frequent service from 2009.

The entire fleet of 34 trains will be replaced with 62 new trains (54 four car and 8 two car trains) over the next two years.

2.12 **London Underground**

Managing the railway through the delivery of the Investment Programme remains a key challenge to LU. Operating a safe and reliable railway during an increased schedule of closures (such as weekend track or partial station closures), while managing customer and stakeholder expectations as service is inevitably disrupted, will remain a priority for this budget.

In 2008/09 London Underground will operate the new extension to Heathrow Airport Terminal 5, the first new extension on the Tube since 1999. Six trains per hour will run on this extension, which will open at the end of March 2008.

In 2009 the Sub-Surface Railway service control teams will move to a new shared service control centre. Construction of the new building will commence in summer 2008.

2.13 **Corporate Initiatives**

TfL's Breakthrough Strategy is a multi-faceted approach aimed at identifying and reducing barriers that may exist in relation to the attraction, retention and development of under-represented staff and increase their representation at senior levels across TfL.

The three year IM Strategic Investment Programme aims to save £300m to £400m by 2014/15 through rationalising desktop services, implementing a data centre and hosting strategy, managing the application portfolio to reduce licences and support costs, and by providing a stable and flexible network.

TfL is aiming to improve Human Resource Services by providing staff with effective tools, aligning HR processes across TfL and improving current HR and learning processes.

TfL is developing a customer service strategy which will clearly state how the organisation wishes to interact with its customers in the provision of 'off-system' information e.g. calls to our various contact centres, and how this meshes effectively with the 'on-system' services such as that provided at LU stations and bus stops.

TfL have commenced an operational cost review to reduce operating costs across all areas of the organisation, in order to ensure continued delivery of customer facing services.

As part of a wider review of the functions and structure of the Travel Demand Management team, the team have adopted a new approach to presenting and describing their programmes. Building from the successful positioning of the Smarter Travel Sutton project, the new approach entails using the idea of "smarter travel" rather than "travel demand management" and the team's name is now the Smarter Travel Unit. For consistency with the Business Plan and the GLA budget the old name is used in this document, however performance in 2008/09 will be report against the new name.

INVESTMENT DELIVERY

3.1 Key areas of Investment activity in 2008/09 include:

3.2 **London Underground Stations**

London Underground Stations – Further modernisations and refurbishments under the PPP contracts will be delivered including at Leicester Square and Highgate. Step Free Access will be

delivered at Acton Town and Hendon Central, towards the target of 25% of stations being step free by 2010. Work will continue at King's Cross, with the handover of the Northern Ticket Hall to Network Rail, in accordance with the agreement with DfT. At Victoria, the main works contract will be tendered, subject to obtaining Transport Works Act Order powers. At Tottenham Court Road, design and enabling works will continue, with the next stage of the programme to start in 2009. At Shepherd's Bush, the station will reopen in the autumn following the replacement of escalators and station modernisation. Wood Lane station on the Hammersmith and City line is due to open in autumn 2008.

3.3 **London Underground Rolling Stock**

London Underground - On the District Line, the final refurbished train (Train 75) will be delivered. Full train production will commence for the Victoria Line Upgrade, with testing towards the end of the year. Progress is being made on the Jubilee Line upgrade with the last rolling stock being received in October 2008.

3.4 **London Underground New Technologies**

London Underground Communications – The Connect project to provide an integrated network will complete, this includes the Airwave function to enable police radio usage on the network.

Tunnel Cooling - Major tunnel vent work will commence on the Victoria Line in readiness for the increased demand from the Line Upgrade.

3.5 **London Underground Upgrades**

For the Jubilee Line Upgrade, the new signalling system will be commissioned on the Stratford to Canning Town and the North Greenwich to Westminster sections.

3.6 **London Underground Operational Accommodation**

Operational Accommodation - Staff accommodation improvement will begin construction at Brixton and High Barnet.

3.7 **Bus Garages**

Bus Garages - The main garage building will be completed for the new West Ham bus garage.

3.8 **Bus Transit**

East London Transit - Phase 1a will commence construction in the Barking town centre in January 2009.

3.9 **Road network improvements**

Bus priority – New and intensified bus priority measures will be rolled out on TLRN and borough roads including new bus lane schemes and additional bus lane km hours per week and implementation of Bus Priority at traffic signals with the new iBus technology.

Road Network – Investment will continue on the 580km of the Transport for London Road Network (TLRN). Projects are planned across the network to renew carriageways, footways, structures and lighting. Major safety enhancement on the road network will include the start of works on replacing the A406 Hanger Lane bridges.

Walking and Cycling – There will be continued funding for London Boroughs walking schemes and further implementation of the London Cycle Network plus (LCN+) towards its completion in 2010/11. Cycle parking at schools and stations and more green and off road cycle routes will be implemented.

Low Emission Zone - The Low Emission Zone project will go live for light HGVs, buses and coaches in July 2008.

3.10 **Surface Transport New technologies**

London Buses Information Infrastructure – The iBus project to deliver 'next stop' information announcements on buses will complete the roll out of the new technology to the bus fleet. The project will begin to roll out enhanced bus stop information from 2009 onwards.

3.11 London Rail Stations

The initial North London Railway station refurbishment will be completed and work will start on the replacement of station systems. Renewal works at the DLR Limehouse station will be completed.

3.12 London Rail Rolling Stock

London Overground – The first new train for the North London Railway will be received and start Network Rail on track testing.

DLR – Further new railcars will be delivered for use on the Woolwich Arsenal extension and the 3 car service.

3.13 London Rail Extensions & New Services

East London Line Extension – Following the handover of the East London Line to the main works contractor in December 2007 work will continue on building the new infrastructure and train maintenance facility.

DLR Extensions – By the end of the year, the Woolwich Arsenal extension will be open for service and the Network Rail works at Stratford and the construction of the Stratford International station will be finished for the Stratford International extension. Following the application for powers under the Transport and Works Act in early 2008, the public inquiry on the Dagenham Dock extension is expected to start in the second half of the year.

3.14 London Overground Upgrades

The North London Railway – Construction work will start on upgrading the infrastructure to allow an increased service frequency.

DLR – Construction works will continue on upgrading the DLR infrastructure to allow the 3 car operations on the North Route, Bank to Lewisham and Poplar to Woolwich Arsenal.

3.15 London Rail New technologies

National Rail Oyster – Phase 2 will be completed of the London-wide Oyster implementation on national rail stations.

3.16 Major Projects

Development work on Major projects - The revised evidence will be completed in the year for the planned re-opening of the Thames Gateway Bridge public inquiry and work continues on progressing the designs for the Cross River Tram, Croydon Tramlink Extension and transit schemes in the Thames Gateway.

3.17 Group Marketing and Communications

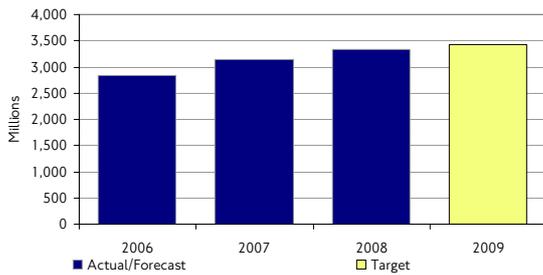
Delivery of a number of technology based customer service improvements to support the delivery of our customer service strategy. These include Real Time, Customer Service Integration Programme and Journey Planner.

PERFORMANCE OUTCOMES

Passenger Demand

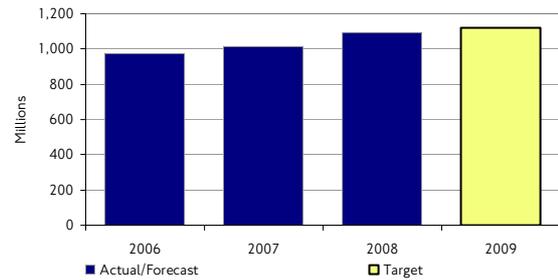
- 4.1 Passengers are expected to make 3,457m journeys on the TfL network in 2008/09. This is 79m (2.4%) more than 2007/08. 54m of this increase is from increased passenger journeys made by bus.

Total Passenger Journeys (LU, Rail & Buses)



2006/07 bus passenger journey numbers are restated, so that they are on the same basis as the new methodology that is applied from period 1 2007/08.

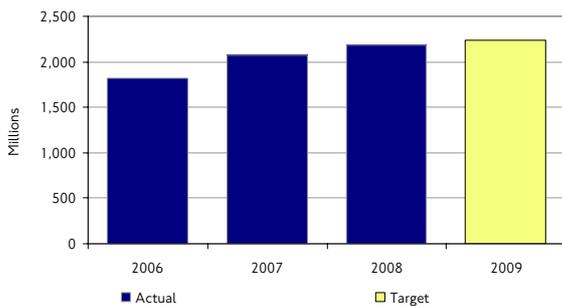
Passenger Journeys - London Underground



Shows current year (2007/08) forecast. Results for 2006 & 2007 are actual figures; 2009 is the budget figure.

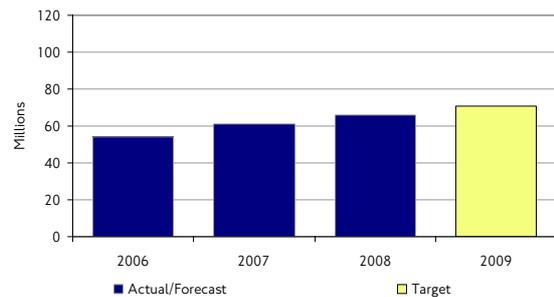
4.2 Demand on the Underground is expected to increase by 1.6% on 2007/08 which is primarily associated with predicted increases in activity within the London economy.

Passenger Journeys – Buses



2006/07 bus passenger journey numbers are restated, so that they are on the same basis as the new methodology that is applied from period 1 2007/08.

Passenger Journeys – DLR



4.3 Passengers are expected to make 2,234m journeys on buses in 2008/09, 54m (2.5%) more than in 2007/08. This is a slower rate of growth in passenger journeys than historically experienced, as the network experiences a slower rate of growth.

4.4 Passengers are expected to make 71m journeys on the DLR in 2008/09, 5m (7.6%) more than in 2007/08. Growth in demand is expected with the growth of Canary Wharf and additional housing in East London.

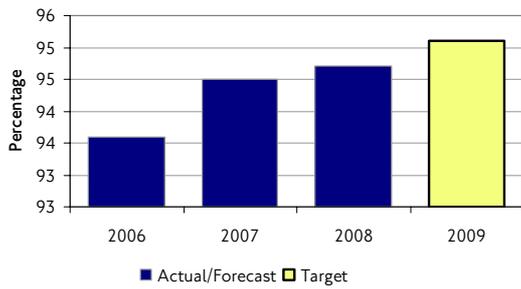
4.5 As TfL only recently took responsibility for the NLR the performance of this service is measured using the Public Performance Measure, which measures the percentage of trains ‘on time’ compared to the total number of trains planned. This is a universal yardstick used throughout the Railway industry¹.

Service Provision

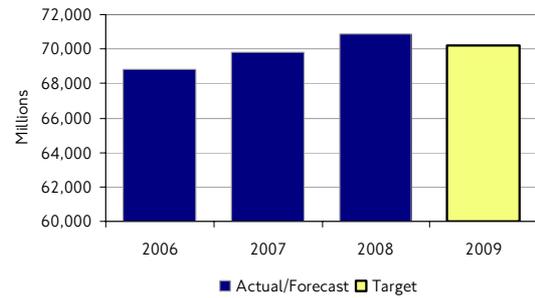
4.6 In 2008/09 London Underground is expected to operate 95.1% of its scheduled services, 0.4 percentage points higher than forecast for 2007/08. During 2007/08 performance was adversely affected by the strike of Metronet staff.

¹ <http://www.networkrail.co.uk/asp/742.aspx>

Scheduled Services Operated – London Underground

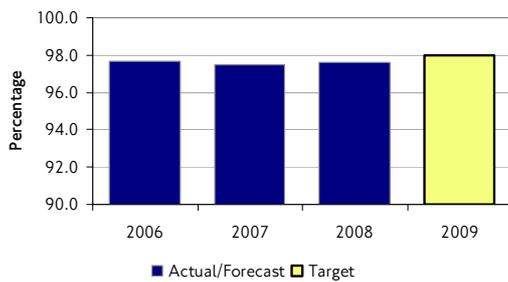


Train Kilometres Operated – London Underground

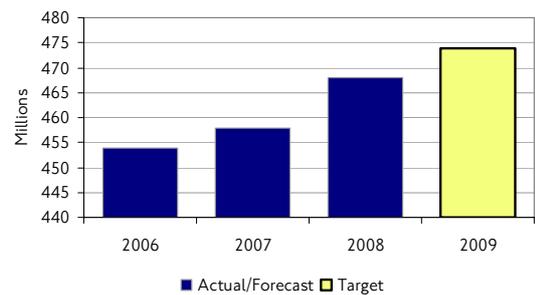


4.7 Overall kilometres operated on the Underground are budgeted at 70.2m in 2008/09, 0.7m (1.0%) less than forecast for 2007/08. This reduction principally reflects the closure of the East London line and introduction from January 2008 of a new timetable on the Northern line which has reduced the weekday schedule. An enhanced Victoria line timetable is being introduced in March 2008 but its effect on overall kilometres in 2008/09 will be largely negated by the early evening and weekend closures of the line for upgrade work.

Scheduled Services Operated – Buses

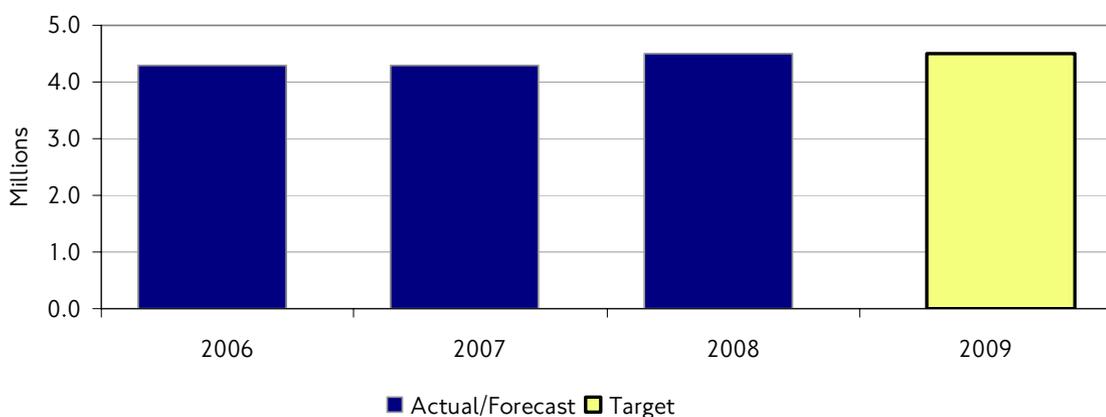


Kilometres Operated – Buses



4.8 Bus kilometres operated is targeted to rise by 1.3% to 474m, from 468m kilometres in 2007/08. This is 97.6% of the scheduled service.

Train Kilometres Operated – Docklands Light Railway



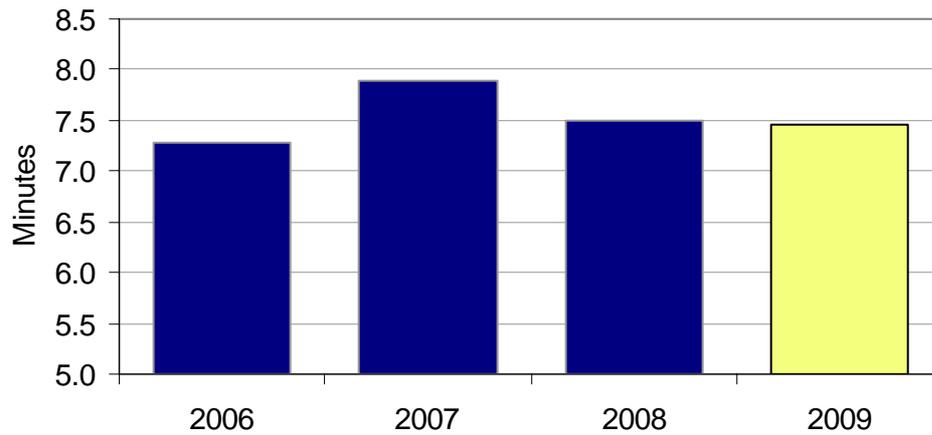
4.9 In November 2007 TfL took over the responsibility for the North London Railway (NLR) from Silverlink. The NLR was combined with ELL and has been renamed London Overground. During

this financial year however the ELL will remain closed while undergoing a total renovation. It will reopen in June 2010.

- 4.10 The DLR is expected to operate 4.5m kilometres in 2008/09 which is in line with the performance in 2007/08. During the year ahead increased service provision, which will include the start of operations on the extension to Woolwich Arsenal in early 2009, will be offset by more engineering works.

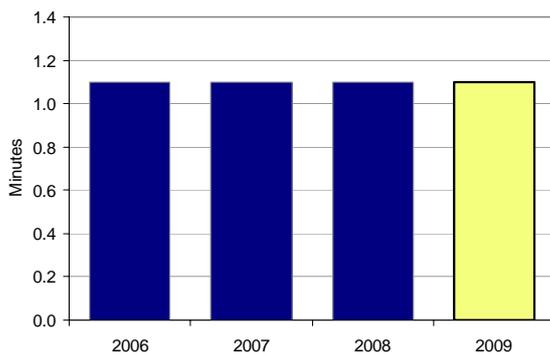
Service Reliability

Excess Journey Time – London Underground

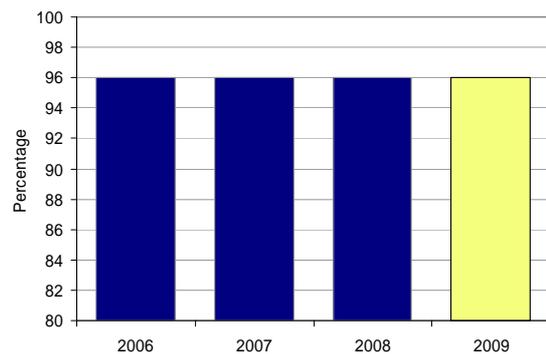


- 4.11 Excess journey time on the Underground is expected to be 7.5 minutes in 2007/08 and remain at this level in 2008/09, in spite of increased passenger demand and thus higher access, egress and interchange times.

Excess Wait Time - High Frequency Routes – Buses



On Time Performance – Docklands Light Rail



- 4.12 Excess wait time on high frequency bus routes is expected to remain at 1.1 minutes in line with previous years. TfL and Bus Operators have developed measures to minimise the impact of an expected increase in traffic congestion.
- 4.13 The DLR is targeted to operate in excess of 96% of scheduled trains which is in line with the contractual obligations.

Customer Satisfaction

- 4.14 London Underground is targeted to maintain their customer satisfaction score at 78.0 points, despite rising customer demand and on-going disruption due to PPP works.

- 4.15 London Buses also anticipate maintaining their customer satisfaction score at 78.0 points. Benefits of iBus on part of the fleet are expected to be offset by more traffic congestion, and associated delays from crowding on the network.
- 4.16 The target CSS score for the DLR is 90% which is in line with the contractual obligations. CSS targets were not set for London Overground during its first part year under TfL's management, and for 2008/09 the target is 73%. This score includes improvements against the comparable measure under Silverlink's management² which are to be achieved through TfL's upgrade of the service and facilities.

SUSTAINABILITY

- 5.1 TfL is dedicated to encouraging Londoners to adopt more sustainable modes of transport. By offering more reliable public transport (signified by the increase in percentages of scheduled services operated, see Appendix 4 below) and by our investment in walking, cycling and Travel Demand Management we expect to continue the positive trend in "modal shift" from cars.
- 5.2 TfL will provide £1m to support an expanded London Freewheel event in 2008 with capacity for up to 100,000 participants.
- 5.3 TfL will also be working on improving pedestrian access to, and within, Central London and a programme of street audits around major London rail termini.
- 5.4 The TDM budget will be maintained in 2008/09 and will be delivering a second integrated smarter travel project based on the experience of the scheme in Sutton. TfL will also implement a car club strategy and work to minimise car usage in the Thames Gateway and in the areas affected by the North Circular road improvement scheme as well as extending workplace travel planning to further education institutes and colleges. The pilot delivery of personalised travel planning to align with TfL's structural investment programmes will be rolled out.
- 5.5 Funding for climate change initiatives continues with £10m allocated to the fund in 2008/09. Committed projects include £2m to be spent on an eco-driving initiative; £2m on Hydrogen cars & vans; Hybrid buses £2m; Low Carbon Station feasibility study £1m; and vehicle carbon reduction in PCO £1m.
- 5.6 The Mayor is "seeking to develop London as an exemplary sustainable world city". To meet this challenge, in December 2006 the Mayor issued a Direction and Delegation to TfL (and its subsidiaries) to implement the GLA Group Responsible Procurement Policy. TfL recognises that it can make a real impact on the environment and the socio-economic development of London through sustainable procurement practices and has adopted the Mayor's Responsible Procurement Policy and put in place processes to deliver against it. An example of this is the Sustainable Timber Policy which is incorporated in TfL's Group Furniture Contract.

SECTION 17 OF THE CRIME AND DISORDER ACT

- 6.1 In May 2006, TfL made a commitment to the Mayor to voluntarily adopt the principles of section 17 and agreed to full implementation of section 17 across the organisation. A statutory instrument laid before Parliament at the end of October 2007 by the Home Office resulted section 17 becoming a statutory requirement for all departments in TfL from the 15 February 2008 onwards.
- 6.2 Section 17 of the Crime and Disorder Act 1998 requires designated authorities to consider crime and disorder and community safety in the exercise of all their duties. Its purpose is to encourage public authorities to mainstream crime and disorder prevention and promotion of community

² Moving annual average based on National Passenger Survey, autumn 2007: Silverlink overall customer satisfaction 71%.

safety into their core business. Section 17 states: “Without prejudice to any other obligation imposed upon it, it shall be the duty of each authority...to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in this area.”

- 6.3 The commitment for section 17 is supported at a corporate level and every effort will be made to ensure that the principles are embedded within TfL's activities and that crime and disorder reduction is treated as a 'whole organisation' activity.
- 6.4 Consideration of crime and disorder must now be encompassed in all policy and strategy formulation and service development. TfL are required to assess the impact of activities, projects and policies on crime and disorder on the transport network and where appropriate identify actions to reduce levels of crime and disorder as part of the process. TfL is also fully committed to enhancing safety and security on the transport system through visible policing, control of the system and crime reduction activities.
- 6.5 TfL will continue to provide visible transport policing across the surface transport, London Underground, Docklands Light Railway and London Overground networks through its partnerships with the British Transport Police, Metropolitan Police and the City of London Police.
- 6.6 Following the launch of the Overground Network in November 2007 passengers will begin to see improvements including sustained higher levels of dedicated transport policing and every London Overground station has, whilst services are operating, at least one member of staff available for customer service.
- 6.7 In May 2007, TfL published its first Community Safety Plan which sets out the approach of how TfL and its police partners intend to achieve reductions in crime and anti-social behaviour and improve perceptions of safety and security on the TfL network. It identifies TfL's community safety priorities and the action required to deliver a sustainable reduction in crime and anti-social behaviour across the network. The 2008/9 Community Safety Plan will be published in June 2008.
- 6.8 The review of the Special Services Agreement between the Metropolitan Police and TfL for the Transport Operational Command Unit (TOCU) is now complete. The review set out the strategic objectives, structure, deployment structure, operating style, governance arrangements and performance measures for the TOCU for the next five years. A series of recommendations have been made and will be implemented over the coming months.

OPERATING AND CAPITAL FINANCIAL BUDGET 2008/09

- 7.1 In 2008/09 TfL has continued in its approach to provide a separate operating and capital budget. This enables TfL to ensure that recurring income is sufficient to cover its recurring costs and therefore that borrowing is only for investment. This continues to be important to demonstrate sound financial management to investors in TfL's bonds and the rating agencies.
- 7.2 TfL's overall budget is shown in the Table 1 below. A detailed breakdown of the budget by business unit is provided in Appendix 1, and by activity with detailed descriptions of outputs and deliverables in Appendix 5.
- 7.3 Changes since the approval of the Business Plan by the TfL Board on 18 December 2007 result from changes as part of the Mayor's consolidated budget approval process, changes in the timing and scope of Investment Programme projects, and other changes in estimated income and cost.

Comprehensive Spending Review

- 7.4 A new Comprehensive Spending Review covering the period to 2018 was confirmed by Government on 6 February 2008. This builds on the certainty provided by the five year funding settlement in 2004, gives TfL stability for the next 10 years and allows for a long term business plan. This will embrace the Crossrail construction period and the second review period of PPP.

- 7.5 The key element of the settlement is that TfL has the continued autonomy to deliver transport improvements for London, including Crossrail and the PPP. In addition, TfL's transport grant is no longer split between LUL and the rest of the TfL Group. Further key features are:
- Settlement includes balance sheet capacity to absorb transfer of DLR Woolwich Arsenal extension
 - Covers all TfL activities, including LUL, and gives freedom to balance pressures across the Group
 - Borrowing over next two years will be increased by £1bn over previous settlement
 - Borrowing of £3.8bn allowed during 2011-2018.
- 7.6 The 2007 settlement replaces the 2004 settlement, except for the provisions in relation to the Olympics projects. TfL is expected to absorb economic pressures that emerge during the Settlement period, however the Settlement recognises that if exceptional pressures on the TfL budget emerge, Government will consider these at future Spending Reviews.
- 7.7 Funding will continue to include both grant (£39bn from the DfT over 10 years) and borrowing capacity. The former is to increase specifically as a result of the need to cope with additional cost pressures as a result of the collapse of Metronet. The latter will be expanded to enable TfL's contribution to Crossrail.

Metronet

- 7.8 Under current plans, some of the people and assets of the two Metronet companies will transfer to two TfL nominee companies. These will be managed on a stand-alone basis while the long-term structure is agreed with the Mayor and Government. Work is progressing on the legal process of transferring Metronet out of administration with the aim of transferring the undertakings to TfL's control in 2008. During the course of the next financial year the long term structure of Metronet will be agreed with the Government.
- 7.9 Since the Metronet companies remain at present private entities in Administration, and no formal agreement has been entered into for any transfer of undertakings to TfL, the 08/09 budget for Metronet has not been included in the TfL Group Budget at this time. Accordingly any additional Grant to TfL as part of the SR2007 Settlement which is conditional on the successful transfer of Metronet has also been excluded.

Changes in estimated income and cost

- 7.10 These are revisions to the 2008/09 Budget from that described at the time of the Business Plan, arising from new events or updated assumptions.
- 7.11 The Business Plan assumed that the rolling stock required for the London Overground Lines were to be conventionally procured. A refinancing agreement was completed in January 2008 and the rolling stock will now be leased resulting in a reduction of planned capital expenditure of £117m in 2008/09.
- 7.12 The London Underground annual fares income forecast for 2007/08, estimated at the end of the third quarter, was £40m less than the forecast used in the Business Plan. This is due to a range of factors including reduced fare income growth assumptions. As a result there has been a re-assessment of current revenue trends by mode across all ticketing products, including Travelcards.
- 7.13 This has resulted in a reduction of income compared to the Business Plan in the years to 2009/10 of £97m. An exercise was completed to reduce operating expenditure accordingly. Adjustments to 2008/09 include:
- Reductions in Surface Transport operating expenditure initiatives of £10m
 - Reduction of £8m in London Underground initiatives including reduced process change capability and reduction in CCTV service points

- Reduced LU training and development (£3m)
- Rephasing of LU recruitment, reduction in agency staff and increase in NRA income (£4m)
- Other savings in LU corporate overheads and central services (£5m)
- Reduced expenditure on development of West London Tram, Central London Tram and Croydon Tramlink Extension (£5m)
- Other reductions in Corporate Directorate initiatives of £3m

7.14 In addition a number of assumptions within the Business Plan were revisited, and adjustments made in the budget as appropriate. These include the removal of Third Party funding for Olympic Delivery Agency (ODA) projects, which will be received as Grant centrally by TfL and was overstated during the business planning process. The budget has also been updated for changes in grant assumptions including those arising from the SR07 Settlement which includes an additional £100m capital grant, but also a reduction based on a rate of interest applied to the £1.7bn grant used to redeem Metronet's debt in 2007/08. The amendments to grant do not include those dependent on the transfer of Metronet undertakings.

Other Changes including the timing and scope of projects

7.15 These consist of the following principal items:

- Changes in project timing resulting in reduced forecast 2007/08 expenditure, materialising after the second quarter. These items will be funded from earmarked reserves carried forward from 2007/08. In addition the overall timing and scope of other planned Investment Programme projects, primarily in London Underground, has reduced proposed Capital Expenditure in 08/09 and correspondingly increasing levels of expenditure in 09/10.
- The LU investment programme has been adapted to deal with some of the immediate impacts of delays in the Metronet stations programme and now includes direct management of the modernisation of Shepherd's Bush station and the provision of a number of additional step-free access stations in order to meet the existing target of 25% of the network being step free by 2010.
- Other changes include the cancellation of the Central Line Power feasibility project and the rephasing of Land purchases on Tottenham Court Road.

7.16 On 12 February 2008, following public and stakeholder consultation, the Mayor of London confirmed that from 27 October 2008 TfL will introduce new charges designed to encourage drivers within the charging zone to travel in vehicles which produce lower levels of carbon dioxide (CO₂) and discourage the use of vehicles with high CO₂ emissions. This will be achieved by introducing a higher £25 charge for vehicles with higher emissions and a 100% discount for cars with low emissions. Early estimates for the 2008/9 budget year indicate that this could lead to gross revenue in the region of £14.5m, offset by additional operating costs of around £1m. These are preliminary estimates, and as such have not been incorporated into the budget. It is anticipated that the budget be updated with a firmer estimate of the financial impact of this policy change by the time the first quarter performance report is published.

7.17 TfL's 2008/09 budget incorporating the financial impact of the other changes highlighted above is shown below.

Table 1: Operating and Capital Budget

£m	2007/08 Forecast at Quarter Three (restated) ³	2008/09 Budget		
		Plan Submission Dec 2007	Amendments	Budget Submission Mar 2008
Income				
London Underground	(1,671)	(1,793)	29	(1,764)
Surface Transport	(1,516)	(1,570)	(2)	(1,572)
London Rail	(77)	(107)	(1)	(108)
Group Directorates	(18)	(17)	(1)	(18)
	(3,282)	(3,487)	24	(3,463)
Operating expenditure				
London Underground	2,532	2,676	(22)	2,654
Surface Transport	2,563	2,644	3	2,647
London Rail	181	311	14	325
Group Directorates	351	398	28	426
	5,627	6,029	23	6,052
Gross Margin	2,345	2,541	48	2,589
Capital Expenditure				
London Underground	419	597	(42)	555
Surface Transport	198	314	10	324
London Rail	404	822	(149)	673
Group Directorates	45	23	57	80
Overprogramming	-	(68)	(0)	(68)
	1,067	1,688	(123)	1,565
Capital Receipts & Reimbursements				
London Underground	(104)	(122)	5	(117)
Surface Transport	(5)	(34)	17	(17)
London Rail	(38)	(53)	44	(9)
Group Directorates	(5)	(9)	(21)	(30)
	(152)	(218)	45	(173)
Net Capital Expenditure	915	1,470	(78)	1,392
Capital Income (including property sales)	(104)	(30)	(19)	(49)
Group Items				
Investment Income	(109)	(60)	(10)	(70)
Debt Servicing	125	162	23	185
Contingency & Group Items	65	68	(5)	63
Provision for Metronet	262			
Net Service Expenditure	3,499	4,151	(41)	4,110
Transport Grant (incl Precept)	2,760	2,661	14	2,675
Prudential Borrowing	740	750		750
Working Capital and Reserves	(1)	740	(55)	685
Total Funding	3,499	4,151	(41)	4,110

³ Restated to include the impact of the London Rail rolling stock refinancing and additional cost of the Metronet put option

- 7.18 TfL's budget reflects the activity in the Investment Programme approved by the Board in October 2007. TfL's 5-year Investment Programme brings together all of TfL's investment activity including both directly managed capital programmes by TfL and those of an investment nature where delivery is the responsibility of a third party under a PPP/PFI type contracts, bus contracts or schemes delivered by the Boroughs, and early development work on Major Projects. Table 2 shows the reconciliation between capital investment shown in Table 1, and total investment expenditure for the year as described above.

Table 2: Investment Programme Expenditure by Mode

£ m	2007/08 Forecast at Quarter Three	2008/09 Budget
Capital Expenditure	1,067	1,565
Add Back Group Overprogramming	-	68
	1,067	1,633
Development & Borough Expenditure	251	364
Directly Managed Expenditure	1,317	1,997
Indirectly Managed Expenditure	1,460	1,166
Total Investment Expenditure	2,778	3,164

Numbers may be subject to rounding

- 7.19 In 2008/09 TfL intends to borrow a further £750m under the prudential borrowing regime. There is an additional provision for £500m further prudential borrowing for funding Crossrail that has not been included in the 2008/09 Budget.

BALANCE SHEET AND CASH

Table 3: Balance Sheet

£ m	Forecast 31 March 2008 (adjusted)	Budget 31 March 2009	Movement during 2008/09
Fixed Assets	16,741	18,631	1,890
Current Assets	2,313	1,812	(501)
Current Liabilities	(1,312)	(1,453)	(141)
Long Term Liabilities	(13,443)	(15,457)	(2,014)
Total Net Assets	4,299	3,533	(766)
Earmarked Reserve	1,273	622	(651)
Pension Reserve	(948)	(948)	-
General Fund	148	148	-
Other Reserves	3,826	3,711	(115)
Total Capital Employed	4,299	3,533	(766)

Numbers may be subject to rounding

- 8.1 The increase in fixed assets from the 31 March 2008 forecast position reflected in the budgeted balance sheet for 31 March 2008 consists of the directly managed capital expenditure of £1,565m as well as an additional £864m delivered through the PPP contracts and £252m for the Docklands

Light Railway PFI for the Woolwich extension and railcars. Depreciation and disposals total £791m for the year.

8.2 The increase in long term liabilities includes the additional £750m prudential borrowing during the year, an increase of £797m in the amounts owed through the PPP and Docklands PFI contracts and an increase in Deferred Grants of £500m.

8.3 Reserves of £651m are being utilised to fund capital expenditure in 2008/09, which includes funding the projects re-phased from 2007/08. A detailed balance sheet is included as Appendix 2.

Table 4: Cash Summary

£ m	2007/08 Forecast (adjusted)	2008/09 Budget	Change
Net Revenue Expenditure	(2,688)	(2,767)	(79)
Working Capital Movements	(237)	126	363
Cash Spend on Operating Activities	(2,925)	(2,641)	284
Net Capital Expenditure	(963)	(1,516)	(553)
Working Capital Movements	65	71	6
Cash Spend on Capital Activities	(898)	(1,445)	(547)
Funded by:			
Transport Grant	2,748	2,663	(85)
Precept Funding	12	12	-
Prudential Borrowing	740	750	10
Third Party Contributions	152	173	21
Total Funding	3,652	3,598	(54)
Net Movement in Cash	(171)	(488)	(317)

Numbers may be subject to rounding

8.4 Cash balances at 31 March 2009 of £1,368m represent a reduction of £488m from 31 March 2008. It should be noted that the budgeted closing balance sheet is predicated on the Quarter 3 forecast closing position at 31 March 2008. The budget will therefore have to be adjusted in light of TfL's actual closing position as reported in the 2007/08 statutory accounts.

EFFICIENCIES

9.1 TfL continues to challenge its expenditure plans to look for any opportunities to make future savings. As a result of this pro-active approach, targets have been increased further to deliver over £1.3bn (cumulative) of efficiencies by 2009/10.

9.2 Efficiencies contained within the 2008/09 budget (Table 5) are of two types, those which are sustained from previous years (£199m) and those new efficiencies which are included in budget assumptions (£71m) that will require focus to ensure delivery throughout the year.

Table 5: Efficiencies and Savings

£ m	2007/08 Forecast at Quarter Three	2008/09 Budget		
		New	Sustained	Total
Procurement (BPEP)	85	11	62	73
IM / Staff	24	32	24	56
Marketing & Other	28	-	19	19
Total Back Office	137	43	105	148
Rail Operations	2	2	2	4
Bus Contract Savings	65	17	69	86
Road Maintenance Contracts	6	4	-	4
Other Surface Initiatives	3	-	-	-
Tube Lines Refinancing	2	2	-	2
LU Operating Efficiencies	17	-	23	23
LU Contractual Efficiencies	5	3	-	3
Total Operational Efficiencies	99	28	94	122
Total Annual Efficiencies	236	71	199	270
Total (Cumulative)	812			1,082

Cumulative includes £576m delivered between 2003/04 and 2006/07

9.3 The key initiatives which deliver the 2008/09 efficiencies programme of £270m include:

- The Business Procurement Efficiencies Programme (BPEP) which was established in 2003/04 and continues to deliver both sustained and new efficiencies arising from the better procurement of contracts.
- Existing sustained efficiency savings of £24m out of the implementation of SAP and review of back office functions is being supplemented by new IM related savings of £32m. These savings are being delivered by modes across TfL through the 'One IM' programme.
- Efficiencies arising from London Rail operational activities, including savings on the DLR franchise increase to £4m in 2008/09.
- Continuing and increasing levels of bus savings of £86m arising from better operating conditions and the efficiencies arising from reducing cash payments on buses.
- Efficiencies of £4m arising from the new Highway Maintenance Works contracts relating to Street Management Services which came into effect in April 2007.
- Savings of £2m arising from the one-off receipt of the Tube Lines refinancing which have been accounted for over the 30-year life of the PPP.
- LU operating efficiencies of £23m arising from change in the ticket channel mix.

9.4 During the budget year TfL will continue its review of operating costs, with a view to establishing a new efficiency programme after 2009/10.

STAFF

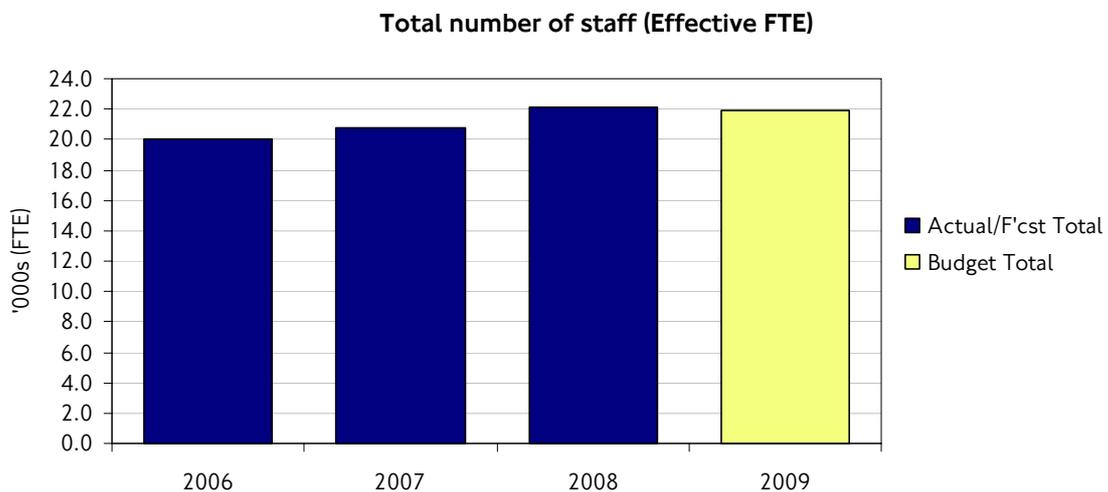
10.1 TfL is growing as an organisation both in terms of responsibilities and activities. In addition there is a policy of both replacing expenditure on consultants, and seeking to reduce reliance on agency staff especially those employed for more than 12 months. Despite this there is an intention to keep staff numbers at the same level as the current end of year forecast of 22,129. (Table 6).

Table 6: Total Staff

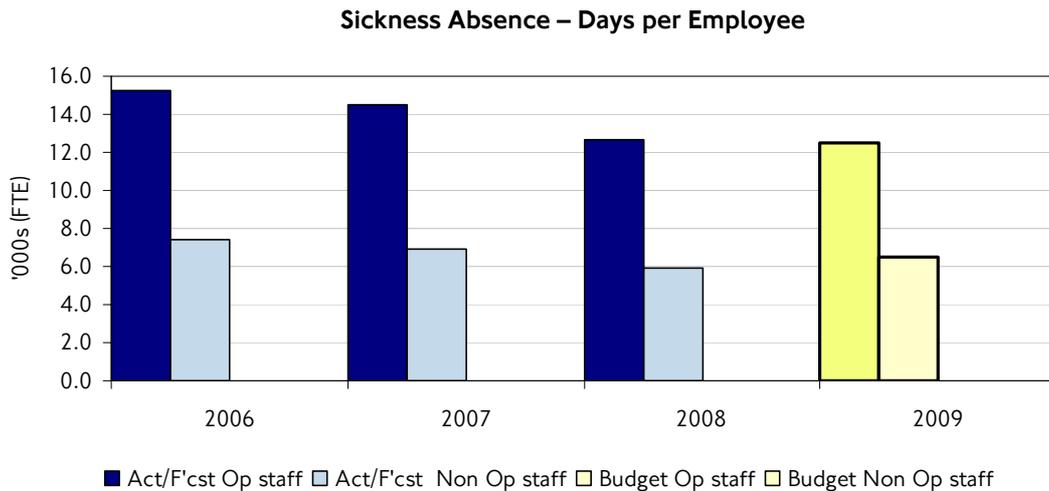
Full Time Equivalent (FTE) staff	Forecast 31 March 2008	Budget 31 March 2009	Change
London Underground	14,661	14,601	(60)
Surface Transport	4,866	4,761	(105)
London Rail	220	215	(5)
Corporate Directorates	2,383	2,552	169
Total Staff Employed (FTE)	22,129	22,129	-

10.2 The main decreases in Surface Transport staff levels are within London Streets, which is currently undergoing a reorganisation to bring about efficiencies and improvements in the delivery of small schemes on the Transport for London Road Network (TLRN), whilst seeking to grow in-house capability and reduce the reliance on external consultancy support.

- 10.3 The increase in headcount in Corporate Directorates are within
- Group travel information where staff are increasing by 75, which includes expansion of the Oyster Helpline to support the extension of Pay as you Go capability to the Train Operating Companies
 - Human Resources Rightsizing initiative will ensure that the HR department is sufficiently resourced to deliver the needs of the Group, however this leads to an increase in staff levels of 37
 - Group Information Management staff levels are increasing by 28 to support the Information Management Strategic Investment Programme and reduce the number of consultants.



Sickness



10.4 The reduction in the current forecast, over the previous year, is driven, in particular, through the active management programme of sickness reporting. This has had a beneficial effect especially among LU’s operation staff.

Recruitment and retention

10.5 TfL’s Breakthrough Strategy is a multi-faceted approach aimed at identifying and reducing barriers that may exist in relation to the attraction, retention and development of under-represented staff and increase their representation at senior levels across TfL.

10.6 Under its Breakthrough Strategy, TfL is reviewing its current recruitment processes to ensure that it does not indirectly discriminate against equality target groups. This review will focus on a number of key areas:

- Recruitment into gateway positions which are the first step on the management or supervisory ladder (e.g. Duty Managers, Centurian Managers);
- Senior Management Recruitment (pay band 4 and above);
- Positions where BAME applicants appear to be disproportionately unsuccessful at short-listing and appointment stages when compared to the applicant pool;
- Generic positions regularly recruited into across TfL such as Project Managers.

10.7 Trade Unions and employees will be consulted as part of the review and all recommendations will be applied across TfL where relevant.

10.8 This approach has been agreed with the Equalities and Human Rights Commission (EHRC) and an independent organisation is currently being procured to undertake this work.

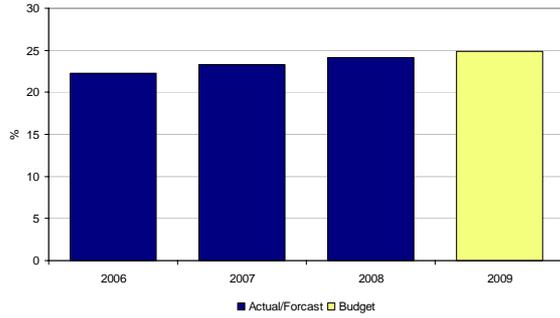
Developing our people

10.9 Raising awareness of equality issues through the seven staff network groups, coupled with development initiatives and training, is ensuring that our employees are equipped with the skills and knowledge to manage a diverse workforce.

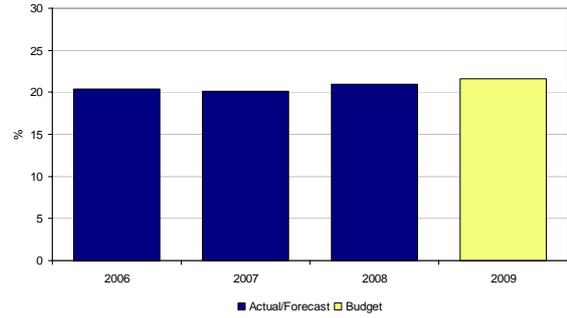
- TfL Mentoring Scheme – one to one development relationships for TfL staff that contributes to the development of an effective, diverse and inclusive organisation that is equipped to deliver an excellent transport system for London
- Flexible working - developing a life style friendly working time arrangement driven primarily through the Women’s Staff Network Group and being taken forward by the newly launched Carers’ Staff Network Group

Workforce Composition

Female staff



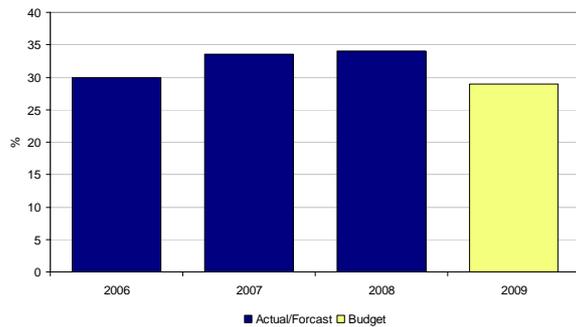
Female staff in senior management



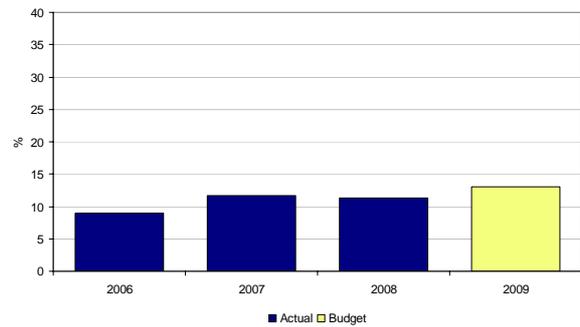
10.10 During 2008/09 the proportion of female staff is expected to increase to 25%. Within LU positive actions are taking place to encourage women to apply for apprenticeships and, through open days, encourage female recruitment for operational roles. Within the senior management cadre, 21.6% of staff will be female.

10.11 Our target for BAME staff is to match the proportion of economically active BAME people in London as a whole. For the coming year this figure is 29%.

Black, Asian and Minority Ethnic Group Staff

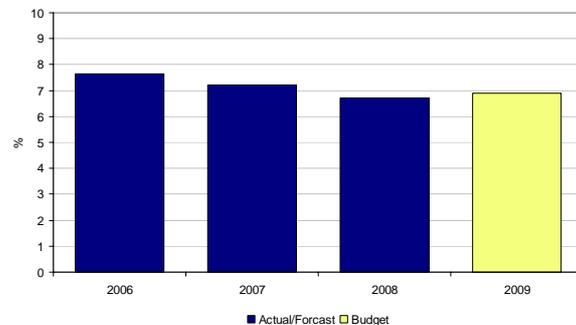


Black, Asian and Minority Ethnic Group Staff in Senior Management

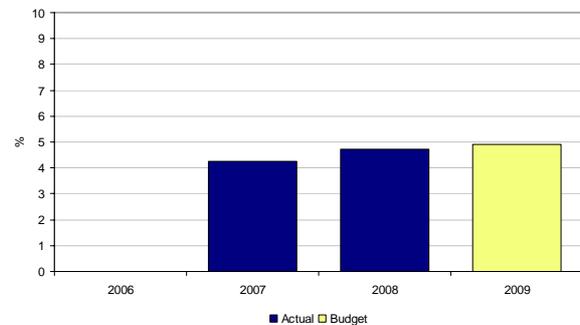


The target is set at the level of economically active in London. TfL workforce is currently above this level

Disabled staff



Disabled staff in Senior Management



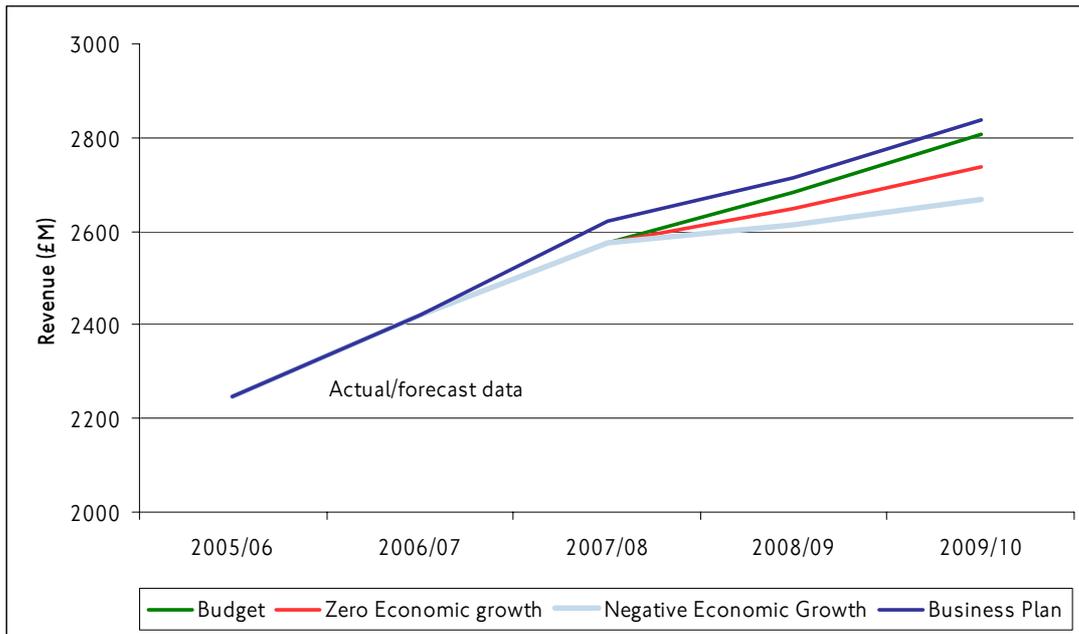
10.12 The proportion of disabled staff in senior management is expected to continue the favourable trend and increase to 4.9% in 2008/09 (the equivalent number for 2005/06 is not available). Overall it is expected that 6.9% of TfL's staff will fall into this category in 2008/09. During the coming year TfL is expecting to see the benefit of the working with the other GLA functional

bodies to develop a consistent approach to recruiting and employing disabled people. This work is due for completion in September 2008. In addition Surface Transport, Corporate and London Rail are finalising new work placement schemes to be rolled out during the final quarter of this year. LU are finalising their plans for the next five years.

RISKS AND OPPORTUNITIES

- 11.1 To assure delivery of the 2008/09 Budget, TfL senior management identifies and evaluates possible risks that may materialise and have a material impact on delivery. It also ensures that appropriate actions and resources are in place to manage those risks and reduce the impact should any occur. Safety risk is dealt with separately as part of the management of the Safety Case, but strategic and operational risks and opportunities are dealt with as part of the business planning and performance monitoring processes.
- 11.2 Risk management is the recognised responsibility of all managers within TfL. Whilst all strategic risks are owned by the Commissioner, strategic risk management, in line with the policy approved by the Board, is fully integrated with the risk management arrangements in place within the modes and directorates. Activities underway, or in development, that will further mitigate the risks are also documented, including requisite action plans.
- 11.3 In 2008/09, the risks and uncertainties identified by TfL management which will be monitored throughout the year include:
- Income**
- 11.4 Fares decisions are taken annually by the Mayor, and the spending profile will be varied to ensure financial balance is maintained in line with the planned increase. The September 2007 bus fare changes and the January 2008 fares announcement have been taken into account in drawing up this budget. While best estimates have been included for fares, these are subject to uncertainty owing to factors such as:
- The impact, as yet unknown, of the following:
 - The revision of fares planned for January 2009, which is subject to Mayoral approval.
 - Any reallocation of fare income between TfL and the Train Operating Companies following changes in travel patterns since the introduction of Oyster.
 - Fare structure changes such as:
 - Continued growth of Oystercard pre pay and the extent to which it will shift payments from more expensive single tickets and cash fares.
 - Fares revenue from London Overground which began operating in November 2007.
 - Level of economic growth
 - The following chart shows the expected level of fares income from the London Underground and London Buses based on differing levels of economic growth. The budget assumes the higher level of economic growth. If negative growth of up to -2% materialises then the impact over 2 years on TfL's income would be in the range of £250m-£300m. TfL will conduct an exercise to ensure contingency plans are in place should this eventuality occur.

Fares Revenue under different economic growth rates



Capital Expenditure

11.5 In respect of expenditure, and in particular project expenditure, there are issues outside of TfL’s control such as planning permissions and available resources in the market place that may impact upon project timings and thereby expenditure flows. This is likely to be evident in the coming year, the fourth year of a five year programme, as the organisation ramps up to meet its objectives.

Inflation

11.6 TfL has a long term deal for the majority of staff wage increases, although this is in part dependent on the rate of inflation. Should this prove to be more than anticipated, business units have sufficient expenditure flexibility to absorb cost pressures. In the case of specific areas (such as construction) which face higher levels of inflation, project budgets have been developed on a best estimates basis, and have contingency in place should the estimates not prove realistic.

Overprogramming

11.7 In recognition of the above, and the many hurdles that projects in complex environments face, TfL has included overprogramming of £171m in the budget for 2008/09. This includes an allocation of £60m to London Underground and £43m to Surface Transport.

11.8 To date, the level of overprogramming has proven to be realistic. However, as the work programme moves into a higher gear the current level of overprogramming may be seen as overly aggressive. If so, adjustments will be made during the next Business Planning round in the Autumn. Overprogramming allows TfL to maintain a full programme of committed work, yet ensuring the funds allocated are fully utilised.

Contingency and Risk Provision

11.9 TfL acknowledges that in a business of its size and complexity not all necessary expenditure items will be known at the time the budget is finalised. TfL therefore sets aside a general contingency budget of £26m to fund unplanned projects and other necessary increased expenditure that may arise during the course of the year and are not already covered by identified budgets in any one business area.

11.10 In addition to the central contingency budget, a provision is also set aside in London Underground’s budget to cover contract claims under the PPP or PFI Contracts, and with all TfL projects for specific risks.

Reserves

- 11.11 TfL, as a large trading and project delivery organisation with potential for fluctuations in both costs and income levels needs to hold a sufficient level of reserve to enable it to maintain service delivery in unforeseen circumstances. The majority of reserves are earmarked for a specific purpose such as to cover changes in the timing of capital project delivery (e.g. due to planning application delays etc) to enable TfL to maintain a balanced 5 year plan by re-phasing funding across plan years. General reserves support the provisions and liabilities in the Balance Sheet, and provide a reserve in case of major unforeseen future circumstances. There is a specific reserve the Government has asked be maintained in respect of LU to manage any significant business risk items in-between spending reviews. Any drawdown of this is in agreement with Government on a case by case basis.
- 11.12 In 2008/09 TfL is forecast to open with earmarked reserve and General Fund balances of £1,421m. The budget assumes a draw down of £651m over the year, to support delivery of projects re-scheduled from earlier years as mentioned above. This would leave a closing balance of £770m at 31 March 2009.

RECOMMENDATION

- 12.1 That the TfL Board **NOTE** the contents of this report and **APPROVE** the 2008/09 budget.

Appendix 1: Operating and Capital Budget by business unit

£ m	Operating Budget		Capital Budget		
	Income	Operating Expenditure	Capital Expenditure	Receipts & Reimbursements	Net Capital Expenditure
London Underground					
Traffic Revenue	(1,621)				
Secondary Revenue	(135)	5			
Operations	(1)	667			
Programmes	(1)	1,648			
Central Services	(6)	284			
Risk		50			
Property Sales				(45)	(45)
Capital Projects			615	(117)	498
Overprogramming			(60)		(60)
	(1,764)	2,654	555	(162)	393
Surface Transport					
London Buses	(1,087)	1,790	90	(13)	77
Congestion Charging	(362)	198	43		43
Transport Policing & Enforcement	(82)	160	10		10
Bus Priority		45	17		17
Public Carriage Office	(19)	19	1		1
East Thames Buses					
Dial a Ride		30	1		1
London River Services	(2)	11			
Victoria Coach Station	(17)	17	1		1
Management, Support & Strategy		72	12		12
Director of Traffic Operations	(1)	46	41	(3)	38
Road Network Performance	(2)	118	39		39
Road Network Management		116	100		100
Road Network Development		16	12	(1)	11
Director of Operations		5			
Assisted Transport Services		17			
Overprogramming		(13)	(43)		(43)
	(1,572)	2,647	324	(17)	307
London Rail					
Docklands Light Rail	(68)	107	250	(1)	249
London Rail Core	(40)	218	423	(8)	415
	(108)	325	673	(9)	664
Group Directorates					
Office of the Commissioner		3			
General Counsel		9			
Group Communications	(6)	58	12		12
Finance	(5)	186	43	(24)	19
Planning		108			
London Transport Insurance	(4)				
Travel Demand Management		30			
Group Services	(3)	32	25	(10)	15
	(18)	426	80	(34)	46
Net service expenditure before group items	(3,463)	6,052	1,632	(222)	1,410
Interest Income	(70)				
Debt Servicing		185			
Contingency		26			
Group Items		37			
Overprogramming			(68)		(68)
Net Service Expenditure	(3,463)	6,230	1,565	(222)	1,342

Numbers may be subject to rounding

Appendix 2: Balance Sheet

£ m	2007/08 Forecast at Quarter Three (v5)	2008/09 Budget	Movement during 2008/09
Fixed Assets			
Tangible Assets	16,741	18,631	1,890
Current Assets			
Stocks	4	4	-
Debtors	222	234	12
Payments in Advance	231	206	(25)
Cash at Bank and in Hand	1,856	1,368	(488)
Current Liabilities			
Revenue Creditors	(754)	(817)	(63)
Receipts in Advance	(239)	(250)	(11)
Capital Creditors	(319)	(386)	(67)
Long Term Liabilities			
Balances with Infracos	(2,968)	(3,508)	(540)
Prudential Loans	(1,950)	(2,700)	(750)
Creditors Due after One Year	(378)	(636)	(258)
Capital Grants	(6,968)	(7,467)	(499)
Pension Provision	(948)	(948)	-
Other Provisions	(231)	(198)	33
Total Net Assets	4,299	3,533	(766)
Capital and Reserves			
Earmarked Reserve	1,273	622	(651)
Pension Reserve	(948)	(948)	-
General Fund	148	148	-
Other Reserves	3,826	3,711	(115)
Total Capital Employed	4,299	3,533	(766)

Appendix 3: Staff

Full Time Equivalent Staff	2007/08 Forecast at Quarter Three	2008/09 Budget	Change
London Underground			
Operations	12,830	12,714	(116)
Programmes	591	682	91
Central Services	1,240	1,205	(35)
	14,661	14,601	(60)
Surface Transport			
London Buses	575	580	5
Bus Performance	222	230	8
Bus Priority	81	88	7
Congestion Charging	167	206	39
Street Management	1,145	1,004	(141)
Transport Policing & Enforcement	662	699	37
Public Carriage Office	192	182	(10)
East Thames Buses	426	415	(11)
Dial a Ride	639	618	(21)
London River Services	16	18	2
Victoria Coach Station	95	95	-
Management, Support & Strategy	643	624	(19)
Assisted Transport	3	3	-
	4,866	4,761	(105)
London Rail			
Docklands Light Rail	56	56	
Other London Rail	164	159	(5)
	220	215	(5)
Group Directorates			
Office of the Commissioner	13	13	-
General Counsel	131	136	5
Group Communications	761	826	65
Finance	539	579	35
Planning	246	244	(2)
Travel Demand Management	31	34	3
Group Services	661	720	59
	2,383	2,552	169
Total Staff Employed (FTE)	22,129	22,129	-

Appendix 4: Performance Indicators

Category / Performance Indicator	Note	Unit	2007/08 Forecast	2008/09 Target
Service Demand				
Passenger Journeys (TfL Group)	1	Millions	3,379	3,458
Passenger Journeys (LU)		Millions	1,102	1,120
Passenger Journeys (London Buses)		Millions	2,180	2,234
Passenger Journeys (DLR)		Millions	66.0	71.1
Passenger Journeys (London Trams)	2	Millions	27.0	28.1
Passenger Journeys (River Services)		Thousands	2,060	2,200
Passenger Journeys - multi-stop (River Services)		Thousands	680	800
Total Trips (Dial-A-Ride)		Thousands	1,189	1,400
Coach Departures (Victoria Coach Station)		Thousands	187	195
Cycle use on TLRN (Index Mar 2000 = 100)		Score	197	205
Service Provision (Supply)				
Kilometres Operated (LU)		Millions	70.9	70.2
Kilometres Operated (Buses)		Millions	468	474
Kilometres Operated (DLR)		Millions	4.5	4.5
% Scheduled Services Operated (LU)		%	94.7	95.1
% Scheduled Services Operated (Buses)		%	97.6	97.6
% Scheduled Services Operated (DLR)	3	%	**	98.0
% Scheduled Services Operated (Trams)	2	%	98.0	98.0
% Scheduled Services Operated (River Services)		%	98.1	98.5
No. of Taxi Drivers Licensed (Public Carriage Office)		Thousands	24.9	25.0
No. of Private hire Drivers Licensed (Public Carriage Office)		Thousands	45.0	47.0
Reliability				
Excess Journey Time: Weighted (LU)	4	Minutes	**	7.5
Peak Train Cancellations, Due to ONAs (LU)		%	**	0.6
PPP Availability, Lost Customer Hours (LU)		Millions	**	15.5
Excess Wait Time, High Frequency Routes (Buses)		Minutes	1.1	1.1
On Time Performance, Low frequency routes (Buses)		%	79.1	78.0
On Time Performance, Night buses (Buses)		%	85	86
On Time Performance (DLR)	3	%	96.0	96.0
Public Performance Measure (PPM) (London Overground)		%	N/A	91.7
Road Traffic Signals Operating Effectively		%	**	99.1

** No forecast provided as performance Indicator is only monitored on a periodic basis.

1. Passenger Journeys (TfL Group) includes LU, London Buses, DLR, London Trams, London River Services and Dial-A-Ride.
2. Forecast data for London Trams is not available..
3. DLR contractual target. As the DLR is operated under a franchise agreement, these targets are set well in advance.
4. Excess Journey Time: Weighted (LU) is currently under review to ensure it is properly able to isolate the impact on service reliability from excess demand.

Appendix 4: Performance Indicators (continued)

Category / Performance Indicator	Note	Unit	2007/08 Forecast	2008/09 Targets
Safety				
Customer Major Injuries & Fatalities per million journeys (LU)		No.	**	0.13
Customer Major Injuries & Fatalities (Buses)		No.	1,804	1,800
KSI, Total Londonwide (Road Network)		No.	**	3,644
KSI, Total TLRN (Road Network)		No.	**	1,005
KSI, Children Londonwide- Road Network		No.	**	383
Customer Satisfaction				
Overall Customer Satisfaction (TfL Group)		Score	78	78
Overall Customer Satisfaction (LU)		Score	**	78
Overall Customer Satisfaction (Buses)		Score	78	78
Bus reliability - Journey/Wait Time (Buses)		Score	80	80
Overall Customer Satisfaction (DLR)		Score	90	90
Financial Efficiency				
Cost per passenger km (LU)		p/km	23.7	24.2
Income per passenger km (LU)		p/km	(19.7)	(20.1)
Cost per passenger km (Buses)		p/km	22.2	23.0
Income per passenger km (Buses)		p/km	(14.3)	(13.3)
Cost per Trip (Dial-A-Ride)		£	24.8	21.6
People				
Number of Staff (TfL Group)		FTE	22,129	22,129
Sick Absence per Employee:				
TfL Group		Days	10.5	10.2
London Underground		Days	11.0	11.0
Surface Transport		Days	10.8	9.5
London Rail		Days	6.5	5.0
Group Directorates		Days	7.2	6.9
% Women Staff (TfL Group)		%	24.2	24.9
% BAME Staff (TfL Group)	5	%	34.1	>29.0
% Disabled Staff (TfL Group)	5	%	6.7	6.9
% Women staff in Senior Management (TfL Group)		%	20.9	21.6
% BAME Staff in Senior Management (TfL Group)	5	%	11.3	13.1
% Disabled Staff in Senior Management (TfL Group)	5	%	4.7	4.9

5. The latest ONS survey shows that the % of BAME for the economically active population is now 29%, while the % of disabled people is 12.7%. Where TfL is currently tracking above these levels, the target for 2008/09 has been set at the economically active population level.

Appendix 5: Subjective Analysis

	<i>All Figures in £m</i>	
	Forecast 2007/08	Budget 2008/09
Income		
Fares Revenue	(2,656)	(2,796)
Congestion Charging	(195)	(201)
Enforcement Income	(208)	(235)
PCO & VCS Fees	(33)	(35)
Advertising Income	(74)	(84)
Rental Income	(56)	(55)
Other Income	(60)	(57)
	(3,282)	(3,463)
Operating Expenditure		
Employee Expenses	1,222	1,265
Premises	163	167
PPP Payments	1,307	1,381
PFI Payments	295	315
Bus Contract Payments	1,496	1,592
CCS & Other Road Contracted Services	102	117
Asset Maintenance	104	122
Local Authority Payments	187	188
Professional Fees and Management Consultancy	105	80
Engineering Project Management & Other Technical Consultancy	105	113
Ticket Commissions	37	45
National Rail Payments	7	11
Franchise Payments	113	166
Marketing, Advertising & Communications	73	63
Insurance	31	32
Computing Costs	120	142
Traction Current	56	66
Other Expenses	11	85
Bad Debt Provision	94	102
	5,627	6,052
Net Operating Expenditure	2,345	2,589
Capital Expenditure	1,067	1,565
Receipts & Reimbursements		
Third Party Contributions	(104)	(49)
Capital Receipts	(152)	(173)
	(256)	(222)
Group Items		
Investment Income	(109)	(70)
Debt Servicing	125	185
General Contingency & Group Items	65	63
Provision for Metronet	262	
	343	178
TOTAL NET SERVICE EXPENDITURE	3,499	4,110

Appendix 6: Deliverables

LONDON UNDERGROUND

1.0 INCOME

1.1 Fares Revenue - £1,621m

LU fare income (net of Customer Charter Refunds) arising from the normal course of business, including amounts received from the London Borough Councils and County Authorities in respect of free and reduced fare travel for the elderly and disabled. The forecast amount of revenue is based on assumptions of passenger journeys (including ticket type), which is strongly related to the London economic cycle, and ticket prices which are subject to Mayoral policy.

Deliverables

Description	Units	Budget
LU Passenger Journeys	Millions	1,120

1.2 Advertising and other Income - £135m

This includes income from the CBS advertising contract, as well as telecoms income. Advertising revenue is forecast according to income projections supplied as part of this contract, made up from a guaranteed basic income plus a revenue share bonus for profits in excess of that amount. LU is paid the guaranteed amount as long as it is able to meet its obligations to deliver a set area of advertising sites. Secondary income also includes income from renting LUL's property portfolio, managed by Group Property and Facilities.

2.0 OPERATING EXPENDITURE

2.1 Operations - £665m

This activity covers the managing of stations and trains. Day to day delivery of customer service takes the form of selling tickets, providing staff on station platforms, providing information and reassurance to customers. It also involves the staffing of trains with suitable operators and providing a signalling and control function as well as staff to manage service disruption, focusing on the needs of the customer and the provision of a safe, reliable, timely service. The delivery of the train service, as well as control and regulation of the train service, forms part of the day to day activities.

Over the next 20 years, all 9 LU lines will be upgraded to provide increased capacity to meet increasing demand. A line upgrade involves a co-ordinated renewal of assets to increase overall capacity. Upgrade works typically include some combination of improvements to rolling stock, track structures or power supply.

This activity also reflects the cross-functional management, co-ordination and short-term staffing needs of the works necessary to bring about a line upgrade. Included too in operations is the British Transport Police (BTP) who are responsible for maintaining security awareness and patrols, enhancing visibility, reducing disorderly conduct and notifiable crime levels.

Deliverables

Description	Units	Budget
% Scheduled Service Operated - LU	%	95.1
Excess Journey Time (weighted)	Mins	7.5
Overall customer satisfaction	Score	78
Kilometres Operated - LU	Millions	70
Customer Major Injuries per million LU journeys	No.	0.13

Description	Units	Budget
% LU Stations with step-free access (street-platform)	%	20.7
Electricity Consumption (Mwh per million passenger journeys)	Mwh/mpj	870
Notifiable Crimes per million journeys	No.	16.2

2.2 Programmes – £1,648m

The LU Chief Programmes Officer's department is responsible for the management of: all contracts including PPP, PFI and National Rail agreements; certain non-capital projects associated with the PPP; the general management of Procurement and Contract Services; utilities costs including gas, electricity and water.

Metronet and Tubelines are paid for the maintenance and improvement of the Underground network under the Public Private Partnership (PPP) contracts. The Metronet BCV Activity is made up of the Bakerloo, Central, Victoria, and Waterloo and City lines. Tube Lines Limited is responsible for the Jubilee, Northern and Piccadilly Lines. Metronet SSL is responsible for the Sub Surface Lines including the East London Line. The objective of PPP Contract Management is to ensure maximum benefit for LUL over the whole life of the PPP. Over the life of the contracts, most of the network will receive a substantial programme of station refurbishment or modernisation and significant upgrade of train systems, coupled with improved routine and preventative maintenance. Together these will deliver a better environment, a more reliable service and shorter journey times.

In addition there is a Power PFI which provides for the operation, maintenance and renewal of the Underground power network and Connect PFI which provides for and maintains an integrated digital radio communications system and transmission services system across the Underground network.

Deliverables

Description	Units	Budget
Lost Customer Hours	'000s	15.5
Critical Delivery Milestones achieved	%	85

2.3 Risk - £50m

LU constructs its budget to take account of forecasted expenditure and includes an allowance for those uncertain costs, which are initially budgeted as "risk". Risk expenditure in LU's budget represents the amount that is expected to be incurred in a given year based on the risk portfolio, probabilities and impacts estimated by the business. The risk budget represents on average around 10% of the total estimated gross risk exposure.

LU continuously reviews its level of risk, taking into account latest experience. Employing these techniques in recent years, LU has successfully forecasted the value of materialised risks. Each risk is recorded within the LU Risk Management System (ARM) and each is regularly monitored and reviewed to update cause and effect, impacts, treatment and mitigation strategy.

2.4 Central Services - £284m

The Finance and Support Office comprises the departments of Finance, Human Resources and Information Management which support and enable the core operations, initiatives and investment programmes of LU. This grouping also develops the three key areas of change management: people, process and technology.

The remaining support directorates comprise Strategy and Service Development, Employee Relations, Engineering, Legal & Contract Reviews, Managing Director and Safety Quality & Environment.

Deliverables

Description	Units	Budget
LU Commercial :		
Forecast Accuracy – Operating Expenditure	%	2.5
Forecast Accuracy – Capital Expenditure	%	5.0
Efficiencies	£m	86
LU People :		
% Women Staff	%	21.0
% BAME Staff	%	29.0
% Disabled Staff	%	7.0
ESS People Index	Index	69

3.0 CAPITAL PROJECTS - £438m (net of overprogramming)

Gross capital expenditure represents expenditure on capital investment that is managed directly by London Underground. It does not include indirectly managed investment through third parties.

The key deliverables shown below identify the projects that will be active during the year. Where a project has a key milestone during the year, this has been highlighted. It should be noted that not all active projects have key milestones during 2008/09.

3.1 Track

The Underground has 1,140 km of track over a route of 409 km to a radius of almost 45 km from central London. A well-maintained track (which includes ballast, sleepers, drainage, etc) is essential to deliver a safe and reliable service. Managed through the PPP, this will involve major track replacement works. In addition, LU is investing to improve capacity by providing improvements to junctions, crossovers, sidings and termini. Additional crossovers and sidings provide improved flexibility and recovery from disruptions by providing more opportunities to reform the train service.

Deliverables

Description	Date
Operational Flex Northern line signalling simulator Commence Testing - Morden	Oct-08

3.2 Structures

The 312 km tunnels, embankments, cuttings and 1,104 bridges and viaducts that comprise the civil infrastructure are as important as the track assets. Managed through the PPP, this will involve regular upkeep including fence repairs, painting of structures, and management of line side foliage and maintenance of over 1,000 drainage pumps. LU is pursuing tunnel cooling options in order to mitigate the effect of rising temperatures on the network (CTP).

Deliverables

Description	Date
CTP Test & Trial Stockwell Borehole - Commence Drilling on Site	Aug-08
CTP Quick Wins Euston TH Project Completion	Aug-08
CTP Quick Wins Portable fan Roll-out summer 2008 – installation complete	Aug-08
CTP Quick Wins Portable fan Roll-out Summer 2008 - Decommissioning Complete	Jan-09
CTP Central Services Tunnel RIBA C Approval	Sep-08

Description	Date
CTP Victoria Line Construction Start on Site VP9	Oct-08
CTP Central Line Complete RIBA C - D Stage Gate Review Signed-off	Aug-08

3.3 Rolling Stock

The LU rolling stock fleet currently comprises almost 4,000 cars, which last year travelled around 70 million km in customer service. The PPP provides the short term priority to continue improvements in maintenance regimes to improve levels of reliability and the long term programme for refurbishment of the newer trains and replacement of older trains.

Deliverables

Description	Date
D Stock Refurbishment Train No.75 into Service (Last Train)	Jul-08

3.4 Depots

LU's 4,000 rail cars are maintained at 18 major depots. The early years of the PPP focus on safety improvements (such as walkways), renewal of rails, replacement of manually operated ground levers for points with powered controls and installation of new facilities for train maintenance such as wheel lathes. Later investment will be focused around improvements required to accommodate new fleets.

3.5 Signals

A safe, high capacity signalling system is essential for a metro service. Current signalling systems on the Underground range from traditional two-colour line side signals, to forms of automatic control on the Victoria Line and more recently, the Central Line. The PPP provides improvements in basic maintenance to improve poor service reliability and, in the longer term, new signalling systems will be introduced as part of the line upgrade programmes.

3.6 Line Upgrades

Over the next 20 years, all LU lines will be upgraded under the PPP to provide increased capacity to meet increasing demand. A line upgrade involves a co-ordinated renewal of assets to increase overall capacity.

Upgrade works typically include some combination of improvements to:

- Rolling Stock, depots and sidings
- Signalling, service control and regulation
- Track and civil engineering infrastructure
- Power supply and distribution.

Description	Date
Victoria Line Upgrade - Validating DTG-R Operation on Victoria Line	Nov-08
Victoria Line Upgrade - DTG-R Control in Traffic Hours	Jan-09
JNP Line Upgrade - TBTC Rolling Stock - Delivery of Train 59	Oct-08
JNP Line Upgrade - TBTC Contract - J2/J3 Start of Revenue Service - Seltrac PM Mode	Mar-09

3.7 Power

A programme of major investment in power assets commenced in the late 1990s. The aim was to switch the Underground's power supply from internal generation to the national grid, renew and maintain high voltage power assets, and provide new power control equipment on most lines. With this work essentially complete, the focus is now on providing the power capacity to support investment in line upgrades, rolling stock, communications and other assets. Generally, this is being achieved through the provision of new or more spacious substations and transformer rooms, cable reinforcement and the installation of more energy efficient conductor rails.

Deliverables

Description	Date
Victoria Line 11kV Cabling - Switch at Cloudesley Rd Ready to Terminate	Sep-08
Victoria Line Full Completion of 22kV Cable Installation	Dec-08
Sub-surface Power Upgrade S & D Package Stage 1 Life End	Oct-08
Sub-surface Power Upgrade Award of ITT (Met Line DD&B)	Mar-09
Jubilee WTT10 Power Upgrade Award Contract for Finchley Road & Neasden Stn Design & Build Package	Aug-08

3.8 Communications

The telephone and radio are the principal means of communication used on the Underground. The radio systems on a number of lines are life-expired and exhibit poor reliability. Installation of a new, modern communications network is underway, provided through the Connect PFI contract. The new radio and transmission network will be capable of handling telephone, IT, CCTV, PA, more than 12,000 radios, and other functions over a fibre optic architecture that will become the backbone for data transmission across the company. The Investment Programme also includes significant investment in information systems to improve communications of service information to customers and the examination of On-train screens feasibility.

Deliverables

Description	Date
Northern Line – Line Delivery Programme Line Track Handover (radio) (Commencement of Train Cutovers)	Sep-08
Northern Line – Line Delivery Programme Batch 9 - Schedule 6A - ALU Date for Completion	Nov-08

3.9 Stations

The stations element of the Investment Programme includes four main strands:

- Station Enhancements programme (PPP) - will lead to 250 LU-owned stations undergoing a modernisation or refurbishment to bring all stations up to the required facilities standard
- Lifts & Escalators programme (PPP) - will bring the fleets of lifts and escalators back to a state of good repair and overcome the backlog of investment
- Accessibility (LU) - all stations will benefit from some accessibility improvements as part of the enhancement programme but additional major investment is required to deliver step free access
- Congestion Relief programme (LU) - aims to address severe congestion at certain times of the day, leading to crowd control measures at some stations and, in the extreme, station closures at peak times.

Deliverables

Description	Date
Establish agreed milestones for monitoring Green Park Step Free Access	Mar-08
Stratford Upgrade Site Mobilisation for Main Works	Jun-08
Hendon Central Step Free Access Delivery into Service	May-08
Waterloo N&B SFA Outline/Scheme Design Approved RIBA C/D (Phase 2)	Aug-08
Baker Street SFA (UIP1535) - Outline/Scheme Design Approved RIBA C/D (Phase 2)	Oct-08
Waterloo Step-Free Access (WCL) Phase 2 Works Complete	Nov-08
North Acton Step Free Access Outline/Scheme Design Approved RIBA C/D (Phase 2)	Aug-08
Tower Hill Step Free Access Outline/Scheme Design Approved RIBA C/D (Phase 2)	Oct-08
Paddington SFA Outline/Scheme Design Approved RIBA C/D (Phase 2)	Jan-09
Tottenham Court Rd Station Upgrade Detailed Design RIBA Stage F Complete	Jan-09
Bank Stn- W&C Line Entrance Complete Design of Tunnel Breakthrough	Feb-09
Southfields SFA (UIP1540) - Detail Design Approved RIBA E/F (Phase 3)	Feb-09
Finsbury Pk SFA & Capacity Complete Stage E-G	Mar-09
Vauxhall Step Free Access & Capacity Compliance Approval Detailed Design	Mar-09

3.10 Safety/Security

A programme of resilience work is in place to enhance protection of LU customers, staff and assets. Safety improvements are considered as part of all asset projects but the Investment Programme includes a number of specific projects for the improvement of safety and security.

3.11 Interchanges

LU is leading a number of schemes that provide significant improvements to interchange between different modes.

Deliverables

Description	Date
Victoria Station Upgrade ITT Main Works Implementation	Jul-08
Channel Tunnel Rail link (CTRL) LU Works at Kings Cross MRSSL Handover Roof Slab to NR	Sep-08
CTRL LU Works at Kings Cross MRSSL Handover Bomb Gap to NR	Sep-08

3.12 Extensions

This programme delivers short extensions to the LU network but also includes LU's works in support of other large capital projects.

3.13 Accommodation

Despite significant investment in recent years, operational staff accommodation remains an area where LU's investment backlog is most evident, with much of the accommodation in current use falling well below acceptable standards. The provision of acceptable staff accommodation is also a critical enabler for the delivery of the line upgrades.

Deliverables

Description	Date
Brixton TCA (UIP1345) - Start on Site	May-08
High Barnet TCA Start on site	Jul-08

3.14 Information Technology

LU is making significant investment in IT systems to support the delivery of real time information (see Communications). In addition, further investment is being made to support LU's business capability.

Deliverables

Description	Date
Trackernet for JNUP Coverage Live (2 nd section J3)	Sep-08

SURFACE TRANSPORT

4.0 INCOME

4.1 Fares Revenue - £1,087m

The Bus Network Income activity covers fares revenue including Travelcard apportionment and revenue from concessionary fares agreements. Revenue from fares is generated from the sale of on-bus tickets, from roadside ticket machines and sales through ticket outlets such as Ticket Stops and LUL stations. It is based on assumptions on passenger journeys (including ticket type) and actual ticket prices which are subject to Mayoral Fares policy.

Description	Units	Budget
Bus Passenger Journeys	Millions	2,234

4.2 Congestion Charging - £362m

All income from the Congestion Charging Scheme including that from registrations, charge payments, Penalty Charge Notices and further enforcement processes is included. This is based on existing assumptions around the charge cost and vehicle entry / circulation within the zone. It does not yet include any impact of the recent announcement regarding the CO₂ charge.

This heading also includes the Low Emission Zone, which seeks to discourage the most polluting vehicles from entering London by levying a charge on commercial vehicles that do not meet Euro III particulate standards.

Deliverables

Description	Units	Budget
CC Valid Payments	Millions	33.5

4.3 Enforcement Revenue

This represents income from two sources: Bus Enforcement and Traffic Enforcement. Bus Enforcement's Revenue Protection Inspector activity on the bus network accounts for £0.8m. Traffic Enforcement's camera and on-street enforcement of the Red Route and Bus Lane network accounts for £81.4m. Congestion charging enforcement income is included in congestion charging income (above).

Deliverables

Description	Units	Budget
Aggregate PCN recovery rate	%	76

4.4 Other - £41m

Other Income is received from licensing fees received by the Public Carriage Office, the revenue generated by the operation of Victoria Coach Station, London River Services and other minor income sources

Deliverables

Description	Units	Budget
Passenger Journeys London Trams	Million	28.1
Passenger Journeys LRS	Million	3.0
No of Coach departures VCS	'000	214.5

5.0 OPERATING EXPENDITURE

5.1 London Buses - £1,790m

The Bus Network activity covers the management of all the contracts for the operation of bus services. This includes the current bus network and routes being re-tendered, planned improvements and enhancements to the bus service.

The cost of the activity that relates to projects to improve the environmental performance of the London bus fleet is also included. It also currently includes the Croydon Tramlink PFI concession.

Deliverables

Description	Units	Budget/Date
Scheduled services operated	%	98
Bus Km operated	Million	474
1 Prototype hybrid bus built	No.	May-08
Excess Wait time high frequency routes	Mins	1.1
On time performance low frequency routes	%	78
On time performance night buses	%	86
Croydon Tramlink PFI - Scheduled services operated	%	98

5.2 Congestion Charging & LEZ - £198m

This is the operation of the Congestion Charging and Low Emission Zone schemes, including preparations for the go live of the new Congestion Charging and LEZ contracts:

Deliverables

Description	Date
LEZ - Phase 2, Go-live	Jul-08
Congestion charging – CO2 Charging Go-live	Oct- 08
Delivery of re-Let services for Operations, IT, Retail, On Street Enforcement, Bailiffs and European Debt Recovery Agency	Nov-09

5.3 Enforcement - £160m

The Transport Policing and Enforcement Directorate's (TPED's) Traffic Enforcement team is responsible for Red Route, parking, moving vehicle and bus lane enforcement on the TLRN. TPED's Transport Policing has responsibility for strategic policing and crime, anti-social behaviour and disorder reduction issues within TfL, collaborating with other agencies such as the Metropolitan Police Service to deliver visible policing and anti-social behaviour reduction projects. TPED's Bus Enforcement Revenue Protection Inspectors (RPIs) protect one of TfL's core income streams and protect resources for TfL to invest in improved transport services. Their visible uniformed presence provides reassurance to passengers and operator staff as well as discouraging crime and antisocial behaviour.

Deliverables

Description	Units	Target
Recorded crimes per million passenger journeys - bus network	#	*
Recorded crimes per million passenger journeys - LU & DLR network	#	*
CSS - Personal Safety & security on buses	Score	*

Description	Units	Target
CSS: Perception of safety & security - at bus stop/shelter	Score	*
CSS: Perception of safety & security - on LU train	Score	*
CSS: Perception of safety & security - at LU station	Score	*

* Target will be to improve upon the final full year outturn for 2007/08

5.4 Bus Priority - £45m

This covers the identification; investigation and feasibility study of potential bus priority measures including implementation on Borough Roads, for deliverables see capital section.

5.5 Public Carriage Office - £19m

The Public Carriage Office licences and regulates London's taxi and private hire services.

Deliverables

Description	Units	Budget
Taxi Drivers licensed	'000s	24.7
Private Hire Drivers licensed	'000s	46.7

5.6 East Thames Buses (costs included in Bus Network)

East Thames Buses provides the capability for market intervention in the event of the failure of the contract bus operators. ETB currently operates a number of routes in Central and South East London.

5.7 Dial-a-Ride & Assisted Transport Services - £47m

Provides accessible and subsidised door-to-door transport for mobility impaired Londoners who are unable to use existing forms of public transport. Includes Dial-a-Ride and the taxicard scheme.

Deliverables

Description	Units	Budget
Dial-a-Ride - Number of Trips	Millions	1.4
Dial-a-Ride - Cost per trip	£	21.6

5.8 London River Services - £11m

Owns and operates passenger piers on the tidal Thames. This activity includes the operation of the Woolwich Ferry.

Deliverables

Description	Units	Budget
Passenger Journeys (Inc multi stop)	Millions	2.2

5.9 Victoria Coach Station - £17m

Victoria Coach Station operates the major London Coach terminus serving national and international destinations. There is also a small travel agency.

Deliverables

Description	Units	Budget
Coach Departures	Thousands	214.5

5.10 Management Support and Strategy - £72m

This includes all the support functions within Surface Transport such as IM, Finance and HR. This also includes the strategy directorate, incorporating the Surface Transport Communications Contact Centre,, Major project initiation including freight and a number of transit schemes

Deliverables

Description	Date
Surface Transport Customer Services Integration	Dec-08
Prescott Lock project delivered	Jul-08
Successful relocation of Surface Directorates to Palestra	Dec-08

5.11 London Streets - £301m

London Streets includes the maintenance and operation of London's traffic signals, the management of the Transport for London Road Network, and a range of dedicated programmes including Walking and Cycling and the London Road Safety Unit.

Deliverables

Description		Date
Maintain the current Carriageway condition index (BVPI 96, CI 70+ carriageways in need of repair)	%	5.75
The current Footway condition index (BVPI 187, CI 20+ % of footway network where structural maintenance maybe required), is	%	25
New Streets organisational design and design of associated process changes		Jun-08
BSI ISO9001 surveillance visit completed for all London Streets business units		Jun-08
Commence public consultation on TfL/DfL agreed design for Parliament Square		Jun-08
RoSPA audit of London Streets completed		Aug-08
Specific walking marketing campaign		Mar-09
Introduce/Upgrade at least 100 streets giving cyclist priority		Mar-09
Publish benchmark data including analysis of best practice to promote world city status		Mar-09
Award contract for analysis of London wide bus stop survey		Mar-09
Analysis of surveying of bus stops across London to identify funding needed for improvements		Mar-09
Audit street links outside mainline rail stations and prepare improvement programme		Mar-09
Undertake surveys to measure Person Journey Time for the DfT's Urban Congestion PSA Target - to monitor progress against the target for London and report		Nov-08
Further develop KPI reporting in Streets to build on the Network outcome based KPIs developed for Streets directorates		Mar-09
Continue to undertake hypotheses testing to provide analysis and understanding of network performance to inform policy and TfL		Mar-09
Build on the development of a capacity inventory - INCA - to monitor in detail traffic flows and events to understand impacts and inform TfL investment decisions		Mar-09

6.0 CAPITAL PROJECTS

6.1 London Buses - £90m

This activity includes building new or replacement bus garages, the construction, expansion or refurbishment of various bus stations, stands and shelters, better and more resilient Radio coverage across the bus fleet with reliable Real Time Information for customers through i-bus and the purchase / trailing of new vehicles and technologies.

Deliverables

Description	Date
Complete roof replacement of bus garage at Twickenham	Sep-08
Completion of main garage building -West Ham bus garage	Mar-09
800 illuminated stops	Mar-09
Rollout of new i-bus & radio technology to fleet complete	Feb-09
Fuel Cell Cars/vans project first phase commissioning	Aug-08

6.2 Bus Priority - £17m

Bus priority measures consist of bus lanes, some with a contra flow, facilities for buses only (e.g. prohibited turns for other traffic), signal schemes and other traffic management and engineering measures along busy bus routes.. The majority of measures are not on the TLRN and are therefore treated as operational expenditure. The deliverables below cover the entire activity

Deliverables

Description	Date
3G Set up project boards for 3G routes 97, 141, 182, 345	Jun-08
3G Procure consultants for routes 97, 141, 182, 345	Jun-08
A21 Farnborough Common Junction with Hospital and Fantail Junction work to commence on site.	Apr-08
Brixton Town Centre Phase 2 commence on site	May-08
Completion of the first phase of the schemes to improve the people movement in Oxford St	Dec-08
Flagship Route 53 Substantially complete	Mar-09
Flagship Route 207 Substantially complete	Mar-09
Flagship Route 253 Substantially complete	Mar-09
Route 38 Shaftsbury Ave Substantially complete	Dec-08
Implementation of 120 additional bus lane kilometre hours per week	Mar-09
SVD signal priority 6608 bus installation to be completed	Mar-09

6.3 Dial-a-Ride

Capital investment includes the purchase of new vehicles and the completion of a new scheduling system at all depots.

Deliverables

Description	Date
Dial-a-Ride System live at all depots	Jun-08

6.4 London Streets

London Streets aims to bring assets such as carriageways, footways, bridges, tunnels, signals on the Transport for London's Road Network, up to, and also maintain them in, a state of good repair.

6.5 Major routes & safety improvements

Selected projects include the A406 Hanger Lane and A40 Western Avenue bridges replacement schemes, improvements to the A406 North Circular Bounds Green, refurbishment of Westminster Bridge and the Blackwall Tunnel (north bound), remodelling of Parliament Square, design of the A13 Renwick Road junction, and work to remove the one-way gyratory at Tottenham Hale .

Deliverables

Description	Date
Blackwall Tunnel - Award Contract	Nov-08
Western Avenue project - Wales Farm Road structure complete	Mar-09
Contract Procurement A406 Bounds Green	Nov-08
Westminster Bridge Construction Complete	Dec-08
Parliament sq. - Appoint Westminster City Council for implementation	Feb-09
Renwick Road - Commence Public Consultation	Aug-08
Hanger Lane Bridge replacement - Award Contract	Jul-08
A316 Country Way – construction completed	Mar-09

6.6 Traffic Operations

Traffic management operations work on CCTV and the 30 year old Traffic Management system.

Deliverables

Description	Date
London Traffic Control Centre hardware and equipment installations	Dec-08
UTC version 15 ready for factory acceptance testing	Jan-09
Completion of architecture - design and feasibility for CCTV analogue to digital migration	Jan-09
Urban Traffic Control (UTC) design and installation for instrumentation of the ORN batches 4-6 or equivalent	Feb-09

Description	Units	Budget
Installation of variable message signs	#	4
CCTV: 4 commissioning complete	#	4

6.7 Road Network Performance

Includes the annualised programmes of work including Safety and Walking and Cycling, milestones for 2008/9 are being developed and will be reported at Quarter 1.

Deliverables

Description	Units	Budget
Road Safety - Reduction (from 94-98 baseline) in numbers KSI by 2010	%	50
TLRN Walking - Increased walking trips by 2015 over 2000 base level	%	10
TLRN Cycling - Increase in cycling trips by 2010 over a 2000 base level	%	80

6.8 Transport Policing & Enforcement

This programme will deliver Improvements to traffic enforcement camera technology and back office processes; additional CCTV camera installations to provide greater traffic enforcement coverage of the TLRN; and database system enhancements to improve integration of traffic enforcement data.

Deliverables

Description	Date
Digital Traffic Enforcement System - Outstation Integration (all camera production models developed, tested and integrated with current back office)	Feb-09
Procure and install CCTV cameras for bus lane, moving vehicle and parking enforcement	Mar-09

6.9 Congestion Charging and Low Emission Zone

Continuing capital works to develop congestion charging and the phased implementation of the Low Emission Zone.

Deliverables

Description	Date
Low Emission Zone Scheme go-live for lighter HGVs buses and coaches (Euro III standard)	Jul-08
Selection of Retail Service Provider(s) - Congestion Charging Relet	Sep-08

6.10 Bus Transit

This is the provision of a high quality bus service to encourage modal shift in a rapidly developing area and contributing to the regeneration of the Thames Gateway. Also includes the production of the sustainable freight plan and initiatives to improve the economic and environmental distribution of freight.

Deliverables

Description	Date
Completion of Weigh In Motion Sensors feasibility study, Sustainable Freight	Sep-08
Construction starts on East London Transit scheme Phase 1a	Oct-08
Detailed design of Greenwich Waterfront transit Phase 1 submitted for approval	Aug-08
East London Transit Phase 1a – Commence construction Barking town centre	Jan-09

LONDON RAIL

7.0 INCOME

7.1 Fares Revenue - £108m

DLR's fares revenue includes the main franchise, the Lewisham extension and the extension to London City Airport. London Rail also includes Overground fares revenue. These fares are based on assumptions of passenger journey growth and Mayoral fare policy.

Deliverables

Description	Units	Budget
London Rail Passenger Journeys –DLR	Millions	71.1
DLR Passenger Revenue	£m	68

8.0 OPERATING EXPENDITURE

8.1 DLR - £107m

The DLR Franchise activity covers the continuing operations of the DLR, specifically train operations covering the entire network and maintenance for all rolling stock, stations and track (except the costs for the Lewisham and London City Airport extensions which are on a PFI basis).

Deliverables

Description	Units	Budget
Scheduled Service Operated	%	98
On time performance	%	96
CSS: Overall satisfaction	Score	90
DLR Train Kilometres Operated	Km millions	4.5

8.2 London Rail Core – £218m

This includes the London Overground network, consisting of the North London Line (TfL took over this concession from Silverlink in November 2007), the East London Line and central London Rail activities. London Overground is run on a franchise basis by LOROL (London Overground Rail Operators Limited) a consortium of MTR and Laing Rail Limited (now owned by Deutsche Bahn). This also includes the project to gate stations on the National Rail network as part of the expansion of Oyster.

The East London Line closed in December 2007 and will reopen in June 2010, following an extensive refit, redevelopment and an extension of 3 kilometres.

Deliverables

Description	Date/Budget
East London Railway and Olympia gating installed	Oct-08
London wide Oyster Implementation Phase 2 complete	Jan-09

9.0 CAPITAL PROJECTS

9.1 DLR - £249m

Rolling Stock

The acquisition of new rolling stock to service the Olympics and to meet increased capacity requirements on extended or upgraded lines. Also completing the modernisation of existing rail stock.

Woolwich Arsenal

The procurement of new vehicles to increase capacity to meet increased demand and reduce congestion, also the purchase of extra cars to support the Woolwich extension.

Deliverables

Description	Date
Woolwich Arsenal 18 th car delivered	Sep-08
Woolwich Arsenal 18 th car in service	Oct-08
Woolwich Arsenal Last car delivered	Dec-08
Woolwich Arsenal all new cars in service	Jan-09

Stratford International Extension

Provision of extra rolling stock on the new extension to Stratford International.

Description	Date
Stratford Int. 1 st car delivered	Jan-09

DLR refurbishment

This programme is to refurbish all existing railcars midway through their expected life to improve reliability and bring up to current DDA standards. This process started in 2004.

DLR Line Upgrades

Major Investments include:

Expansion of the DLR especially 3 car Bank/Lewisham, Delta Junction, 3 car North Route and Woolwich Arsenal and West route signalling improvements, which will increase capacity and resilience and reduce timetable constraints.

Deliverables

Description	Date
3 Car North Route All Saints Concrete East Platform	Oct-08
3 Car North Route Bow Church & Pudding Mill Lane Sectional Completion	Feb-09
3 Car North Routes All Saints & Devons Road Sectional Completion	Jan-09
3 Car Bank-Lewisham Shadwell Track Slew Completed	May-08
3 Car Bank-Lewisham Westferry Platform units installed	Aug-08
3 Car Bank-Lewisham Sectional Completion - Cable Street Viaduct	Jan-09
3 Car Bank-Lewisham Sectional Completion - Stepney Causeway	Mar-09
3 Car Bank-Lewisham Sectional Completion - Package 2	Jan-09
3 Car Bank-Lewisham Underpass Transition Slab Complete	Nov-08
Commence installation West Route Signalling improvements	Aug-08

Description	Date
Improved west route signal software operational	Oct-08
Delta Jnt: Double Junction track realignment complete	May-08
Delta Jnt: Lower Existing West India Down Column Heads	Jan-09
3 car Poplar-Woolwich Arsenal: Install emergency passenger bridge at Devons Road	Oct-08
3 car Poplar-Woolwich Arsenal: Install Platform units Blackwall & East India	Dec-08

DLR Stations

This is a range of station improvements to improve capacity, service quality and ambience. Also to include Oyster servicing on DLR ticket vending machines (TVM).

Deliverables

Description	Date
First ticket vending machine installed (Pilot site)	Jun-08
Galleons Reach Urban Realm improvements	Aug-08
Limehouse new stairs complete (West Concourse)	Dec-08
Commence installation of first batch TVM's	Nov-08

DLR Line Extensions

The extension of the Railway from King George V dock under the Thames to Woolwich, encouraging a modal shift from cars of ~0.5m passenger journeys per annum and the regeneration of Woolwich.

Deliverables

Description	Date
Woolwich Arsenal Ext: Station Finished	Aug-08
Woolwich Arsenal Ext: Systems testing complete	Dec-08
Public Inquiry for Dagenham Dock commences	Oct-08
Woolwich Arsenal project completion	Feb-09
Stratford Int Ext: New Platform structure (Package 8)	Jul-08
Stratford Int Ext: New Platform canopy & finishes (Package 8)	Nov-08
Stratford Int Ext: Construction of Star Lane Platform, canopies & SER	Feb-09

DLR Safety & Security

This activity includes major investments in DLR safety/security, including asset maintenance and resilience projects.

Deliverables

Description	Date
Tower Gateway Station –Resilience – Completion Of Platforms	Feb-09
Upgrade of Train control operating system complete	Aug-08
West Route Resilience – Complete tracks work Mansell St Bridge to RMS Junction	Dec-08

9.2 London Rail - £415m

Line Extensions

Major Investments in this area are in the London Overground, principally in the East London Line between Dalston Junction and West Croydon and Crystal Palace. This will involve a total renovation and an extension of the existing line. Further expenditure will include new rolling stock (see cover).

Deliverables

Deliverable Milestone	Date
ELL Completion of the launch of Bridge GE19	May-08
ELL Completion of Main Spar New Cross Gate	May-08
ELL Operational Building Complex available for use by employer	Dec-08
ELL Handover of bulk supply point to EDF Energy	Aug-08
New Rolling stock on the NLL - 1 st Unit accepted	Oct-08
New Rolling stock on the ELL - Units delivered for Track Tests	Dec-08

9.3 LR Line Upgrades

The standard of the existing NLR service that TfL acquired in 2007 was poor. This expenditure is to bring the stations and infrastructure up to the required standard and to reduce operating costs.

Deliverables

Deliverable Milestone	Date
Complete initial station repairs	May-08
Completion of preliminary design	Sep-08
NLL Prime contract award	Oct-08

GROUP DIRECTORATES

These directorates support the core operational business, initiatives and investment programmes of TfL, with a range of activities. These activities (see below) include Finance; Marketing; Customer Services; Planning (including Transport Planning); Human Resources; Employee Relations; Engineering; Communications; Safety; Quality & Environment. In addition there are a number of other specific activities which are the responsibility of central directorates.

OPERATING EXPENDITURE

10.1 Office of Commissioner - £3m

The Office of the Commissioner assists the Commissioner in driving forward policies and initiatives of importance and in supervising the delivery of the 5 year Investment programme. It includes the TfL Policy unit which takes the lead on Climate Change issues for the GLA group.

10.2 Group Marketing & Communications - £58m

Marketing and Communications are responsible for the development and delivery of key customer information programmes and marketing campaigns, running the customer information call centre, the Oyster call centre, Travel Information Centres and the Lost Property Office. In addition they run the press and stakeholder enquiry services, develop overall group external and internal communication strategies.

10.3 General Counsel - £9m

General Counsel is responsible for a range of corporate governance, legal and assurance functions. General Counsel provides a secretariat function for the TfL Board, Committees and Panels. It provides legal advice to TfL, coordinates information and data compliance and is responsible for Group Health, Safety and Environment assurance including TfL's Sustainability Unit and Internal Audit function. Expenditure on legal services provided to the TfL Group is recharged to the modes.

10.4 Finance - £186m

The Finance directorate is responsible for the overall funding and allocation of TfL expenditure, including performance reporting, statutory accounting, insurance, pensions and the Finance Service Centre. It manages the Oyster card system and associated ticketing developments, provides IM services on behalf of the TfL Group, and manages the TfL borrowing programme, property development and treasury functions.

10.5 Planning - £108m

Planning is responsible for ensuring that the direction of transport in London meets the economic, social and environmental needs of the city. This includes developing the Mayor's Transport Strategy and other strategic plans; ensuring planning and projects are underpinned by robust analysis and consultation; and leading the relationship with Government, London Boroughs and other stakeholders to ensure engagement with TfL on planning matters.

Planning is responsible for TfL's network-wide transport planning function and associated modelling. It also provides TfL's primary interface with the London Boroughs, and is responsible for the allocation of Local Implementation Plan funding. It also has a unit dedicated to developing and co-ordinating improvements at multi-modal interchanges, and for developing and seeking powers for a range of major projects including the Thames Gateway Bridge and Cross River Tram.

Deliverables:

Description	Date
East London Transit Phase 2 - agree route alignment	May-08
East London Transit Phase 1 - agree route alignment	May-08
Publish Central London Congestion Charging 6th Annual Monitoring Report	Jul-08
Publish London Low Emission Zone 1st Annual Monitoring Report	Jul-08
Euston Interchange - option identification complete – initial Interchange design and optioneering	Jul-08
Waterloo Interchange - strategic demand forecast modelling for input into Network Rail GRIP III complete	Aug-08
Produce draft Mayor's Transport Strategy for Functional Body & Assembly consultation	Nov-08
Issue 2009/10 LIP Funding Settlement	Nov-08
Publish London Travel Report 2008	Dec-08
Elephant & Castle – feasibility study complete	Jan-09
Croydon Tramlink Extension - recommend preferred route	Jan-09
Cross River Tram - recommend preferred route / scheme	Jan-09
Thames Gateway Bridge - complete Proofs of Evidence for Public Inquiry	Feb-09
Complete response to Functional Body and Assembly Consultation on draft Mayor's Transport Strategy	Mar-09
Completion of 14 main Area Based Schemes for 2008-09	Mar-09

Description	Units	Budget
Local Area Agreements responded to within four weeks	%	100

10.6 Group Services - £32m

Group Services primarily provides services on behalf of other areas of TfL, and most of its expenditure is charged within TfL accordingly. Activities include: Facilities which is responsible for all of TfL's head office business premises and associated facilities management, including services such as cleaning, maintenance and security; HR including the HR Service Centre providing recruitment, administration and training on behalf of TfL; Procurement providing group-wide policies including the GLA sustainable procurement unit and the TfL Equality and Inclusion team.

The focus of Group E&I remains on meeting Mayoral and TfL's commitment to remove the barriers to accessing our transport services, employing a workforce that is reflective of the diverse population of London, and in ensuring those who provide services on our behalf have a similar commitment to ending inequality and social exclusion.

10.7 Travel Demand Management (TDM) - £30m

TfL's Travel Demand Management (TDM) team is responsible for delivering an enhanced programme of projects and programmes to influence travel behaviour. In partnership with Local Authorities, the team works closely with employers, schools and other organisations that generate significant levels of travel in order to improve awareness of travel options and to reduce congestion at selected locations. This includes School Travel Planning, Personalised Travel Planning and associated areas.

Deliverables:

Description	Date
Implementation of a further 600 School Travel Plans	Mar-09
Implement workplace travel plans for 60,000 employees across London	Mar-09
Delivery of major campaigns focusing on active travel	Sept-08
Delivery of major campaigns focusing on smarter driving	Jan-09
2 nd Area based scheme initiated and delivered in line with agree programme	Mar-09
Implement personalised travel planning alongside key TfL infrastructure programmes	Mar-09
Develop and launch PTP packs for new home owners (to be trialled in two distinct areas)	Apr-08
Piloting destination based travel planning at retail sites, sports stadia, museums, railway stations and one-off events	Sept-08
Launch London Car Club strategy and roll out of associated pilot projects	Mar-09

11.0 CAPITAL PROJECTS**11.1 Group IM**

There is a range of capital investments designed to support the TfL group's information system needs, including the delivery of substantial efficiency savings. These include document management systems and investment in core IM infrastructure.

11.2 Finance

The Finance directorate includes property development, which manages various opportunities to realise capital income from various commercial and residential sites in TfL ownership.

Description	Date
Moorfields Project Completion date	Mar-09
Pinner Road - Harrow sale completed	Mar-09

11.3 Group Property and Facilities

The Group Property and Facilities team lets and manages retail, commercial and residential premises held by TfL. The team also provides facilities management services involving accommodation planning, workspace management, building operation and maintenance. The Accommodation Strategy involves consolidating head office sites into lower cost units within easy reach of each other.

Deliverables

Description	Date
Phase 1 dilapidations	Dec-08
Phase 2 dilapidations	Mar-09

11.4 Marketing & Communications

Improving the quality and availability of customer information through a range of projects and improving customer service in the TfL call centres.

Deliverables

Description	Date
Mobile services OJEU - Journey Planner	Aug-08
Roll out Journey Planner and travel alerts personalisation	Aug-09
Process As Is RTIP business process analysis complete	Apr-08
Build and migration of core real-time integration programme solutions	Dec-08
Oyster goes live (CSIP)	Jun-08
Surface Transport (part 2) goes live (CSIP)	Jun-08