

TRANSPORT FOR LONDON
FINANCE COMMITTEE – OPEN SESSION
FRIDAY 14 SEPTEMBER 2007 AT 9.00AM
BOARDROOM, 14TH FLOOR, WINDSOR HOUSE, LONDON, SW1H 0TL

AGENDA

Item	Sponsor
1. Apologies for Absence and Declarations of Interest	-
2. Open Minutes of the Meeting held on 7 June 2007	-
3. Matters Arising and Actions List	-
4. Operational and Financial Report – First Quarter 2007/08	Stephen Critchley
5. Investment Programme Report – First Quarter 2007/08	Stephen Critchley
6. Hybrid Bus Programme Update [TO FOLLOW]	Mike Weston
7. Prudential Code - Indicators of Prudence and Affordability	Peter Regan
8. Project Monitoring – Project Approvals	Stephen Critchley
9. Before and After – London Transport through the Lens	Stephen Critchley
10. Any Other Business	-

Date of next meeting: Thursday 11 October

TRANSPORT FOR LONDON

Minutes of the Open Session of the Finance Committee held in the Boardroom,
14th Floor, Windsor House, Victoria Street, London
9.00am, Thursday 7 June 2007

Members:

Sir Mike Hodgkinson	Chair
Honor Chapman	Board Member
Stephen Glaister	Board Member
Judith Hunt	Board Member
Eva Lindholm	Board Member
Rana Roy	Board Member

Board member in Attendance:

Dave Wetzel	Board Member
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Adviser:

Peter Anderson	Board Adviser
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In Attendance:

Steve Allen	Managing Director, Finance
Howard Carter	General Counsel
Naomi Connell	Director of Finance and Support Offices, LU
Stephen Critchley	Chief Finance Officer
Mary Hardy	Director of Internal Audit
Ellen Howard	Director of Corporate Governance
Stuart Munro	Director of Finance, London Rail
Gareth Powell	Head of Group Business Performance
Peter Regan	Interim Director of Corporate Finance
Sue Timbrell	Director of Pensions
Richard Webster	Director of Finance, Surface Transport

Secretariat: James Varley TfL Secretariat

14/06/07 Apologies for Absence and Declarations of Interest **Actions**

No apologies were received and no interests were declared.

15/06/07 Minutes of the Meeting held on 16 May 2007

The Minutes of the meeting held on 16 May 2007 were signed and agreed as an accurate record.

Matters Arising and Outstanding Items:

There were no matters arising and all the outstanding items were on the agenda or due for presentation at a future meeting.

16/06/07 Project Monitoring and Approvals

Stephen Critchley explained that the Benefit Cost Ratio for the Low Emission Zone (LEZ) was relatively low using the DEFRA definition. However, this did not include fine income or the contribution of LEZ towards the Mayor's statutory duty to achieve national air quality objectives. The Committee asked that ratio be re-evaluated using a broader set of criteria.

**Michele Dix/
Malcolm
Murray-Clark**

The Committee noted the report.

17/06/07 Best Value Performance Plan (BVPP)

Stephen Critchley introduced the report and explained the statutory basis of the BVPP.

Richard Webster highlighted that BV102 (increase in passenger journeys on buses) showed that the rate of increase of bus journeys was reducing. Travel demand surveys would be required to provide a clearer understanding of the situation.

In response to a query from Rana Roy, Steve Allen agreed to clarify the Black and Minority Ethnic targets and in particular how they related to those figures in the Business Plan.

Steve Allen

The Committee were informed that BV215 (rectification of street lighting faults) figures appeared high as the TfL road network comprised a large number of high speed roads. This meant that in order to minimise disruption to traffic, work would be undertaken in batches which had the effect of skewing the figures.

Further work was requested regarding target setting for BV 100 (temporary road closures), in order that realistic targets could be set and met. It was noted that the figures were skewed because of big events over which TfL did not have control.

**Richard
Webster**

Steve Allen outlined the progress being made to introduce primary legislation which would give TfL additional powers to help control road closures. An update on this, new targets and the new permit and control software programme would be given to a future meeting.

**Richard
Webster**

The Committee agreed to recommend that the Board:

- a. approve the contents of the Annex to the 2007/08-2009/10 business plan and that this should form the overall 2006/07 BVPP; and**

- b. delegate authority to the Managing Director, Finance to make any changes prior to publication.**

18/06/07 Any Other Business

There being no further business the meeting closed at 10.00am.

Signed: _____

Chair: _____

Date of next meeting: 14 September 2007

TRANSPORT FOR LONDON

**FINANCE COMMITTEE - OPEN SESSION
14 SEPTEMBER 2007
ACTIONS LIST**

Actions from the Last Meeting

Minute No.	Description	Action By:	Target Date	Status/ note:
16/06/07	Re-evaluate the Benefit cost Ratio for the Low Emission Zone	Graeme Craig	11.10.07	Being considered. Update to come to next meeting.
17/06/07	Best Value Performance Plan: <ul style="list-style-type: none"> • Further work required to understand BAME targets • Review BV100 targets. Update Committee on road closure powers and new permit & control software 	Steve Allen	25.9.07	In hand – report gong to next CEAP.
		Alistair Miller	11.10.07	In hand and scheduled for the next meeting.

Actions from Previous Meetings

Minute No.	Description	Action By:	Target Date	Status/ note:
10/05/07	Explanation of framework of targets used by TfL	Steve Allen	TBC	TBC
03/03/07	Hybrid Bus Project	Alistair Miller	14.09.07	Completed – on agenda for this meeting.

TRANSPORT FOR LONDON

FINANCE COMMITTEE

SUBJECT: Transport for London Operational and Financial Performance Report – First Quarter 2006/07

MEETING DATE: 14 September 2007

1. PURPOSE

- 1.1 The operational and financial performance report for the first quarter of 2007/08 (1 April 2007 - 23 June 2007) is attached to inform the Finance Committee of Transport for London's performance in the first quarter.

2. RECOMMENDATION

- 2.1 The Finance Committee is asked to:

Note TfL's operational and financial performance over the first quarter, 2007/08

3. CONTACTS

- 3.1 For detailed enquiries on the content of these reports, please contact:

Richard Browning – Director, Group Business Planning & Performance
Telephone: 020 7941 4740 or email richardbrowning@tfl.gov.uk

Gareth Powell – Head of Group Business Performance
Telephone: 0207 126 4865 or email garethpowell@tfl.gov.uk



Operational and Financial Report

First quarter, 2007/08

Cover Image: Fabian Cancellera, winner of the Prologue of the 2007 Tour de France, awaits the start of Stage 1 of the Tour de France from London to Canterbury.

Performance

1.0 Quarter one in 2007/08 continued to build upon the substantial passenger growth of 2006/07, across the Transport for London (TfL) network, with 764 million passenger journeys during the quarter. Passenger journeys on the Underground continues to significantly exceed anticipated levels, at 242 million passenger journeys for the quarter, whilst both the percentage of scheduled services and number of train kilometres operated exceeded target and the previous year performance. Service demand on the bus network reached 501 million bus passenger journeys during the quarter, a like-for-like increase of 6 per cent on 2006/07. On the Docklands Light Railway there were 14.8 million passenger journeys during the first quarter, 8 per cent higher than the first quarter last year.

Other highlights and performance issues in the first quarter of 2007/08 included:

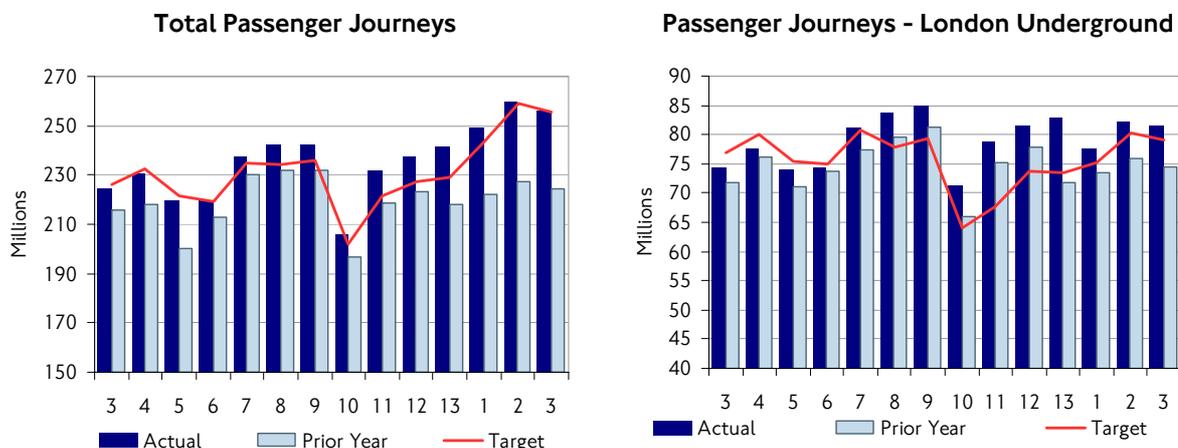
- 1.1 **Tour De France:** On 7 July, for the first time in the event history, London hosted “Le Grand Départ” to launch the Tour de France cycle race. The largest annual sporting event in the world attracted over two million spectators to the race prologue on the 7.9km route in central London. A further two million people lined the route from London through Kent for the first stage of the race on 8 July. Further to the success of the Tour de France event, London will host the start of the Tour of Britain on 9 September. The race will start in Crystal Palace Park with a 2.5km prologue, sponsored by TfL. Cycling on major roads in London increased by a further six per cent between March 2006 and March 2007, continuing the strong annual growth since 2000. There are now an estimated 480,000 cycle journeys every day across London, an increase of 30,000 on 2006/07.
- 1.2 **Overground Rail Operator Announcement:** On 19 June, the Mayor announced the successful bid to operate the 7-year London Overground concession, awarded to MTR/Laing (now London Overground Rail Operating Limited). From 11 November TfL services will operate on the North London Railway, currently operated by Silverlink Train Services Limited.
- 1.3 **Marathon Weekend:** On 22 April, TfL provided free travel for all London Marathon runners and officials on the Tube and DLR. The event preparation was successful and bus diversions and road closures were in place for the lowest possible time, to minimise inconvenience to users. An incident occurred at Mudchute DLR station, during the event, which resulted in a service suspension of six hours. The doors of a train were damaged after making contact with the platform ramp. The service was suspended between Crossharbour and Greenwich, while safety checks were carried out.
- 1.4 **Bus Fare Announcement:** On 18 June, the Mayor announced a 10 per cent reduction in bus fares from 30 September. The cost of a single Oyster Pay as You Go bus fare will fall to 90p and a weekly bus pass will cost £13, reduced from £14. There will be corresponding price reductions for monthly and annual tickets. It is estimated that approximately 1.6 million passengers will benefit from the lower fares, 1.3 million from the reduction in Pay as You Go fares and 300,000 from the reduction in the weekly bus passes. The one day bus pass rate and the bus cash fare will remain unchanged. The cost of these proposals is estimated to be £36m over a full financial year.
- 1.5 **London Transport Awards:** A number of TfL achievements were recognised in the London Transport Awards, which acknowledge the successful transport initiatives of London

Boroughs and other organisations. TfL award winners included: King's Cross St. Pancras (determined by public web vote and analysis of commendations received) for Underground Station Customer Service Team of the Year; London Underground with Tube Lines (The Jubilee Line 7th Car Project) for Transport Partnership Project of the Year; The TfL Journey Planner for the Travel Information and Marketing Award and DLR with Serco for the Transport Team Partnership of the Year.

- 1.6 **TfL Sustainable Transport Awards:** The fourth TfL 'Sustainable Transport Awards' were held on 28 June. The awards recognise initiatives to promote clean and healthy Travel in London. Over 100 entries were received for the awards across 14 categories, including Sustainable Transport Borough of the Year - The Royal Borough of Kingston upon Thames and School of the Year - New City Primary School in Newham, commended for its success in delivering the 'Personalised Travel Planning project'.
- 1.7 **DLR 3-Car Capacity Announcement:** The main contract for the DLR 3 car capacity enhancement project was signed on 3 May 2007 and powers under the Transport and Works Act were confirmed on 19 July. The approval under the Transport and Works Act was DLR's fifth consecutive TWA approval and the fastest ever granted in England. Passenger numbers on the DLR continue to increase, up 8 per cent this quarter on the record numbers of 2006/07, and the capacity increase will significantly contribute to both the regeneration of East London and the infrastructure development of the 2012 Olympic Games.

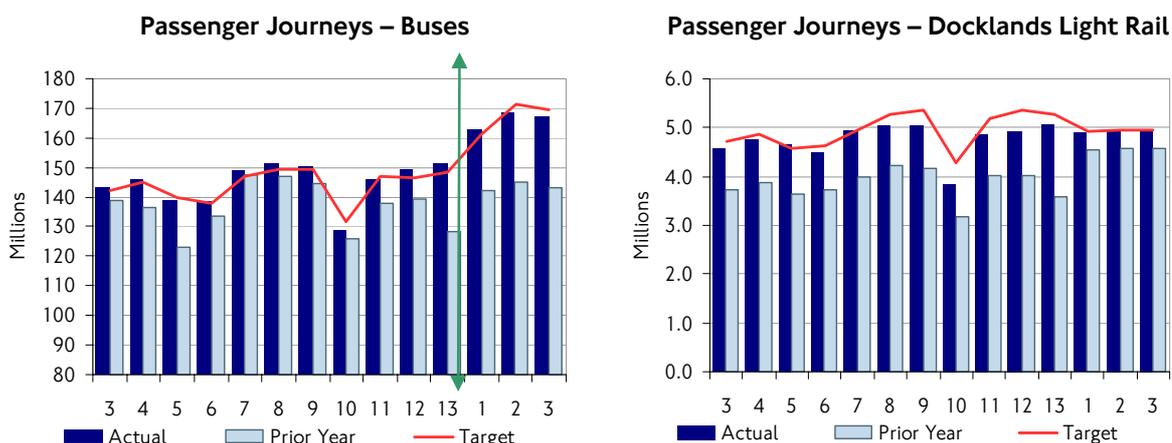
Service demand

- 2.0 Following on from the record levels of patronage in 2006/07, the total number of passenger journeys across the TfL network continue to trend upwards in quarter one 2007/08. There were 764 million passenger journeys – 6.2 million (0.8 per cent) higher than target and an increase of 98.4 million (13 per cent) on the same quarter last year. Excluding the change in bus passenger methodology the underlying increase was 48.5 million more journeys than quarter 1 2006/07, an increase of 5.1 per cent.



Note: 2006/07 bus passenger journey numbers are represented as previously reported and a new methodology has been applied from period 1 2007/08.

- 2.1 Service demand on the Underground continues at a record level. There were 242 million passenger journeys on the Underground during quarter one, a considerable increase of 18 million compared to the first quarter of last year and 7 million higher than the year to date target. London Underground is forecast to exceed the full year target of 1,048 million passenger journeys by 3.8 per cent.



Note: 2006/07 bus passenger journey numbers are represented as previously reported and a new methodology has been applied from period 1 2007/08.

- 2.2 There were 501 million bus passenger journeys during the quarter, an increase of 16.4 per cent on 2006/07. Whilst the growth was in line with budget, it primarily resulted from an improved method of counting bus passenger journeys, which now uses Oyster validations and includes additional categories (under 5s, staff and police). The 2007/08 full year target has been revised to 2,160 million passenger journeys, an increase of 13 per cent. The year-on-

year comparison, on a like-for-like basis shows an underlying increase of 5.1 per cent on quarter one of last year.

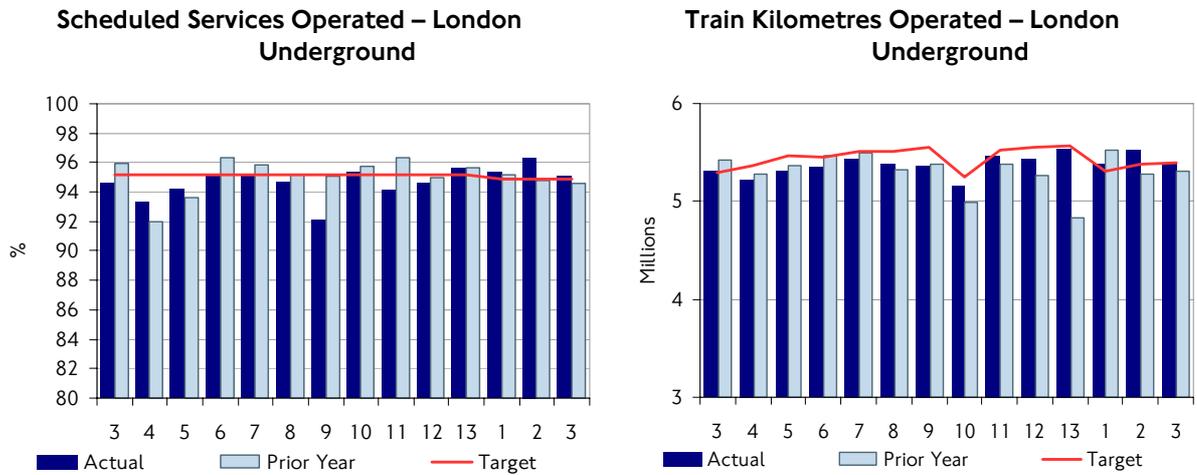
- 2.3 There were 14.8 million journeys on the DLR during the first quarter, 8 per cent higher than the same quarter last year and broadly in line with target. In addition, on 23 May, DLR recorded its highest ever number of passenger journeys on one day. At 280,000, this was nearly 12,000 higher than the previous recorded high. This was due to the London International Wine and Spirits event at Excel and a fire at London Bridge which increased passenger journeys at Bank.

Fare Trends

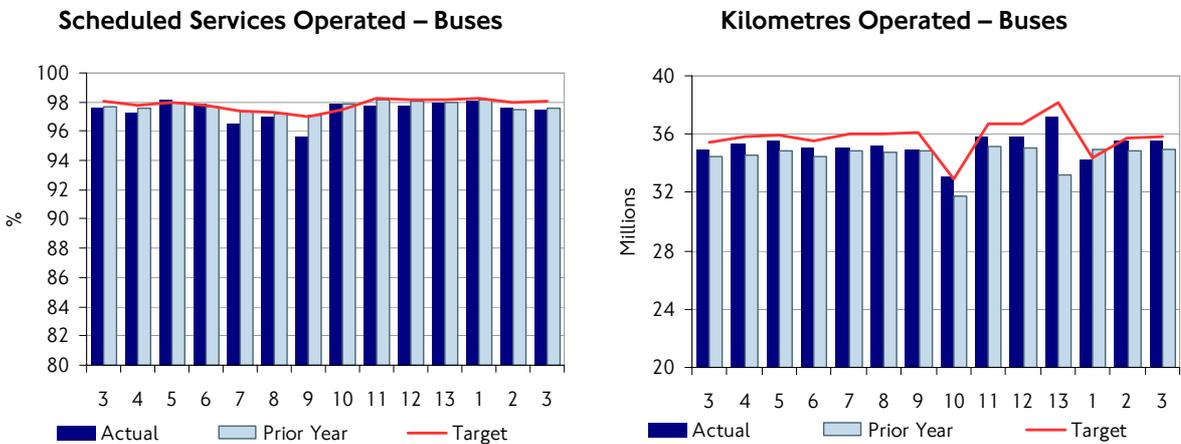
- 2.4 At the end of the first quarter, 3.8 per cent of Underground passenger journeys were cash fares, down from 5.6 per cent at quarter one last year. Oyster single fares comprised 25.8 per cent of all Underground journeys compared with 17.9 per cent a year ago. Underground journeys on single and return tickets decreased by 35 per cent year-on-year and sales of day travelcards were decreased by 3.9 per cent year-on year. Average daily Oyster pay as you go journeys had increased to 0.75 million per day by the end of quarter one.
- 2.5 On the bus network, the use of cash single fares accounted for 2.1 per cent of all journeys (2.2 per cent including roadside ticket machines) compared to 5.0 per cent at quarter one 2006/07. Oyster pay as you go journeys comprised 14.4 per cent of all bus journeys compared to 9.3 per cent a year ago.

Service provision

3.0 There was a good level of service provision across the TfL network in quarter one 2007/08, with targets achieved or exceeded on the Underground and DLR and only narrowly missed by London Buses.

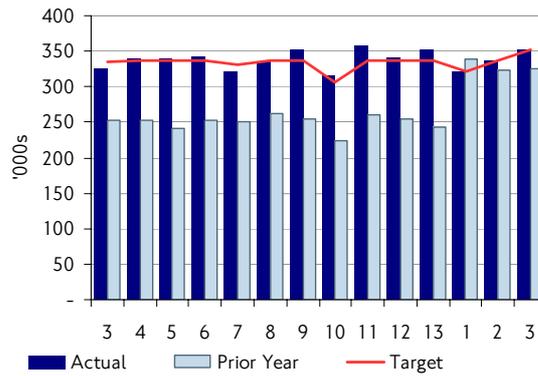


3.1 During the first quarter, the percentage of scheduled services operated on the Underground remained high, exceeding both target and the performance of the prior year. During period 2 the overall percentage of schedule was the highest for almost 2 years, at 96.3 per cent. Although the percentage of schedule fell during period 3, to 95.1 per cent, the budget was achieved, along with a 0.5 per cent improvement on the same period last year. During quarter one, kilometres operated on the Underground, at 16.3 million, achieved target and marginally exceeded the previous year.



3.2 An average 97.7 per cent of scheduled services were operated on London Buses in the first quarter of 2007/08, slightly below target and the same period last year. Bus kilometres operated achieved target this quarter. Losses due to staffing and mechanical faults remained low but were offset by higher than expected losses due to traffic delays. Particular disruption to bus services this quarter was caused by a serious fire at Deptford on 26 April; additional loadings for buses in south-east London following the suspension of National Rail services into London Bridge on 23 May; the London Marathon on 22 April; widespread delays in south-east London following closure of the Blackwall Tunnel northbound for nearly 24 hours on 9 to 10 May; the closure of the Harrow Road/Kilburn Lane junction from 12 May for emergency gas main repairs and roadworks in Shaftesbury Avenue, Lewisham and Greenwich.

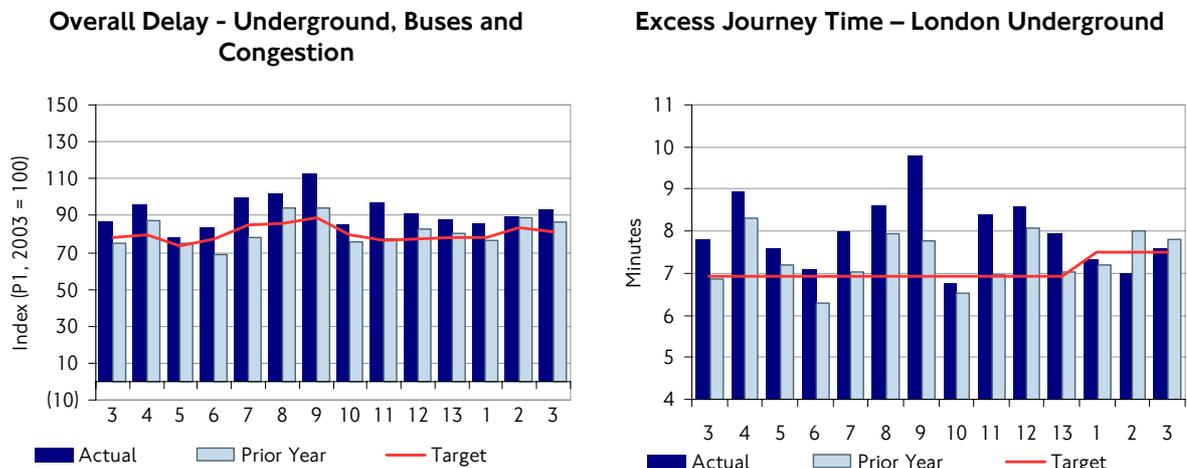
Train Kilometres Operated – Docklands Light Rail



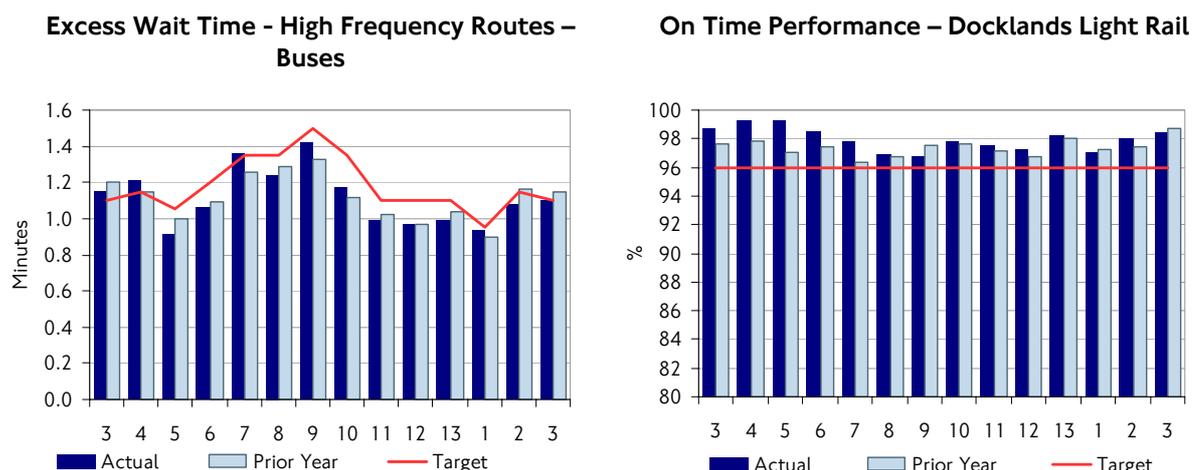
- 3.3 DLR service provision was excellent during the first quarter with over 99 per cent of DLR departures achieved during the last two periods. Train kilometres operated achieved target in spite of engineering possessions on the North and South route and the slight delay associated with the opening of new platforms at Stratford regional station to accommodate the enhanced Stratford DLR service.
- 3.4 The total number of Dial-a-Ride trips remains below the quarter 1 target, as anticipated trip efficiencies following the opening of the Management Control Centre have not been realised. A recruitment campaign continues to address the driver shortage and there has also been a slight fall in passenger demand. This has had a consequential impact upon the cost per trip which is also higher than target.

Service reliability

- 4.0 The delay index, a measure of the total delay minutes experienced across the Transport for London network, was higher than target in the first quarter of 2007/08 mainly due to the continuing growth in passenger numbers across the network.
- 4.1 Development work is underway on a new measure of delay that will measure individual passenger, rather than total, delay. This is expected to be complete by the end of 2007/08.



- 4.2 During the first quarter excess journey time on the Underground averaged 7.3 minutes compared to the target of 7.5 minutes. Performance in periods 2 and 3 bettered that of the prior year. This was especially notable in period 2 when excess journey time improved by 1 minute and, for the first time since period 6 of 2005/06 (with the exclusion of Christmas periods), was lower than 7 minutes. The improvement was due to a reduction in asset incidents, which offset increasing customer demand, resulting in reduced platform waiting times and congestion.



- 4.3 On the bus network, excess wait time remained in line with target and unchanged on the same quarter last year. Excess wait time has been reducing across the bus network for over four years.
- 4.4 On the DLR on time performance was again better than target, averaging 97.8 per cent, 1.8 per cent higher than the target of 96 per cent for the first quarter.

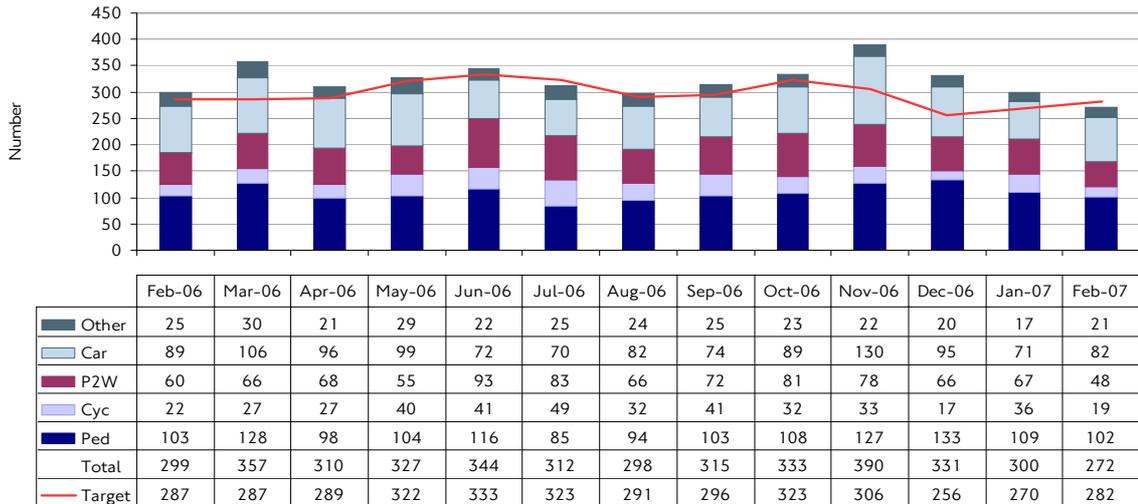
Customer Satisfaction

- 5.0 Customer satisfaction levels on the TfL network improved by 0.4 points in the first quarter to 79.1 points, 0.8 points ahead of target, as a result of increased levels of customer satisfaction on the Underground and DLR.



- 5.1 Customer satisfaction levels on the Underground improved this quarter to 78 points, 1 point higher than quarter 4 2006/07 and in line with target. The overall score for station staff helpfulness and availability increased by 2 points compared to the previous quarter achieving a score of 77. Train and station service overall scores both increased by one point compared to last quarter, also reflecting the good service provision and journey time results.
- 5.2 Overall customer satisfaction on the bus network (day bus services) during quarter one remained the same as the previous quarter at 79 points. Both bus reliability and information scores increased by one point compared to last quarter and achieved target, rising to 80 and 75 respectively. This improvement does not appear to have been hindered by the increasing number of bus passengers, or the traffic delays during periods 2 and 3, which resulted in a slight deterioration in the overall proportion of scheduled kilometres operated. The previous slight deterioration of CSS scores has led to a reassessment of the information, cleanliness and service elements in the review of bus operator incentivisation.
- 5.3 Customer satisfaction survey results on the DLR, at 97.4 points, have continued the upward trend, increasing by 0.8 points on last quarter and remaining significantly ahead of the 90 point target. This is the highest overall service performance score since 1997 and, year on year, it has increased by 7.4%.

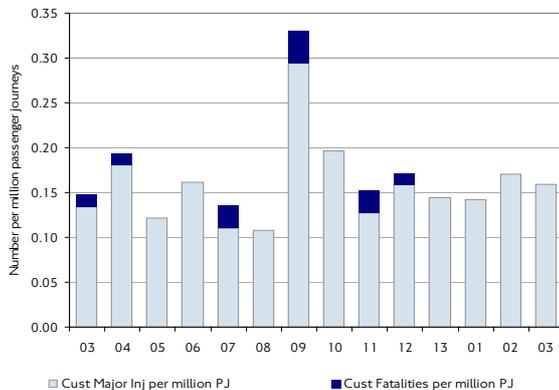
Number of Killed or Seriously Injured (KSI) on London Roads



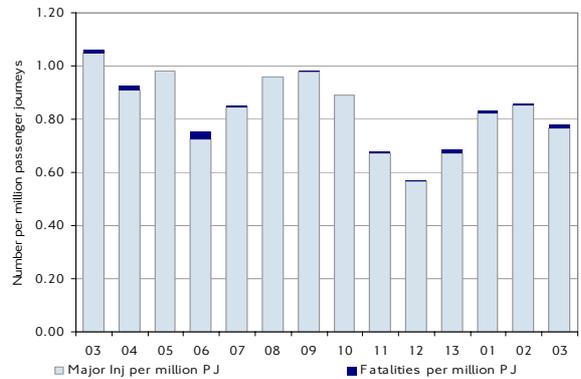
Note: Due to reporting processes and the nature of road traffic accident data, results are reported 4 to 5 months in arrears. The most recent data available is for February 2007. Results are also subject to retrospective adjustments.

6.0 The number of killed or seriously injured on London's roads over the first 2 months of the calendar year (equivalent to a first quarter result) at 572 was an improvement of 7 per cent compared to the corresponding months in 2006. In February 2007, powered-two-wheeler incidents fell by 20 per cent compared to February 2006, whilst cyclist, and car incidents decreased by 14 and 8 per cent respectively. The longer-term trend remains favourable and it is anticipated that the 50 per cent casualty reduction target will be achieved by 2010.

Major Injuries and Fatalities – London Underground



Major Injuries and Fatalities – London Buses



6.1 The number of customer major injuries and fatalities on the London Underground network in the first quarter of 2007/08, at 38, was 12 higher than the same time last year, however representing an average of just 0.16 injuries per million passenger journeys.

6.2 On the bus network there were 412 major injuries and fatalities in the first quarter of 2007/08, a 15% decrease on the corresponding period last year, representing an average of just 0.81 injuries per million passenger journeys. A gradual rise in reporting of safety incidents is anticipated in 2007/08 as a result of pro-active monitoring of data and support to bus operators' data entry staff by the London Buses Safety Team.

Sustainability

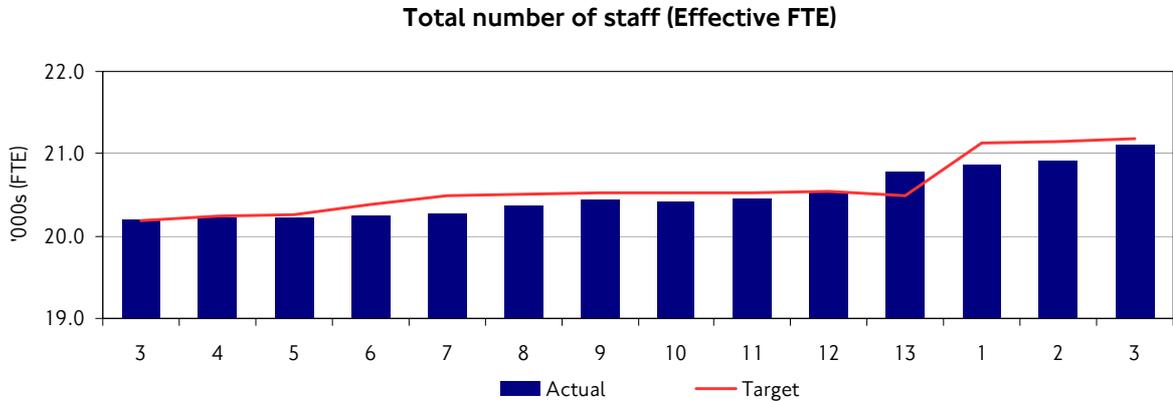
- 7.0 Highlights of TfL initiatives with sustainability benefits in the first quarter were:
- 7.1 The Climate Change Fund Approvals Group and PRG supported the Group Property and Facilities sustainable energy proposal for Palestra. This will involve the installation of a combined heat and power fuel cell and measures to achieve the “excellent” building environmental performance standard defined by BREEAM (Building Research Establishment Environmental Assessment Method).
- 7.2 The first Underground Biodiversity Action Plan (BAP) was agreed in April, and published in May. The plan aims to conserve, and where possible to enhance, the biodiversity value of Underground property and to increase awareness amongst staff and the travelling public.
- 7.3 During quarter one, the Underground received an increased number of complaints from residents living near stations regarding public announcements – related to the loudness and the frequency of announcements (at stations and from trains). This is due, in part, to the installation of new PA systems in some stations and requirements to ensure all customers are kept up to date with service and safety information. London Underground is working to resolve this issue immediately and in the longer term. In response, the noise levels of the PA systems have been limited where possible and non-essential announcements have been reduced during sensitive periods. As part of a longer term resolution, London Underground is developing a manual of good practice for PA noise management.
- 7.4 In June 2007, London Underground completed an environmental benchmarking study to compare environmental monitoring, reporting and performance against other metro systems across the world. The report concluded that the Underground monitoring and reporting system is comprehensive and reflects best practice. Areas identified for improvement include recycling of station and depot waste and improving the energy efficiency of technology and systems at stations, depots and for traction energy.
- 7.5 Quarter one saw the launch of a TfL Environmental Champions initiative, to encourage staff to join a network of key staff volunteers to drive local environmental improvements in TfL. In addition, Group HSE co-ordinated the Energy Pledge campaign, initiated on World Environment Day and designed to engage individuals with energy saving.
- 7.6 The “Why not walk it?” campaign was launched in April. TfL also supported the Revolve London to Brighton eco-rally and the “Cars not Carbon” awards during June.
- 7.7 Quarter one saw trials of wheelchair step climber equipment at Morden Underground Station and of audio visual tube train information systems. The Independent Disability Advisory Group (IDAG), established in October 2006 to advise and guide TfL on transport solutions for disabled people, participated in the trials.
- 7.8 The implementation of supplier diversity has continued with appropriate Supplier Diversity requirements included in the London Overground Operating Concession and the East London Line main work. The London Overground Ticket Vending Machines and Palestra Main Works contracts contain clauses regarding environmental sustainability as well as supplier diversity. A draft pan-TfL Ethical Sourcing Policy has been produced and circulated internally for comment.

Section 17 of the Crime and Disorder Act

- 8.0 TfL is awaiting secondary legislation to designate it as an organisation subject to Section 17 of the Crime and Disorder Act 1998. This legislation is anticipated to come into force by the end of 2007. In the interim, TfL has embedded Section 17 in the formal business-decision making process. It is now necessary to include a section highlighting crime and disorder implications and prevention in papers considered by TfL Board and its associated panels and committees. It is therefore intended to ensure that all reasonable steps are taken to consider, mitigate, and wherever possible, remove the risk of crime and disorder occurring on or around the transport network.
- 8.1 A programme of London Underground station environmental audits by TfL staff and BTP Crime Prevention Officers continues to identify safety and security improvements.
- 8.2 TfL is taking all necessary action to consider the potential crime and disorder impacts during the planning phase of the 2012 London Olympics. Currently a staff member works alongside the Olympic Security Directorate providing a single point of contact.
- 8.3 Following approval by the TfL Board, the TfL Community Safety Plan 2007/8, which is an integral aspect of Section 17 implementation across the organisation, is in the process of being published and will be circulated to all key partner agencies.

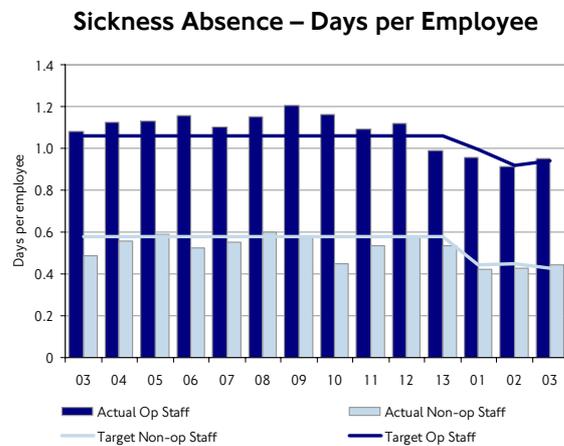
Staff Numbers

9.0 The total number of effective full time equivalent (FTE) staff across TfL increased by 336 in the first quarter to 21,114 FTE, 64 lower than target.



9.1 At the end of the first quarter there were 14,243 FTE staff in London Underground, 65 higher than budget and an increase of 243 since the beginning of the year. Temporary staff numbers decreased by 10, but remain 12 over budget. Surface Transport staff increased by 48 to 4,626 FTE, 127 lower than budget. The number of temporary staff in Surface Transport fell by 11 to 583 FTE, slightly under budget. London Rail staff numbers remain unchanged at 188 FTE, 15 below budget. There were 2,057 FTE staff within the Group Directorates, an increase of 45 by the end of the quarter and 13 over budget.

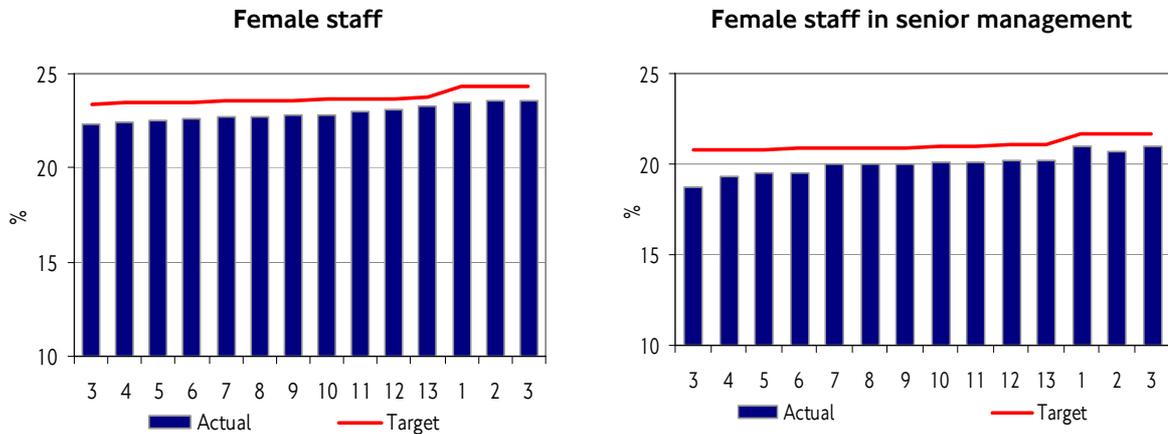
Sickness



9.2 The year to date sickness absence rate per TfL employee during the first quarter was 2.2 days, 0.2 days per employee inside the target of 2.4 days for the quarter. The sickness rate remains higher amongst operational staff. A similar positive result was achieved across each of the modes, with operational and non-operational year-to-date sickness absence rates better than target.

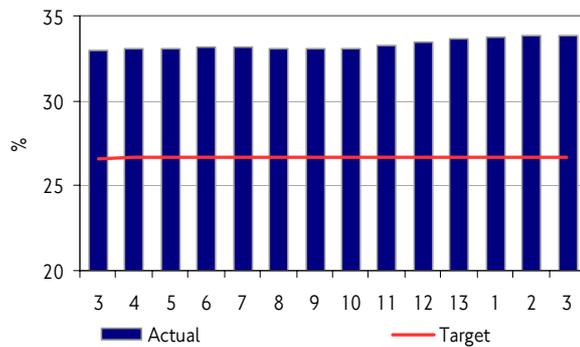
Workforce Composition

- 9.3 2007/08 targets are those published in the March 2007 budget, reflecting a stretch increase for the actual position at that time. These are broken down internally by mode/department to form the basis of action planning. The exception is Black, Asian and Minority Ethnic Group (BAME) where overall representation across TfL is already above the average for the economically active population in London.

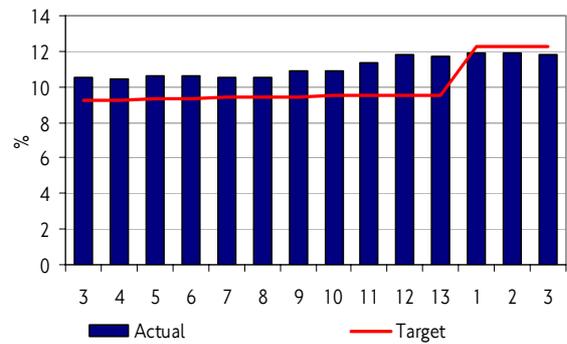


- 9.4 The percentage of female staff has increased by 0.3 per cent this quarter to 23.6 per cent against the year end target of 24.3 per cent. The percentage of women staff in senior management also increased by 0.8 per cent to 21.0 per cent against a year end target of 21.7 per cent.
- 9.5 In quarter one, female representation on the Underground increased by 0.2 percent (from 19.5 per cent to 19.7 per cent), making progress on the year end target of 19.8 per cent. The London Underground Customer Service Assistant recruitment drive is aiming to improve the representation of women at the operational job entry point, whilst work to promote female representation at the Station Supervisor and Duty Station Manager level is making significant progress.
- 9.6 Surface Transport is targeted with achieving female representation of 28.2 per cent by the year end and the first quarter results demonstrate good progress at 27.6 per cent. Surface Transport has established a working group to review modal retention issues. East Thames Buses is exploring a flexible scheduling structure; the Fair Cities Brent initiative has resulted in seven women gaining employment as bus drivers, with a further ten women due to commence training in August 2007; and 60 women attended the 'Women behind the Wheel' workshop in July 2007, many expressing an interest in careers in engineering or as a bus, underground, taxi, or Dial-a-Ride driver.

Black, Asian and Minority Ethnic Group Staff

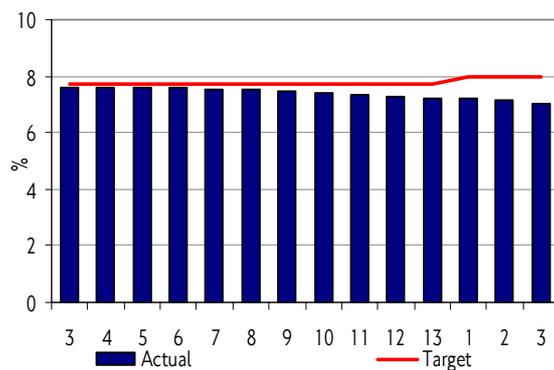


Black, Asian and Minority Ethnic Group Staff in Senior Management

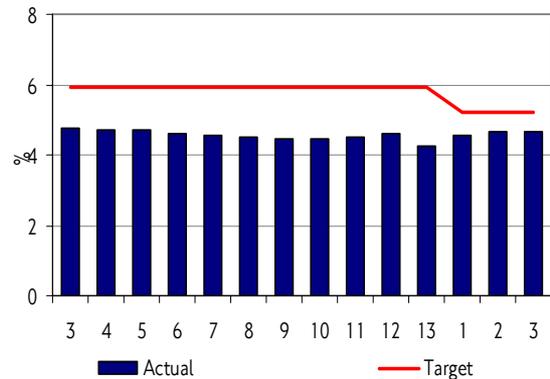


- 9.7 The percentage of Black, Asian and Minority Ethnic Group (BAME) staff employed at TfL at the end of quarter one was 33.8 per cent, an increase of 0.2 per cent on quarter four and significantly above the year end target of 26.8 per cent. This target was representative of the economically active London population at the time the TfL budget was agreed. The percentage of BAME staff in senior management was 11.8 per cent, an increase of 0.1 per cent on quarter four and 0.5 per cent below the year end target of 12.3 per cent.
- 9.8 The TfL Race Equality Scheme (RES) will be reviewed and updated for 2008-2011. A pan TfL working group has been established to progress and develop the RES and associated action plans. The TfL mentoring programme has continued to target, and successfully attract, a wider representation from BAME participants than is reflective of the workforce - 48 per cent of phase one participants are BAME staff compared with 33 per cent of the total workforce.

Disabled staff



Disabled staff in Senior Management



- 9.9 The percentage of disabled staff has decreased by 0.2 per cent this quarter to 7.0 per cent against the year end target of 8.0 per cent. The percentage of disabled staff in senior management has risen by 0.3 per cent to 4.6 per cent against the year end target of 5.2 per cent. This measure is based upon the percentage of staff self-reporting as disabled, compared to total staff numbers. The year-on-year percentage decline results from increasing numbers of new staff reporting as non-disabled, whilst the actual number of disabled staff employed by TfL has not declined. The London Underground work experience programme for disabled people has commenced. Six candidates have been selected by a competency-based interview and sponsor recruitment is now underway. A work placement initiative is also being developed in Surface Transport.
- 9.10 Quarter one data indicates that out of a total of 21,114 staff, 4,045 have either declared their sexual orientation or preferred not to say. Of this total 6.7 per cent declared that they were lesbian, gay or bisexual.

Efficiencies

10.0 At £217 million, the 2007/08 efficiency programme full year target is 11 per cent greater than the 2006/07 year-end efficiency total of £193 million. Recurring efficiencies sustained from previous years comprise £179 million of the target, with the remainder to be achieved in-year.

10.1 At the end of the first quarter the full year efficiency forecast is £212 million, £6 million less than target. This is mainly due to:

- less than anticipated in-year procurement efficiencies being formally recorded to date
- reduced recurring staff and Business Improvement Programme (BIP) efficiencies resulting from increasing HRS staff numbers and a non-recurrence of IM savings from previous years.

Although the forecast is below the target, a number of work streams are now in place to identify further procurement and other efficiencies to ensure that the overall target is reached by year end.

Efficiency Initiatives £ m	Full Year (Sustained)		Full Year (In Year)		Total	
	Forecast	Var to Budget	Forecast	Var to Budget	Forecast	Var to Budget
Procurement	56	-	13	(4)	69	(4)
Staff & BIP	22	(1)	10	-	32	(1)
Marketing & Other	20		-	-	24	4
Total Back Office	97	(1)	23	(4)	125	(1)
Rail	2	-	-	-	2	0
Bus Network	59	-	-	-	59	0
Road Maintenance		-	3	-	3	0
Tube Lines refinancing	2	-	-	-	2	0
LUL Operational Efficiencies	15	-	2	-	17	0
LUL Communication Infrastructure	5	-	-	-	5	0
Total Operations	87	0	-	-	87	-
Total Cashable (lower than budget)	180	(1)	28	(4)	212	(6)

Tables may be subject to rounding errors

Targets for operational efficiencies, all of which are sustained from previous years, are forecast to be met by year end.

Group Highlights

- 11.0 TfL operating income was £8 million lower than budget in quarter one, primarily due to lower than budget Surface Transport fare income and reduced income from Underground advertising, which was partially offset by increasing Underground fare income. For the full year, TfL operating income is forecast to be £16 million below budget primarily due to different bus fare levels, as announced by the Mayor, than were assumed at the time of the budget. Total TfL operating expenditure, was £51 million lower than budget in quarter one and forecast to be £6 million below budget for the full year.
- 11.1 Net capital expenditure at the end of the quarter was £31 million lower than budget, after reductions for overprogramming and third party capital receipts and reimbursements. Net capital expenditure for the full year is now forecast to be £3 million below budget. Further detail regarding investment activity is available in the First Quarter Investment Programme Report.
- 11.2 Net interest income in the quarter exceeded budget by £3 million and this variance is forecast to increase to £22 million at year end. This position is reflective of current interest rates.
- 11.3 The two Metronet PPP companies who are responsible for the BCV and SSL lines went into PPP Administration on the 18 July 2007. TfL has been working with the Appointed Administrators (Ernst and Young) to ensure that in the short term essential work continues to enable the continued safe operation of the Tube, and to develop a long-term viable solution for the Metronet businesses. To this end TfL has been instructed by the Mayor to provide loan facilities to the Metronet Administrator of up to £900m for 6 months, at market rate. This sum is currently being funded from TfL Group-wide earmarked reserves. In its ongoing discussions with the Government on the Spending Review 2007, TfL is agreeing how and when its reserves will be replenished in accordance with the PPP comfort letter supplied by Government. Whilst this uncertainty continues TfL is forecasting to fully provide for the loan amount in its 2007/8 expenditure. The level of project commitments is being monitored until such time that there is clarity of the way forward, although there is no impact on the delivery of the Investment Programme at present.
- 11.4 Full year TfL net service expenditure, which includes the loan provision of £900 million made available to the Metronet administrators described above, is now forecast to exceed budget by £886 million.
- 11.5 A modal summary of financial performance is provided in Annex Two.

Net Service Expenditure £m	Year to Date			Full Year	
	Actual	Budget	Variance	Forecast	Variance
Operating Budget					
Income	(724)	(732)	8	(3,263)	16
Operating Expenditure	1,212	1,263	(51)	5,681	(6)
Net Operating Expenditure	488	531	(43)	2,418	11
Capital Budget					
Capital Expenditure	171	214	(43)	1,145	(23)
Reimbursements	(31)	(43)	12	(157)	20
Net Capital Expenditure	141	172	(31)	989	(3)
Capital Income	(30)	(31)	1	(52)	(0)
Interest Income	(24)	(21)	(3)	(94)	(20)
Debt Servicing Costs	25	26	(0)	109	(2)
<i>Net Interest Income</i>	<i>1</i>	<i>4</i>	<i>(3)</i>	<i>15</i>	<i>(22)</i>
Contingency	-	2	(2)	35	-
Provision for Metronet	-	-	-	900	900
Net Service Expenditure	600	678	(78)	4,304	886

Table may be subject to rounding errors

Operating Income

- 11.6 TfL operating income was £8 million lower than budget in of quarter one, primarily due to lower than budget bus network income, as well as reduced income from the Congestion Charging scheme and the contract for commercial advertising on the Underground network. This variance was offset to some extent by higher Underground fare income. For the full year, TfL operating income is forecast to be £16 million below budget.
- 11.7 In Surface Transport, Bus Network fare income was £5 million below budget in the first quarter due to a faster than anticipated decrease in the use of Bus Passes and cash. 2.1 per cent of passengers now use cash fares, compared to 5.0 per cent a year ago. Oyster pay as you go journeys comprised 14.4 per cent of all bus journeys, compared to 9.3 per cent in 2006/07. Congestion charging income is £2 million below budget, principally due to the continuing trend of reduced standard congestion charge payments following the introduction of the Western Extension Zone, however this is partially offset by increased Congestion Charging enforcement income. Full year Surface Transport fare income is forecast to be £28 million lower than budget largely due to the impact of the bus fare decrease (applicable from 30 September 2007) and lower than anticipated fare increases (due in January 2008).
- 11.8 In quarter one, Underground fare income exceeded budget by £8 million, reflecting the 8 per cent year-on-year growth in passenger demand. At the end of quarter one, 3.8 per cent of Underground journeys were cash fares, compared to 6.4 per cent in 2006/07 and Oyster single fares comprised 25.8% of all Underground journeys. As a result of the increasing levels of patronage, the year end forecast is £33 million higher than budget.

- 11.9 On the DLR fare income was £1 million below budget in the quarter and forecast to be £2 million below budget for the full year. Other income was £8 million below budget as a result of lower than expected commercial advertising revenue on the Underground network.

2006/07 YTD Actual	Income £m	Year to Date			Full Year	
		Actual	Budget	Variance	Forecast	Variance
(322)	Underground Fare Income	(343)	(335)	(8)	(1,550)	(33)
(225)	Bus Network Fare Income	(239)	(243)	5	(1,031)	28
(12)	DLR Fare Income	(14)	(15)	1	(60)	2
(559)	Fares Income	(595)	(593)	(2)	(2,641)	(3)
(57)	Congestion Charging Income	(73)	(75)	2	(333)	8
(62)	Other Income	(56)	(64)	8	(288)	11
(678)	Total Income	(724)	(732)	8	(3,263)	16

Table may be subject to rounding errors

Operating Expenditure

- 11.10 Total operating expenditure, at £1,212 million, was £51 million lower than budget in quarter one. Full year end total operating expenditure (not including the Metronet provision) is forecast to be £6 million below budget as Surface Transport, Group Directorates and London Rail are forecast to exceed the operating expenditure budget by a total of £44 million, offset by the Underground year end forecast of £50 million below budget. Inclusive of the provision for the loan made to the Metronet Administrator, the forecast will exceed budget by £886 million.
- 11.11 On the Underground, operating expenditure was £33 million below budget in the first quarter, principally attributable to lower Infracore performance payments, together with lower than budgeted risk events and electricity costs. These factors are also reflected in the year end forecast which is £50 million below budget.
- 11.12 At the end of the first quarter, both London Rail and Surface Transport are below budgeted levels of operating expenditure, but have forecast year end operating expenditure in excess of budget. In London Rail this is as a result of the increased cost of the Overground concession. In Surface Transport, this is due to increased funding for the London Safety Camera Partnership, and work originally budgeted as capital expenditure (£16.8 million) on the Low Emission Zone and walking, cycling and accessibility schemes. Re-classified following a review as part of the 2006/07 year end process. The budget will be re-allocated for Quarter 2 reporting accordingly.

2006/07 YTD Actual	Operating Expenditure £m	Year to Date			Full Year	
		Actual	Budget	Variance	Forecast	Variance
559	London Underground	581	614	(33)	2,628	(50)
507	Surface Transport	549	553	(4)	2,546	23
26	London Rail	30	35	(5)	186	12
59	Group Directorates	53	62	(9)	320	9
1,151	Total Operating Expenditure	1,212	1,263	(51)	5,681	(6)

Table may be subject to rounding errors

Capital Expenditure

- 11.13 TfL net capital expenditure at the end of the quarter, after third party capital receipts, reimbursements and reductions for overprogramming, was £30 million lower than budget but the full year forecast for net capital expenditure is £3 million below budget.

2006/07 YTD Actual	Capital Expenditure £m	Year to date			Full Year	
		Actual	Budget	Variance	Forecast	Variance
53	London Underground *	79	101	(22)	409	(14)
41	Surface Transport *	36	51	(15)	259	(59)
17	London Rail	52	64	(12)	424	(3)
3	Group Directorates	4	14	(10)	73	3
-	Overprogramming (Group)	-	(16)	16	(20)	50
114	Capital Expenditure	171	214	(43)	1,145	(23)
(27)	Reimbursements	(31)	(43)	12	(157)	20
87	Net Capital Expenditure	141	172	(31)	989	(3)
(1)	Capital Receipts	(30)	(31)	1	(52)	(0)
85	Net Capital	111	140	(30)	936	(3)

* Shown after delegated overprogramming

Table may be subject to rounding errors

- 11.14 On the Underground, capital expenditure was £22 million below budget in the first quarter due to the re-phasing of accommodation, station congestion relief, accessibility and communications projects. The full year end capital expenditure forecast demonstrates a partial recovery, to £14 million below budget, as work on congestion relief and accessibility projects will accelerate to deliver on schedule.
- 11.15 Surface Transport capital expenditure in quarter one was £15 million below budget as a result of the deferred West Ham Bus Garage scheme, delayed bus infrastructure projects and programme slippage on East London Transit and Greenwich Waterfront Transit. Full year capital expenditure is forecast to be £59 million below budget largely due to programme slippage on West Ham Bus Garage (and the consequential reduction in third-party funding), East London Transit, Greenwich Waterfront Transit, Ticket Technology, Blackwall Tunnel and A316 Country Way. As mentioned in paragraph 11.12, a re-classification of £16.8 million of the full year Surface Transport capital expenditure budget, to operating expenditure, will be processed for reporting in quarter 2. ¹
- 11.16 For London Rail, capital expenditure for the year to date was £12 million below budget, due to budget phasing issues associated with Stratford Regional and International stations. However this variance is forecast to reduce to £3 million lower than budget by the year end.
- 11.17 Capital expenditure in the Group Directorates was £10 million below budget in quarter one, largely as a result of lower than budgeted expenditure of £2.8 million on the Group Marketing and Communications customer services project and lower than budgeted expenditure on IT projects in Finance of £5.9 million. The year end position for Group Directorate capital expenditure is forecast to exceed budget by £1 million.

¹ For further information on Investment Programme performance please see the Investment Programme Report. (Section 3.9 and 3.10 for East London Transit and Greenwich Waterfront Transit reporting update).

Balance sheet

Transport for London Group Balance Sheet at end of Period 3 £m	Variance to Budget
Fixed Assets - <i>lower than budget</i>	63
Debtors and Payments in Advance - <i>lower than budget</i>	14
Cash - <i>lower than budget</i>	24
Creditors - <i>lower than budget</i>	(63)
Deferred Capital Grant - <i>lower than budget</i>	(18)
Provisions - <i>higher than budget</i>	9
Total Net Assets - <i>lower than budget</i>	29

- 12.0 Working capital balances across the group are broadly as expected in the budget other than in London Underground where trade creditors are £73m lower than budget, due to a £40m earlier payment of the Connect delay and disruption claim allied to reduced risk activity (£14m), and lower capital (£7m) and trade creditors/accruals (£12m).

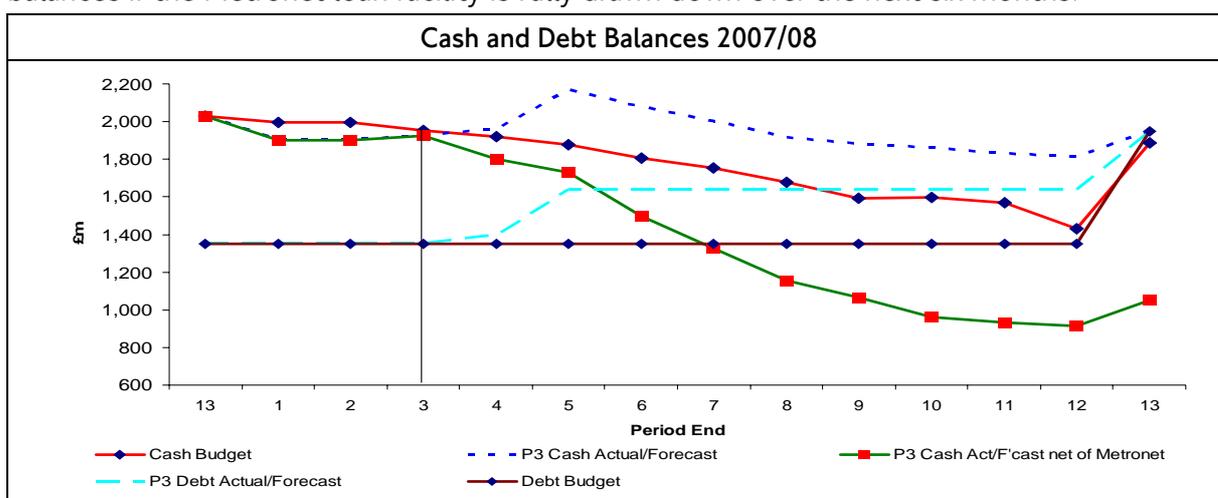
Transport for London Group Balance Sheet Forecast for the Year End £m	Variance to Budget
Fixed Assets - <i>lower than budget</i>	113
Debtors and Payments in Advance - <i>higher than budget</i>	(39)
Cash - <i>lower than budget</i>	837
Creditors - <i>higher than budget</i>	38
Deferred Capital Grant - <i>lower than budget</i>	(73)
Provisions - <i>higher than budget</i>	(112)
Total Net Assets - <i>lower than budget</i>	764

- 12.1 The year end forecast variances are dominated by the impact to cash of the advances forecast to be made to the PPP Administrator in respect of the two Metronet companies. Excluding these payments, working capital variances are within expected tolerance levels, with no significant variances. Changes to fixed assets and deferred grants are due to variances in activities as reported above.

Cash summary

Cash Balances and Debt

- 13.0 Cash balances at 31 March 2008 are forecast to be £1,949 million (budget £1,889 million) before taking into account the Loan Facility granted to Metronet companies in administration.
- 13.1 The graph below shows the actual/forecast cash balances and debt compared to budget at each period end throughout the year. Of the £600 million budgeted borrowing, £288 million was borrowed from PWLB (£50 million on 2 July, £150 million on 20 August, £63 million on 29 August and £25 million on 3 September) with the approval of the Finance Committee, to take advantage of low long-term borrowing rates. TfL is committed to drawing down £112 million from the European Investment Bank in period 13 to fund the East London Line leaving £438 million forecast to be borrowed in period 13. The green line shows the effect on cash balances if the Metronet loan facility is fully drawn down over the next six months.



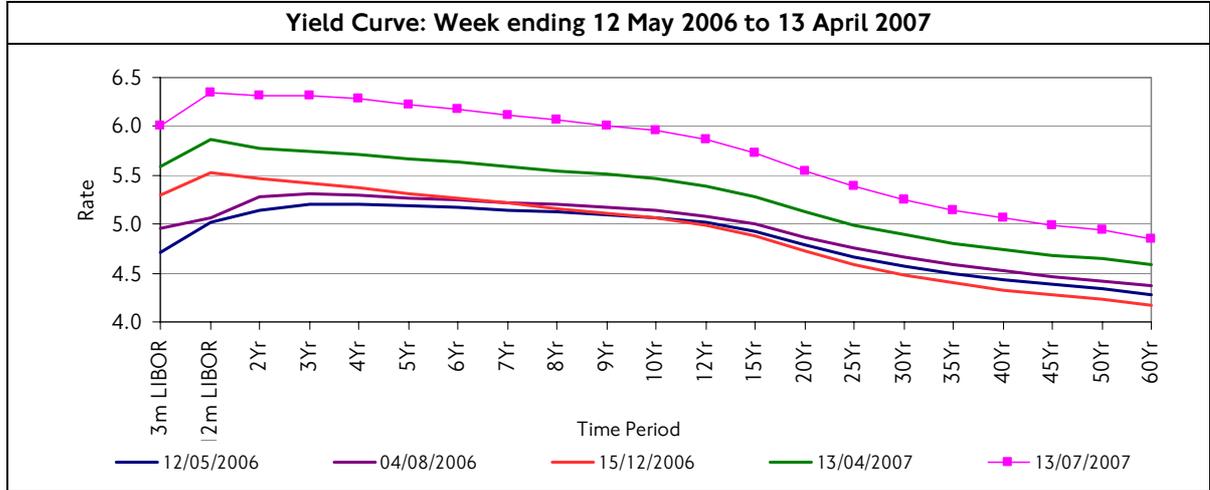
- 13.2 A summary of approved investments and cash balances over the quarter is provided in Annex Five.

Performance

- 13.3 Performance is now measured against a tighter benchmark of the average of 3 month's London Interbank Offered Rate (LIBOR) minus 12.5 basis points (previously the average of 3 month's LIBOR minus 15 basis points). TfL's returns dropped below this benchmark for only one period and exceeded it in the latter two, resulting in an overall excess over benchmark of one basis point.
- 13.4 Results for the last three periods are noted in the table below:

Treasury Management Yield	Period 1	Period 2	Period 3	YTD Actual	Full Year	Full Year
Period End:	28 April	26 May	23 June	23 June	Forecast	Budget
	%	%	%	%	%	%
Benchmark	5.42	5.47	5.56	5.48		
Average Rate of Return	5.41	5.48	5.59	5.49	5.67	4.87
Variance to Benchmark (lower) / higher	(0.01)	0.01	0.03	0.01		
Interest Earned, Period	£8.2m	£8.0m	£8.1m			
Interest Earned, Year to Date	£8.2m	£16.2m	£24.3m	£24.3m	£94.2m	£73.9m

- 13.5 The Metronet facility makes provision for interest to be paid at a commercial rate. If this is paid, TfL's interest earnings will increase by £20 million.
- 13.6 The latest yield curve summary is shown below for information. It reflects the general view that short-term rates will rise further this year with the yield curve peaking at the 12 month rate of 6.34 per cent (5.865 per cent week ending 13 April). Long-term rates are now being cautiously marked upwards with a full 27 basis points increase in the 60 year swap rate since April to 4.85 per cent (week ending 13 July).



Annex One: Performance Summary

2006/07		Quarter 1				Full Year			
Key Performance Indicator	Unit	Actual	Target	Var	PY	F'Cast	Target	Var	PY
Service Demand									
Passenger Journeys - TfL Group	m	764.6	758.4	6.2	674.3	3,315.7	3,303.9	11.8	2,984.8
Passenger Journeys - LU	m	241.6	234.5	7.0	223.8	1,087.5	1,048.0	39.5	1,014.3
Passenger Journeys - Buses	m	501.3	502.2	(1.0)	430.6	2,160.3	2,160.4	(0.1)	1,880.3
Passenger Journeys - DLR	m	14.8	14.8	(0.0)	13.7	63.4	66.6	(3.1)	61.3
Passenger Journeys - Trams	m	5.9	5.7	0.2	5.1	**	24.6	-	24.8
Coach Departures - Victoria Coach Station	'000s	43.3	44.3	(1.0)	44.3	187.0	187	-	187.2
Passenger Journeys (excl multi stop) - River Services	'000s	615.3	560.0	55.3	542.7	2,445.0	2,000	445.0	2,085.1
Passenger Journeys (multi stop) - River Services	'000s	170.5	141.0	29.5	139.4	629.5	600	29.5	661.6
Total Trips - Dial a Ride	'000s	259.5	343.7	(84.2)	277.1	1,364.3	1,517.9	(153.5)	1,173.2
Cycle usage on TLRN (Index Mar 2000 = 100)	Index	212.2	183.8	28.4	188.9	205.0	186.0	19.0	182.6
Service Provision (Supply)									
% Scheduled Services Operated - LU	%	95.6	95.1	0.5	94.9	95.2	95.1	0.1	94.5
% Trains Operated in Peak Hours - LU	%	97.3	-	-	97.4	**	No Target	-	96.9
Train Kilometres Operated - LU	m	16.3	16.1	0.2	16.1	71.5	71.3	0.2	69.8
% Scheduled Services Operated - Buses	%	97.7	98.1	(0.4)	97.8	97.6	97.8	(0.2)	97.5
Bus Kilometres Operated - Buses	m	105.3	105.9	(0.6)	104.8	465.1	467.4	(2.3)	457.9
% Scheduled Services Operated - DLR	%	99.0	98.0	1.0	99.0	98.2	98.0	0.2	99.1
Train Kilometres Operated - DLR	'000s	1,010.5	1,009.7	0.8	988.0	4,526.6	4,526.6	-	4,383.0
% Scheduled Services Operated - Trams	%	98.7	98.0	0.7	99.1	**	98.0	-	99.3
% Scheduled Services Operated - River Services	%	98.0	98.5	(0.5)	98.6	98.3	98.5	(0.2)	98.5
No. of Taxi Drivers Licensed - PCO	'000s	24.5	24.9	(0.4)	24.6	24.9	24.9	-	24.6
No. of Private Hire Drivers Licensed - PCO	'000s	41.3	36.0	5.3	31.1	40.0	36.0	4.0	38.0
Reliability									
Overall Delay (Index = 100) - TfL Group	#	89.5	80.8	8.6	84.0	**	81.8	-	-
Excess Journey Time (Weighted) - LU	Mins	7.3	7.5	(0.2)	7.7	**	7.5	-	8.1
Peak Train Cancellations, Due to ONAs - LU	%	0.1	0.6	(0.5)	0.1	**	0.6	-	0.1
PPP Availability, Lost Customer Hours - LU	m	4.1	3.6	0.5	3.2	**	15.6	-	14.6
Excess Wait Time, High Freq Routes - Buses	Mins	1.0	1.1	(0.0)	1.1	1.1	1.1	(0.0)	1.1
On Time Performance, Low Freq Routes - Buses	%	79.3	77.5	1.8	78.0	78.2	77.0	1.2	78.1
On Time Performance, Night buses - Buses	%	85.5	84.2	1.4	86.2	85.5	82.9	2.6	85.2
On Time Performance - DLR	%	97.8	96.0	1.8	97.8	96.4	96.0	0.4	97.8
Road Traffic Signals Operating Effectively	%	99.3	98.6	0.7	98.8	-	98.6	-	-
Safety									
Major Injuries & Fatalities - LU (per million passenger journeys)	#	0.18	-	-	0.1	**	No Target	-	0.2
Major Injuries & Fatalities - Buses (per million passenger journeys)	#	0.8	-	-	1.1	**	No Target	-	0.7
Major Injuries & Fatalities - DLR	#	0.1	-	-	0.3	**	No Target	-	0.1
KSI, Total Londonwide - Road Network ++	#	572	552	20	617	**	3,527	-	3,946
KSI, Total TLRN - Road Network ++	#	159	153	6	178	**	968	-	1,124
KSI, Powered 2-Wheel Riders Londonwide - Road Network ++	#	115	99	16	118	**	968	-	848
KSI, Children Londonwide - Road Network ++	#	39	46	(7)	60	**	968	-	392

GREEN: better than or equal to target; **AMBER:** within 5% of target; **RED:** 5% or more below target. ++ Due to the reporting process and nature of road traffic accident data, it will always be reported 4 to 5 months in arrears.

Annex One: Performance summary (continued)

2006/07 Key Performance Indicator	Unit	Quarter 1				Full Year			
		Actual	Target	Var	PY	F'Cast	Target	Var	PY
Customer Satisfaction									
Overall Customer Satisfaction - TfL Group	Score	79.1	78.3	0.7	78.4	-	78.3		77.4
Customer Satisfaction - LU									
Overall	Score	78.0	78.0	-	78.0	**	78.0	-	76.0
Crowding	Score	72.0	-	-	72.0	**	No Target	-	71.0
Safety & Security	Score	81.0	-	-	81.0	**	No Target	-	80.0
Information	Score	79.0	-	-	79.0	**	No Target	-	79.0
Customer Satisfaction - Buses									
Overall	Score	79.0	78.0	1.0	78.0	78.0	78.0	-	-
Crowding	Score	78.0	77.0	1.0	77.0	77.0	77.3	(0.3)	-
Safety & Security	Score	85.0	83.0	2.0	81.0	83.0	83.0	-	-
Information	Score	75.0	75.0	-	73.0	75.0	75.0	-	-
Reliability Journey Waiting Time	Score	80.0	80.0	-	79.0	80.0	80.0	-	-
Customer Satisfaction - DLR									
Overall	Score	97.4	90.0	7.3	96.4	**	90.0	-	96.8
Information	Score	97.9	90.0	7.9	95.9	**	90.0	-	96.5
Safety & Security	Score	97.6	90.0	7.6	94.9	**	90.0	-	95.6
Overall Customer Satisfaction - Trams	Score	86.0	-	-	83.0	**	No Target	-	-
Overall Customer Satisfaction - Dial-A-Ride	Score	93.0	-	-	92.0	**	No Target	-	-
Overall Customer Satisfaction - VCS	Score	78.0	78.0	-	79.0	**	76.0	-	-
Financial Efficiency									
Cost per passenger Kilometre - LU	p/km	25.5	27.8	(2.3)	26.8	**	26.9	-	26.7
Income per passenger Kilometre - LU	p/km	(20.4)	(20.3)	(0.1)	(21.4)	**	(20.5)	-	(20.4)
Cost per passenger Kilometre - Buses	p/km	22.1	23.5	(1.3)	22.9	22.9	24.3	(1.4)	23.1
Income per passenger Kilometre - Buses	p/km	(13.7)	(14.8)	1.1	(14.1)	(13.6)	(14.9)	1.3	(14.3)
Cost per Trip - Dial-A-Ride	£	26.7	16.2	10.5	22.6	21.3	17.8	3.5	23.8
People									
Number of Staff - TfL Group	FTE	21,114	21,178	(64)	20,199	22,065	21,440	626	20,778
Sickness Absence per Employee									
TfL Group	Days	2.2	2.4	(0.1)	2.6	10.9	11.1	(0.2)	11.7
LU	Days	2.4	2.6	(0.2)	2.8	11.8	12.0	(0.2)	12.8
Surface Transport	Days	2.2	2.1	0.1	2.2	9.5	9.5	0.0	10.0
London Rail	Days	0.7	1.2	(0.4)	0.7	4.9	5.0	(0.1)	4.5
Group Directorates	Days	1.2	1.5	(0.3)	1.9	7.9	7.2	0.8	8.2
Women Staff - TfL Group	%	23.6	24.3	(0.7)	22.3	23.9	24.3	(0.4)	23.3
BAME Staff - TfL Group	%	33.8	26.8	7.0	32.9	33.0	26.8	6.2	33.6
Disabled Staff - TfL Group	%	7.0	8.0	(0.9)	7.6	8.0	8.0	0.0	7.2
Women Staff in Senior Mgt - TfL Group	%	21.0	21.7	(0.7)	18.8	21.8	21.7	0.1	20.2
BAME Staff in Senior Mgt - TfL Group	%	11.8	12.3	(0.5)	10.6	12.3	12.3	0.0	11.7
Disabled Staff in Senior Mgt - TfL Group	%	4.6	5.2	(0.6)	4.8	5.0	5.2	(0.2)	4.3

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

Table may be subject to rounding errors.

Annex Two: Modal summary of financial performance

Net Service Expenditure £m	Year to Date			Full Year	
	Actual	Budget	Variance	Forecast	Variance
Income					
London Underground	(367)	(366)	(2)	(1,668)	(18)
Surface Transport	(340)	(348)	8	(1,503)	36
London Rail	(14)	(15)	1	(75)	(2)
Group Directorates	(3)	(3)	0	(17)	0
	(724)	(732)	8	(3,263)	16
Operating Expenditure					
London Underground	581	614	(33)	2,628	(50)
Surface Transport	549	553	(4)	2,546	23
London Rail	30	35	(5)	186	12
Group Directorates	53	62	(9)	320	9
	1,212	1,263	(51)	5,681	(6)
Net Operating Expenditure	488	531	(43)	2,418	11
Capital Expenditure					
London Underground	79	101	(22)	409	(14)
Surface Transport	36	51	(15)	259	(59)
London Rail	52	64	(12)	424	(3)
Group Directorates	4	14	(10)	73	3
	171	231	(59)	1,165	(72)
Capital Reimbursements					
London Underground	(29)	(30)	1	(100)	5
Surface Transport	(0)	(7)	7	(9)	21
London Rail	(1)	(1)	(0)	(25)	(4)
Group Directorates	0	(5)	5	(24)	(3)
	(31)	(43)	12	(157)	20
Overprogramming	-	(16)	16	(20)	50
Net Capital Expenditure	141	172	(31)	989	(3)
Capital Receipts	(30)	(31)	1	(52)	(0)
Group Items					
Interest Income	(24)	(21)	(3)	(94)	(20)
Debt Servicing Costs	25	26	(0)	109	(2)
Contingency	-	2	(2)	35	-
Provision for Metronet Administration	-	-	-	900	900
Net Service Expenditure	600	678	(78)	4,304	886

() Variance is an above budget for income and below budget for expenditure.
Table may be subject to rounding errors

Annex Three: Balance Sheet

Balance Sheet £m	Full Year			Full Year	
	Actual	Budget	Variance	Forecast	Variance
Fixed Assets					
Tangible Assets	15,627	15,690	63	16,625	113
Current Assets					
Stocks	5	5	-	5	-
Debtors	201	204	3	187	11
Payments in Advance	147	158	11	192	(50)
Cash at Bank and in Hand	1,924	1,948	24	1,052	837
Current Liabilities					
Revenue	(825)	(880)	(55)	(950)	3
Receipts in Advance	(196)	(194)	2	(231)	(1)
Capital	(251)	(257)	(6)	(283)	33
Long Term Liabilities					
Balances with Infracos	(2,332)	(2,343)	(11)	(2,771)	(5)
Prudential Loans	(1,350)	(1,350)	-	(1,950)	-
Creditors Due after One Year	(388)	(381)	7	(378)	8
Capital Grants	(6,978)	(6,996)	(18)	(7,259)	(73)
Pension Provision	(948)	(948)	-	(948)	-
Other Provisions	(232)	(223)	9	(99)	(112)
Total Net Assets	4,404	4,433	29	3,192	764
Capital and Reserves					
Earmarked Reserves	1,211	1,265	54	182	784
Pension Reserves	(948)	(948)	-	(948)	-
General Fund	179	174	(5)	177	-
Other Reserves	3,962	3,942	(20)	3,781	(20)
Total Capital Employed	4,404	4,433	29	3,192	764

Annex Four: Cash Summary

Cash Summary £m	Full Year			Full Year	
	Actual	Budget	Variance	Forecast	Variance
Net Revenue Expenditure	(490)	(537)	(47)	(3,368)	889
Working Capital Movements	(68)	38	106	105	(33)
Cash Spend on Operating Activities	(558)	(499)	59	(3,263)	856
Net Capital Expenditure	(141)	(183)	(42)	(1,043)	(72)
Working Capital Movements	(2)	(7)	(5)	(33)	33
Cash Spend on Capital Activities	(143)	(190)	(47)	(1,076)	(39)
Funded by:					
Transport Grant	566	565	(1)	2,595	-
Precept Funding	2	2	-	12	-
Prudential Borrowing	-	-	-	600	-
Third Party Contributions	30	43	13	157	20
Total Funding	598	610	12	3,364	20
Net Movement in Cash	(103)	(79)	24	(975)	837

TRANSPORT FOR LONDON

FINANCE COMMITTEE

SUBJECT: Transport for London Investment Programme Report – First Quarter 2007/08

MEETING DATE: 14 September 2007

1. PURPOSE

1.1 The investment programme report for the first quarter of 2007/08 (01 April 2007 to 23 June 2007) is attached to inform the Finance Committee of Transport for London's investment programme performance.

2. INTRODUCTION

2.1 Attached is the investment programme report for the first quarter 2007/08.

2.2 The report aims:

- To provide a report that, whilst continuing to meet the needs of the Finance Committee and TfL Board, is also capable of being a stand alone performance report outside of the Board papers;
- To ensure that report is understandable and accessible to a wide range of stakeholders and the public, and is capable of being more widely promoted via the TfL website.

2.3 It is envisaged that this report, once received by the Board, would be made available separately via the website under a 'TfL performance' section or similar, and circulated to stakeholders as requested.

3. RECOMMENDATION

3.1 The Finance Committee is asked to:

Note TfL's investment programme performance over the first quarter, 2007/08.

4. CONTACTS

4.1 For detailed enquiries on the content of these reports, please contact:

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Investment Programme Report

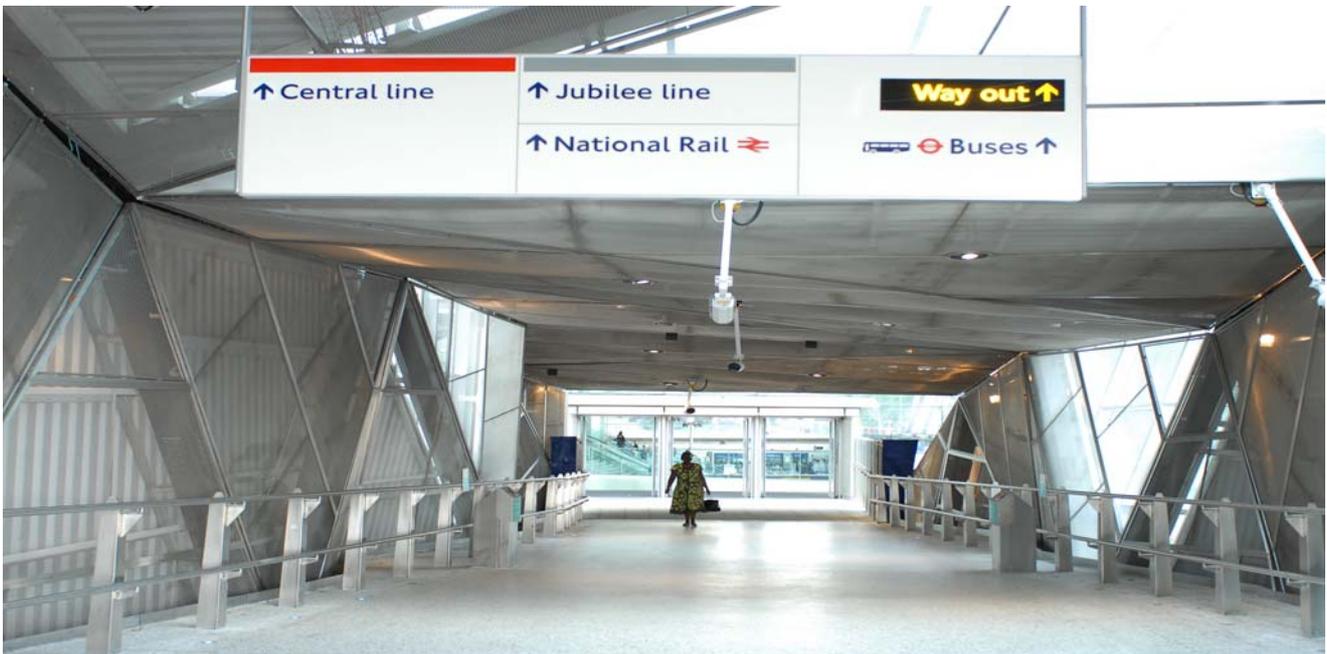
First quarter, 2007/08

MAYOR OF LONDON

Transport for London



Cover Image: The new DLR platform situated on the mezzanine level of Stratford station connecting directly into the Jubilee Line station building and providing improved passenger waiting facilities, CCTV, information services and seating. The first platform opened on 18 June and will facilitate the increase in passengers at Stratford over the next few years as a result of the opening of the Stratford International station, ongoing development of Stratford City and the London 2012 Olympic and Paralympic Games. Further images are shown below.



Transport for London

Investment Programme Report

First quarter, 2007/08 (1 April 2007 –23 June 2007)

1 Programme Highlights

- 1.1 TfL's Investment Programme this quarter generally continued to progress as planned. A number of key milestones detailed in this report were met in the period, as well as seven from the second quarter. The majority of the top 10 key projects are achieving key milestones with three (Tottenham Court Road Congestion Relief, Thames Gateway Bridge and West London Tram) showing slippage against milestones.
- 1.2 The key highlights from the first quarter of 2007/08 were:
- On 25 April 2007, LU appointed Mott MacDonald to be lead consultant for the detailed design through to construction of the Victoria Station upgrade.
 - Taylor Woodrow was appointed as contractor on 3 May 2007 for the £200m DLR infrastructure works to enhance capacity on the DLR network from two to three cars.
 - On 9 May 2007, following the Mayor's approval for the implementation of the proposed London-wide Low Emission Zone (LEZ) in February 2008, a major public information campaign commenced. LEZ registration went live on 30 July 2007.
 - The public consultation on route options for East London Transit phase 1b started on 24 May 2007 and finished on 13 July 2007.
 - The Docklands Light Railway (DLR) opened the first of the two new platforms at Stratford station on 18 June 2007.
- 1.2 Post quarter events include:
- The DLR awarded the main construction contract to build the £238m DLR Stratford International extension to a Skanska and GrantRail joint venture on 29 June 2007.
 - The transfer of the Stratford Regional Station project to the ODA was completed on 30 June 2007.
 - TfL placed a £36m order for an extra 36 rail carriages for the London Overground network on 4 July 2007.
 - Trial operations began on 18 July 2007 on the new Piccadilly line service to Heathrow Terminal 5, ahead of the first passenger services when T5 opens on 27 March 2008.
 - On 19 July 2007 a TWA Order was approved for the DLR 3-Car North Route and DLR 3-Car Poplar Woolwich projects enabling the DLR to plan upgrades and introduce longer trains.
 - The second tunnel extending the DLR under the River Thames to Woolwich Arsenal broke through on 23 July 2007.
 - On 26 July 2007, the Secretary of State called for further review of TfL's planning application for the Thames Gateway Bridge.

The appointment of an Administrator for both Metronet Rail BCV and SSL on 18 July 2007 is not expected to have an immediate impact on the delivery of the investment programme and its impact has not been assessed on relevant forecast milestone delivery dates given in this report.

2 Projects (over £100m)

- 2.1 TfL's Investment Programme contains a range of programmes and projects over £100m in addition to a range of smaller activities which are delivered by TfL directly, through our partners in the London Boroughs or through long-term partnerships with the private sector such as the PPP on London Underground and Private Finance Initiatives (PFI).

TfL has established an 'Oversight' function, the purpose for which is to provide assurance on the delivery of the Investment Programme. Oversight has determined a risk based list of 'top 10' and 'top 60' projects which forms the basis of programmes and projects within the Investment Programme Report. These are reviewed every six months.

This section reports on discrete projects with a total cost greater than £100m. Projects identified from the latest 'Oversight' risk categorisation process as being included in the top 10 are identified by an asterisk (*).

For each project, key milestones are given with a forecast date against the current planned date for the current year, and if appropriate, additional milestones from the 2007/08 Budget Deliverables document. The Red Amber or Green (RAG) status signifies the following:

	Delivery on schedule
	Delivery < 3 months behind schedule
	Delivery > 3 months behind schedule

London Underground

- 2.2 Channel Tunnel Rail Link (CTRL) at King's Cross (*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Phase 1 final completion	31-12-2006	10-12-2006	Completed
Commencement of Bomb Gap Civils	31-08-2007	17-07-2007	Completed
Phase 2 completion	31-12-2010	31-12-2010	

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

Phase 1, including refurbishment of the Metropolitan and Circle line platforms was completed on 10 December 2006 and all public areas are now in use with only snagging and assurance closeout ongoing.

Phase 2, including the Northern Ticket Hall, is continuing on site. There are delays to the tunnelling work due to complexity of the works and delays in gaining assurances. A recovery schedule is being developed including increasing the number of shifts and levels of supervision and the Phase 2 completion date is not yet at risk. The project remains on target for completion in December 2010.

Once the new Channel Tunnel Rail Link is opened, King's Cross St Pancras Station is forecast to be one of the busiest on the Underground network, serving 92,000 passengers in the morning peak by 2011.

2.3 Victoria Station Upgrade (*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Transport Works Act (TWA) Submission	30-11-2007	30-11-2007	●

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

The TfL Board agreed that the TWA Order would be submitted in November 2007. Asbestos removal is ahead of programme in four of the five work packages. The multi-disciplinary consultant has completed submission of the TWA Reference drawings ready for the submission and will commence the Stage E design in Quarter 2. The LU project team held two Pre-TWA public exhibitions. The main construction works are still planned to start on site in October 2009.

The interface with the Land Securities development, Victoria Transport Interchange (VTI), continues to be monitored. The schemes are to remain de-coupled to ensure that a delay to one does not affect the other.

The project completion date is planned for Quarter 4 2014.

2.4 Tottenham Court Road Congestion Relief (*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Design tenders returned	15-01-2007	05-02-2007	Completed
Completion of Stage E design	28-02-2008	31-07-2008	■

Tottenham Court Road station is at the heart of London's West End, and is currently operating in excess of its capacity. It therefore suffers from significant congestion. Demand at the station is forecast to increase, and access to the station would need to be severely restricted to avoid unsafe levels of congestion and operation. The scheme will provide a significantly enlarged ticket hall with improved and additional entrances to the station, additional escalator access to the Northern Line platforms, and improved circulation space and step-free access throughout the station. It will also provide a link into the proposed Crossrail scheme.

Halcrow Group was appointed to undertake the detail design works on 21 May 2007 which was delayed due to an extended tendering process. Consequently, Halcrow's design programme indicates that the completion of stage E design will be completed later than originally envisaged although this does not affect their overall design programme. They have completed their review of the stage D report. Diversions of sewers, telecommunications, gas, electric and water pipes are continuing. These works will take 18 months and will be phased to reduce potential impact, so not all areas will be affected at the same time.

The Powers for the new ticket hall are included within the provisions for the Crossrail Hybrid Bill. The expected Royal Assent date has now been delayed to May 2008 from December 2007.

2.5 Tunnel Cooling(*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Victoria ground water cooling trials complete	31-07-2007	22-04-2008	■
Portable Fans Trial at Piccadilly Completed	31-05-2007	10-06-2007	Completed
Victoria Line RIBA C Design Packages 1-4 (excl. King's Cross, Oxford Circus & Victoria) Completed	30-06-2007	17-07-2007	Completed
Victoria Line Tunnel Model Stage 5 Completion	31-10-2007	31-10-2007	●
Air Handling Unit Factory Test and Commission Completed	31-01-2008	31-01-2008	●

This is a long term programme to reduce ambient temperatures in a number of ways including increased ventilation, improved energy efficiency, and train-based measures. An accelerated design programme has commenced to provide solutions in time for the line upgrade programmes.

For the Victoria Ground water trial, the system was commissioned in August 2006 with the trial due to last a year. However, as certain elements were not commissioned until Spring 2007, the trial end date has been extended but the trial life remains the same. It is anticipated that the cooling system will remain in place and in operational use after the completion of the trial.

2.6 LU Line Upgrade – PPP BCV

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Waterloo & City line upgrade complete	March 2007	July 2007	■
Victoria Line – 1 train accepted to run in LU traffic hours	January 2009	January 2009	●
Victoria Line – Commence rolling stock full production	May 2010	May 2010	●

The Waterloo and City line was reopened on 11 September 2006 with the full 5-train upgrade now due for completion in Quarter 2. The slippage is due to various activities including the training of service operators and assurance issues.

For the BCV network, the first major line upgrade is the Victoria Line. The works include new rolling stock, signalling, control equipment, depot and track.

The first train, Train 1, was delivered to London in May, three months later than the accelerated baseline programme. Testing is underway on the Victoria Line during non-traffic hours. Production of Train 2 has slipped further, with delivery now forecast for April 2008 (from September 2007).

The System Control Centre (SCC) building was handed over in July to Metronet for the installation of signalling equipment. Tenders for the service control line management are being assessed and two companies will proceed to the next stage.

The productivity in the track programme is expected to improve with the approval of lengthened engineering hours to 23:00 Monday to Thursday, from 23 July to 22 November 2007. The track programme has been accelerated to finish in summer 2009.

The revised completion date of February 2012 for the Journey Time Capability (JTC) is now under pressure from these rolling stock and signalling issues. The contractual date remains August 2013.

2.7 LU Line Upgrade – PPP JNP

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Jubilee Line – Delivery of last train	April 2008	October 2008	■
Jubilee Line – LU acceptance of first section	June 2008	May 2008	●
Jubilee Line – LU acceptance of entire line	November 2009	November 2009	●

Work is underway on both the Jubilee and Northern Line Upgrades which comprise signal and train control replacement. Completion is due in 2009 for the Jubilee Line, with the Northern Line to follow in 2011.

On the Jubilee Line programme, the Transmission Based Train Control (TBTC) and Rolling Stock elements are critical path activities with the schedules for these under pressure against the accelerated 'early finish' programme. Despite multi-train working, the rolling stock progress remains a concern with the full conversion of the Jubilee Line fleet now planned for October 2008, six months later than planned. Overall, completion of the Jubilee Line is still forecast before the contract date of December 2009.

On the Northern Line upgrade, Train 1 commissioning is due in the second quarter. The delivery of Signal Equipment Rooms is behind programme but this is not on the critical path. Final completion remains on schedule for 2011.

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

Milestones	Current Plan Date	Actual / F'cast Date	RAG
New rolling stock – Preliminary vehicle design complete	28-02-2007	28-02-2007	Completed
Vehicle design complete	31-07-2007	31-12-2007	■
D78 Stock – 66% of rolling stock refurbished and in service	31-08-2007	31-06-2007	Completed
Signalling system – preliminary design freeze	31-12-2008	31-12-2008	●

The SSL network (consisting of the Circle, District, Hammersmith & City and Metropolitan lines) upgrades will provide new and refurbished rolling stock, new signalling and a new control centre.

50 D-Stock trains were available for service on 30 June 2007, 66% complete and ahead of target. Trains 51 & 52 were returned to service at the end of July 2007. S-Stock detailed design is near completion with the completion date scheduled for December 2007.

The interfaces and interoperability of the signalling systems between the SSL network and Network Rail continues to be an issue. Solution proposals are expected in October 2007.

The programme is on track to complete by 2018.

2.9 7-Car Circle Line

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Surveys/design for platform extensions begin	31-03-2007	31-03-2007	Completed
7 Car C Stock Specified Right – Major Stations RIBA D Design Submitted	30-11-2007	30-11-2007	●
Work begins on 12 minor stations	31-03-2008	31-03-2008	●

This project provides for all the work associated with enabling 7-car operation at the minority of stations (16 in total) where trains are currently restricted to 6-car running. The project also

provides an additional new S-stock car to that already being supplied under the SSL Upgrade Programme.

The feasibility study for platform extensions at the four major stations has identified affordability issues, which are being addressed by the design contractors. Prices for the works have been submitted by the Infracore which are currently being re-assessed in parallel with the design proceeding to RIBA Stage D (up to TWA Powers). The re-assessment will be completed by September 2007. Intrusive surveys have begun at these stations. Alternative solutions including Selective Door Opening are under investigation.

London Rail

2.10 East London Line Extension (*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Award Main Works Contract	31-05-2007	20-10-2006	Completed
Close Existing East London Line	31-12-2007	31-12-2007	●
Commence Bridge GE19 Demolition	31-12-2007	31-12-2007	●
Main Contractor Takes Occupancy of ELL Track way & Stations	31-03-2008	31-03-2008	●
Test Running	31-01-2010	05-06-2009	●
Completion	29-06-2010	07-11-2009	●

The upgraded and extended East London Line (ELL) is planned to open in 2010 with TfL as the passenger service operator through a joint ELL/North London Rail concession, termed 'London Overground'. The Overground concession contract was awarded to MTR Laing in June 2007, ready for the transfer of operation of the North London Line to TfL in November 2007. LU will be the infrastructure controller and network operator for the East London Line north of New Cross Gate, with Network Rail the infrastructure controller for the remainder. The Office of Rail Regulation and Network Rail have now agreed in principle to a 20 year track access option for the line south of New Cross Gate.

The main works contractor has now been awarded the contract for the rolling stock maintenance facility at New Cross Gate and has successfully achieved five short term critical milestones, with a sixth on programme for completion later this summer. The rate of production of the design submissions by the design sub-contractor, Scott Wilson, has been disappointing and senior management meetings have been held with the relevant parties to agree corrective action. A detailed monitoring regime has also been put in place to measure the effectiveness of these measures.

The project remains on track for the ELL to re-open by the scheduled date of June 2010.

2.11 London Rail Concession Rolling Stock

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Award Contract	31-08-2006	31-08-2006	Completed
First Car Delivered	05-06-2008	05-06-2008	●
Trains in Service - NLR	31-12-2008	24-10-2008	●
Trains in Service - ELL	30-06-2010	30-06-2010	●

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

The first of the new London Overground branded trains is expected to be in operation by the end of 2008.

An order for the first tranche of additional vehicles to support the North London Line service commitment (SLC2k) was placed in June, providing for three additional 4-car dual voltage units and 24 cars to lengthen the North London Line 3-car fleet to 4-car.

The project is currently in design stage, with the concept design reviews now being effectively complete and the next stage of reviews well under way. The first unit body-shell is due on the production line in September 2007.

2.12 DLR Bank-Lewisham 3 Car Infrastructure

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Beckton Depot (Phase 1) completion	20-10-2006	31-08-2007	■
Tender documents to be returned	30-11-2006	21-12-2006	Completed
Construction work starts	30-04-2007	04-06-2007	Completed
Construction/trackwork/signalling complete	31-01-2010	30-09-2009	●
Service operational	31-01-2010	31-10-2009	●

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

The contract was let in May 2007 to Taylor Woodrow, which delayed the planned start on site. The first planned possession is in October 2007 at Canning Town. Completion of the Phase 1 works on the Beckton Depot expansion has been delayed, but does not impact on operations or the rest of the project. Due to the poor performance of the contractor, Carillion, the second stage of the depot expansion has been awarded to a different contractor, Serco, who have started to establish a presence on site.

2.13 DLR Woolwich Arsenal Extension

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Complete up-tunnel	06-09-2006	19-12-2006	Completed
Completion of Thames Intervention Shaft	31-07-2007	27-09-2007	▲
Completion of tunnelling	31-08-2007	23-07-2007	Completed
Completion of track works	31-03-2008	31-03-2008	●
Project completion	31-01-2009	31-01-2009	●

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

Boring on the second tunnel started on 14 March 2007 and good progress was made in the quarter such that the time lost on the first tunnel was recovered and the breakthrough was made ahead of schedule on 23 July 2007 attracting widespread media coverage. Work on the Thames Intervention Shaft is continuing but is progressing slower than planned due to unexpected ground conditions, but this is not expected to impact the scheduled completion date. Good progress is also being made on Woolwich Arsenal station.

This project was subject to an Independent Engineer review. The overall view was that the construction of the transport infrastructure is proceeding well and that the project is likely to prove successful overall.

2.14 DLR Stratford International Station

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Contract Package 8 award	01-12-2006	10-01-2007	Completed
TWA powers granted	31-12-2006	25-10-2006	Completed
Contract Package 7 award	29-01-2007	03-05-2007	Completed
Contract Package 6 award	28-05-2007	29-06-2007	Completed
Commence Works – Package 7	31-05-2007	31-05-2007	Completed
Commence Works – Package 6	30-06-2007	02-07-2007	Completed
Complete Works	30-06-2010	30-06-2010	●

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

The contract for Package 6 (conversion of the North London Line south of Stratford to DLR) was awarded in June 2007, so all the main contracts have now been placed. There have so far been three successful Network Rail possessions to divert cabling.

2.15 North London Railway Infrastructure Project(*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
All design completed to GRIP 2	18-05-2007	08-06-2007	Completed
All design completed to GRIP 3	24-08-2007	24-08-2007	●

The North London Railway Infrastructure Project (NLRIP) covers a programme of improvements to stations, permanent way, signalling and civil infrastructure enhancements to facilitate the operation of SLC2k which is to be introduced in January 2011.

The GRIP 2 (pre-feasibility design options) deliverables have now all been completed. The output of this identified significant affordability issues, which are being addressed through value engineering. GRIP 3 (single option development) is underway and it is anticipated that cost estimates will be available by the end of the second quarter. The ODA funding agreement for the project is conditional on completion of GRIP 4 by August 2008.

Planning

2.16 Cross River Tram(*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Complete Stakeholder consultation on route options	15-11-2006	30-10-2006	Completed
Complete review of options post consultation	28-02-2007	28-02-2007	Completed
Complete public consultation on route options	30-03-2007	28-03-2007	Completed
Issue of preferred route recommendation report	30-09-2007	tbc	
Approval of Option Refinement (achieve Design Freeze 2)	30-11-2007	tbc	

The public consultation on the route options was successfully completed at the start of 2007. Further road shows and exhibitions of the proposals were held in the first quarter of 2007/08. Technical assessments of the different strategic route options have been provided, which the project team is reviewing ahead of wider stakeholder engagement to achieve adoption of the preferred route.

Post quarter, the route alignment design and assessment and update of the business case continues and the results of the public consultation on route options are due to be published shortly. However, as funding to seek powers and implement the scheme has yet to be identified, conclusion on the preferred route alignment will follow an assessment of funding, relative priority and review of options.

The future programme and milestones are subject to the outcome of the SR2007.

2.17 Croydon Tramlink Crystal Palace Extension

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Commence public consultation	31-10-2006	19-10-2006	Completed
Commence investigation of options	31-10-2006	31-10-2006	Completed
Agree governance and handover strategy with London Trams and Surface Transport	01-10-2006	28-02-2007	Completed
Issue report on 1 st route option public consultation	31-05-2007	31-05-2007	Completed
Appoint designers for development of single option to acquisition of Powers	31-07-2007	tbc	
Preferred Single Option approved by SRO	31-10-2007	tbc	
Agree transition arrangements with Surface Transport (London Trams)	30-11-2007	tbc	

The project is to undertake option development and technical feasibility of extending the Croydon Tramlink to Crystal Palace and submit a Transport and Works Order application to obtain powers for the scheme.

Extensive assessment has been undertaken to determine the best value for money option for the extension and the results of the public consultation published. The project team is

developing the business case in preparation for making a preferred route recommendation to TfL senior management.

The LDA planning application for Crystal Palace Park is due to be submitted in October 2007. TfL has been working very closely with the LDA in developing a scheme that is compatible with the Tramlink Extension. Within the application the LDA will show the area dedicated for the tram and bus/tram interchange.

As funding for this proposal has yet to be identified, conclusions on the preferred route and timetable for delivery will follow a wider review of funding and relative priority.

2.18 Thames Gateway Bridge (*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Obtain HM Treasury and PRG approval of outline Business Case	31-12-2006	21-11-2006	Completed
Issue of OJEU Notice and Pre-Qualification Questionnaire for Concession Contract	31-12-2006	08-05-2007	Completed
Approval/Decision by Secretary of State	30-03-2007	30-07-2007	Completed
Release ITT and commence procurement	31-08-2007 (based on 3 months after SoS approval)	tbc -following the recent SOS decision to re-open the public inquiry a revised programme is being compiled.	■
TGB handed over to Surface Transport	30-11-2007	tbc – this will not occur until completion of the re-opened inquiry	■

This project is part of the Mayor of London's transport strategy for a new fixed link between Beckton in the borough on Newham and Thamesmead in the borough of Greenwich to stimulate the regeneration of the Thames Gateway area.

The Secretary of State deferred a decision and called for the inquiry to be re-opened on the planning permission for the TGB on the basis of needing further evidence as to the regeneration benefits of the bridge and to address issues raised by the objectors. TfL is examining in detail the recommendations made by the Inspector and will provide an update on the decision and next steps at the October meeting of the TfL Board.

2.19 West London Tram(*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
TfL Board submission for approval to deposit (TWO) Application	30-11-2006	n/a	■
Deposit (TWO) Application	31-03-2007	n/a	■
End of objection period	18-05-2007	n/a	■

The scope of project is to undertake feasibility work, and prepare and submit a Transport & Works Act (TWA) Order application to obtain powers for the tram scheme linking Uxbridge with Shepherd's Bush.

The project team are finalising the business case and scheme documentation to seek Board authorisation to make the TWA application.

Following the end of the quarter, the Mayor announced on 2 August 2007 that TfL will not make an application for a Transport and Works Act for the West London Tram at this time

subject to a positive announcement on Crossrail and the development of an effective bus based alternative with the relevant boroughs.

2.20 Stratford Regional Station Upgrade

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Obtain Planning Consent and Powers	31-08-2006	14-11-2006	Completed
Complete Scheme definition and programme	30-03-2007	30-03-2007	Completed

This project is to undertake the scheme definition for the Stratford Regional Station upgrade. Stratford Station is an Olympic Critical Interchange Station which is surrounded by a major property development, the Stratford City Development. Overall completion to meet the Olympics programme is Quarter 4 2010.

The project was handed over to the ODA on 30 June 2007, which is taking over responsibility for the implementation of the scheme. LU continues to act as sub-contractor.

3. Other projects

- 3.1 This section reports on the remainder of the top 10 projects identified from the latest Oversight risk categorisation process which have a value below £100m and are therefore not included in section 2. It also includes other noteworthy projects in the quarter as identified through the Investment Management Review (IMR) process.

London Underground

3.2 Olympic Works (station accessibility)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Southfields Design Complete	30-09-2007	30-09-2008	■
Green Park Design Complete	30-06-2008	31-03-2009	■
Baker Street Design Complete	30-06-2009	30-03-2009	●

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

Following operational input, the scope of Southfields has been increased to incorporate the ticket hall reconfiguration. An integrated step-free access and station refurbishment Concept Design (Phase 2) commenced in April 2007. The Local Authority has confirmed that step-free access works can be undertaken as Permitted Development, which means LU is not required go through standard planning requirements.

Baker Street is in Concept Design (Phase 2) stage as an integrated scheme with the PPP Modernisation. The programme is currently on target to meet the Olympic delivery date.

The Concept Design stage (Phase 2) has commenced for Green Park.

This project was subject to an Independent Engineer review which concluded that the stations should be delivered in time for the Olympics, with risks to the schedule mitigated by compressing and overlapping key activities.

3.3 Connect Airwave

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Contract award	30-06-2006	20-01-2007	Completed
Commissioning of 5 lines complete	31-10-2007	31-10-2007	●

This project enhances the emergency services' communication system on the Underground by expanding coverage and capacity. The contract was awarded in January 2007 and all work is now progressing as planned with a total of 113 from 117 Enhanced Base Transceiver Systems swapped out. The East London Line is complete and has been accepted by the National Policing Improvement Agency.

Surface Transport

3.4 iBus

Milestones	Current Plan Date	Actual / F'cast Date	RAG
System Acceptance	08-12-2006	19-01-2007	Completed
First Garage Application	04-05-2007	31-08-2007	■
Final Acceptance	21-01-2009	21-01-2009	●

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

There have been issues with the vehicle installation quality at the First Garage resulting in delays to the completion of the First Garage Acceptance. Siemens has recognised the need for a different approach to the delivery of services and a recovery plan is being discussed.

3.5 A406 Bounds Green

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Compulsory Purchase and Side Road Orders	31-05-2007	29-08-2007	Completed
Public Inquiry	21-04-2008	21-04-2008	●
Commence Construction	30-06-2009	30-06-2009	●
Complete Construction	30-04-2011	09-04-2011	●

The project will make a number of safety and environmental improvements along Telford Rd, Bowes Rd and the North Circular Rd between the A109 Bounds Green Rd/Station Rd and Chequers Way.

After some delays, the London Borough of Enfield approved the planning application and London Borough of Haringey has advised that they too will be approving TfL's proposed scheme. It is not yet clear if the London Borough of Barnet will be taking their objection further.

3.6 Bus Priority – TLRN Schemes

Milestones	Current Plan Date	Actual / F'cast Date	RAG
8 Bus Lane Schemes Completed	31-03-2008	31-03-2008	●
200 bus lane kilometre hours per week	31-03-2008	31-03-2008	●

This investment programme is currently in the preliminary and detailed design and consultation phase of the project. Implementation of physical bus priority measures on the

TLRN remain on target for 8 Bus Lane Schemes to be completed by the end of the financial year. The completion of the bus lanes this year, are forecast to provide the additional target bus lane kilometre hours per week.

3.7 Dial-a-Ride Scheduling System

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Complete migration of depots to new system	30-04-06	31-12-07	■

The implementation of a scheduling and booking system is intended to make more efficient use of vehicles and drivers. This is expected to lead to a reduction in refusal rates, better scheduling leading to increased travel opportunities, improved call answering and same day booking.

Palmers Green is the fourth depot to migrate and the transition was effectively accomplished at the beginning of June 2007. Plans to migrate bookings and scheduling are currently being undertaken locally at Orpington and Woodford and have incorporated previous lessons learned. A final order for hardware has been placed.

3.8 Low Emission Zone (LEZ) (*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Mayoral decision on Scheme Order	04-05-2007	04-05-2007	Completed
Go-Live for Vehicle Registration	30-07-2007	30-07-2007	Completed
Go-Live for Payments	29-10-2007	29-10-2007	●
Scheme Go-Live for HGVs (Euro III std for PM10)	31-01-2008	04-02-2008	▲

The LEZ is being introduced to cut harmful emissions from lorries, coaches and buses to improve air quality across London by quickly reducing pollutants that are harmful to human health.

With all key approvals for Scheme Order granted, a large scale public and operator information campaign started in June 2007 and enquiries have been increasing since. Vehicles are now able to register with TfL prior to the commencement of operations on 4 February 2008.

3.9 East London Transit (Phase 1a)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Public Consultation Report complete	25-07-2006	31-08-2007	■
Detailed design complete	29-09-2006	31-08-2007	■
Invitation to Tender	23-03-2007	13-08-2007	■
Service starts	16-02-2008	17-10-2009	■

The East London Transit (Phase 1a) project is to establish a 9km route between Ilford, Barking and Dagenham Dock with new dedicated access through Barking Town Centre and a package of highway measures including signal-based bus priority and enhanced enforcement due to be completed in 2009.

Delays for the approval of the route through the town centre and additional requirements has led to the procurement activity starting later than originally planned and has impacted on the start date for the service. Further delays have been incurred with the modelling work have resulted in the business case now being submitted to the PRG in September (it was scheduled to be presented in August). An agreement is to be drafted tying in the assignment of the

Barking town centre route to the provision of funding for a market square. Positive discussions are ongoing to resolve a range of lower level issues.

3.10 Greenwich Waterfront Transit (Phase 1)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Public Consultation	30-08-2007	17-12-2007	■
Detailed Design	29-09-2007	12-08-2008	■
Complete construction	29-06-2010	10-06-2011	■
Services commence	29-06-2010	22-07-2011	■

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

The delay to service commencement reflects additional time that has been included in the programme arising from the complexity of the implementation which became apparent through detailed planning. Land ownership issues are being clarified along the route to start the Compulsory Purchase Order process. A Strategic Urban Realm Plan has been produced to address urban realm issues. TfL is now in discussions with the LDA and Berkley Homes over accountability for delivering improvements to the Royal Arsenal Development.

3.11 DLR Dagenham Dock Extension

Milestones	Current Plan Date	Actual / F'cast Date	RAG
Submit TWA Order Application	31-01-2008	31-01-2008	●
TWA Powers Granted	31-01-2009	31-01-2009	●

This project covers the future extension of the DLR from Gallions Reach through the Barking Riverside development area involving 4.5km of new railway and up to 5 new stations. Currently funding covers only ongoing feasibility and development work to TWA application and milestones are dependent on further funding approval.

Work continued in preparation for submitting the TWA in January 2008. The second phase of public consultation has commenced after the quarter end with 60,000 leaflets having been distributed to local residents, organisations and groups to seek opinion on route options. Three public consultation forums have also been planned to take place in Dagenham, Beckton and Rainham.

4. PPP/PFI Investment

This section reports on performance and contractual issues relating to Indirectly Managed expenditure.

4.1 London Underground

The PPP requires Metronet and Tube Lines to provide a high level of renewal and upgrade of track, signals and stations in the first half of the 30 year contract. Set out below is the performance for each Infraco.

Tube Lines

- Track – completed 2.2km against the 1.3km planned in Quarter 1.
- Lifts and escalators – 3 escalators have been refurbished in Quarter 1 out of 3 escalators for the current plan.
- Stations – 16 stations have been declared by Tube Lines as being practically complete. LU has agreed ten of these stations.

Metronet SSL

- Track – completed 3.8km of the 4.7km planned in Quarter 1
- Lifts and escalators – in Quarter 1, one escalator has been refurbished in accordance to the plan.
- Stations – Zero stations have been completed to date but 4 stations have been declared this year.

Metronet BCV

- Track – 1.6km of the 1.6km planned in Quarter 1 have been completed.
- Lifts and escalators – two escalators have been refurbished according to plan.
- Stations – One station has been completed to date and two stations have been declared this year.

Metronet's station programme is severely delayed with all 14 SSL and 11 BCV stations not completed on schedule to date, with some more than 13 periods late.

4.2 Connect Works (*)

Milestones	Current Plan Date	Actual / F'cast Date	RAG
District Line go live	23-10-2006	11-10-2006	Completed
Circle, Hammersmith & City line go live	31-12-2006	08-11-2006	Completed
Metropolitan Line go live	31-12-2006	11-12-2006	Completed
Connect – 4 Lines Radio Systems Go-Live	29-02-2008	29-02-2008	●

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

In this quarter the Bakerloo Line and the Piccadilly Line train radio go live dates have slipped to October 2007 (from July 07) and September 2007 (from June 07) respectively due to software development issues experienced with the One Person Operated Train (OPOT) Alarm. This however should not affect the end date of April 2008 for all systems go-live.

4.3 Power Works

Milestones	Current Plan Date	Actual / F'cast Date	RAG
VLU Power Upgrade – award construction contract	30-06-2006	20-03-2007	Completed
SSL – Issue first S&D Package include LU Approval	30-11-2007	30-11-2007	●
VLU – Manor House DC protection Upgrade Complete	31-03-2008	31-03-2008	●
VLU Power Upgrade – Bulk supply points delivered into service	09-03-2009	09-03-2009	●

This programme provides the power required for the line upgrades. The Victoria Line Power upgrade completion remains at December 2009, later than the PPP obligation date of 16 June 2009. The actual 'power on' date will still be in line with the PPP obligations on LU.

For the power upgrades on the SSL lines (Circle and District Lines), tender documents for the scoping and development work were issued on 2 August.

For the Central Line Power Upgrade, the outline design is underway with this stage due to be completed by September 2007.

For the Northern and Jubilee Line Power Upgrades, the conceptual design work is now complete. Work is underway on scoping and development with the report due next quarter. Early indications are a major reduction in the scope for both lines.

5. Olympics

Progress on TfL's contribution to the London 2012 Olympic Games is reported each period to the Olympic Delivery Authority (ODA). The latest report is attached in **Annex 1**.

6. People

- 6.1 TfL has developed Project PYRAMID to mitigate two strategic risks. These are:
- Insufficient Project and Programme Management (PPM) capability or capacity to deliver its publicised programme of capital projects and
 - Failure to maximise the development of internal PPM staff to deliver the 5-year Investment Programme (5IP) and other major projects.
- 6.2 PYRAMID's overall vision is **“to enhance the capability of TfL's Project and Programme Management (PPM) community to deliver world-class programmes and projects for London”**.
- 6.3 The project has successfully delivered a competency framework, on-line development needs assessment tool and a portfolio of development opportunities. To date nearly 800 individuals have commenced or completed their assessment, 696 individuals have attended PYRAMID courses and over 100 individuals are booked on future courses.
- 6.4 Further to managing a needs analysis process with input from a wide variety of stakeholders from across the business, the team have managed the design and development of the opportunities for the Senior Project and Programme Managers (Levels 4 and 5) across TfL. These include Sponsorship, Advanced Project Management and Advanced Programme Management interventions which are commencing in September 2007. Nominations have been received from across the business and bookings are in the process of being confirmed.
- 6.5 The PPM Event was held on 15 May 2007. The event was held at the new Arsenal Emirates Football Stadium and nearly 400 people attended from across the PPM community. The event included contributions from a range of TfL's senior project managers, as well as the Commissioner, Peter Hendy, and the Chief Executive of the ODA, David Higgins.
- 6.6 Feedback received was very good with more than 99% of attendees agreeing that they: found the event enjoyable, found it valuable to learn about projects in other areas of TfL and would like to attend future events held by PYRAMID. As a result PYRAMID is now developing a programme of lunchtime seminars over the next 12 months as well as another PPM event next year.

7 Investment Programme – Financial Progress

Total Investment Programme Expenditure £ millions	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Capital Expenditure					
LUL (after overprogramming) ¹	79	(22)	409	423	(14)
Surface (after overprogramming)	36	(15)	259	318	(59)
London Rail	52	(12)	424	427	(3)
Group Directorates	4	(10)	73	70	3
Overprogramming (group level only)		16	(20)	(70)	50
<i>Total Capital Expenditure (after overprogramming)</i>	171	(43)	1,145	1,168	(23)
Development & Borough Expenditure	28	(7)	248	237	11
<i>Directly Managed Expenditure</i>	199	(50)	1,393	1,405	(12)
<i>Indirectly Managed Expenditure</i>	421	135	1,226	1,229	(2)
Total Gross Investment Expenditure	620	85	2,619	2,634	(14)

Tables may be subject to rounding errors

Total Investment Expenditure²

Total gross investment expenditure for the period was £85m over budget with a £50m under spend in directly managed expenditure offset by an overspend in indirectly managed expenditure.

Directly Managed (Including Capital Expenditure)

Year-to date capital expenditure (after overprogramming) was £43m below budget due to the following reasons:

On the Underground, capital expenditure was £22 million below budget in the first quarter due to the re-phasing of accommodation, station congestion relief, accessibility and

¹ In a programme as complex as the Investment Programme, TfL recognises that there will be circumstances largely outside of its control which will lead to unforeseen delays and other changes. Overprogramming recognises this fact and enables TfL to mitigate this risk.

² Investment expenditure includes expenditure of a capital nature but which is delivered through PPP, PFI, through the London Boroughs or other contractual arrangements and therefore is treated as operating expenditure in TfL's Statutory Accounts and development work up to Transport Works Act Order.

communications projects. The full year end capital expenditure forecast demonstrates a partial recovery, to £14 million below budget, as work on congestion relief and accessibility projects will accelerate to deliver on schedule.

Surface Transport capital expenditure in quarter one was £15 million below budget as a result of the deferred West Ham Bus Garage scheme, delayed bus infrastructure projects and programme slippage on East London Transit and Greenwich Waterfront Transit. Full year capital expenditure is forecast to be £59 million below budget largely due to programme slippage on West Ham Bus Garage (and the consequential reduction in third-party funding), East London Transit, Greenwich Waterfront Transit, Ticket Technology, Blackwall Tunnel and A316 Country Way. A re-classification of £16.8 million of the full year Surface Transport capital expenditure budget, to operating expenditure, will be processed for reporting next quarter.

For London Rail, capital expenditure for the year to date was £12 million below budget, due to budget phasing issues associated with Stratford Regional and International stations. However this variance is forecast to reduce to £3 million lower than budget by the year end.

Capital expenditure in the Group Directorates was £10 million below budget in quarter one, largely as a result of lower than budgeted expenditure of £2.8 million on the Group Marketing and Communications customer services project and lower than budgeted expenditure on IT projects in Finance of £5.9 million. The year end position for Group Directorate capital expenditure is forecast to exceed budget by £1 million.

Indirectly Managed

The majority of the capital expenditure which is being indirectly managed is undertaken by Tube Lines and Metronet Rail under the PPP contract and is financed as part of the Infrastructure Service Charge.

At quarter 1, the £135m variance against budget is accounted for by accelerated spend on rolling stock and signalling design for upgrades by Metronet of £49m, station modernisation and refurbishment costs of £65m for all Infracos reflecting Metronet activity to close out late stations and high levels of site activity and £21m for Metronet BCV track to reflect the current run rate of activity and catch up of work. It should be noted that the budget against which performance is measured reflects the latest approved Annual Asset Management Plan (AAMP) for the Infracos. However, agreement of the most recent AAMP was not achieved and the budgets are therefore based on their 2005/06 plan.

TRANSPORT FOR LONDON

FINANCE COMMITTEE

SUBJECT: HYBRID BUS PROGRAMME UPDATE

DATE: 14 SEPTEMBER 2007

1. Purpose.

A paper was requested by the Finance Committee on 8 March 2007 to brief members on the current status of the hybrid bus programme regarding the trial and evaluation of the technology and subsequent roll out into the fleet, the environmental benefits of the technology and the current assessment of hybrid costs.

2. Decision required.

2.1 The Committee is requested to note the current status of the programme.

3. Background.

3.1 Environmental impact of the bus fleet.

3.1.1 London Buses has introduced a number of environmental initiatives to reduce emissions from the bus fleet since 1998. These initiatives were focused on reducing local air pollutants such as carbon monoxide, oxides of nitrogen and particulates and were driven by the Mayor's Air Quality Strategy. These measures have been very successful in reducing local pollutants, although further reduction of NOx emissions is still required. The introduction of Euro IV vehicles into the fleet will however help to address these emissions.

3.1.2 Greater emphasis is now being placed on reducing climate change gases such as CO₂, particularly since the publication of the Mayor's Climate Change Action Plan in February 2007 which set a target of 60% reduction in CO₂ by 2025 across London. TfL is expected to play a leading role in helping to meet this target and the Action Plan makes specific reference to the introduction of hybrid bus technology as a means of reducing CO₂ emissions. In 2006/7 the London bus fleet emitted 610,533 tonnes of carbon dioxide, which accounts for approximately 5% of all transport CO₂ emissions in London and 36% of TfL's emissions. The introduction of a hybrid bus programme therefore has the potential to cut TfL's CO₂ footprint considerably.

4. Information.

4.1 Hybrid bus programme.

4.1.1 Phase 1: Trials and evaluation.

4.1.2 Technologies and suppliers.

4.1.2.1 During phase 1 of the hybrid programme London Buses plan to introduce around 60 hybrid buses by December 2008 from a variety of manufacturers, which will be evaluated for their operational and environmental performance. The intention is to trial as many different types of hybrid configuration as possible and from a variety of manufacturers. No technology type will be excluded as the objective is to understand the various types of systems available, associated capital and operating costs, system performance, vehicle reliability and emissions performance.

4.1.2.2 This will enable London Buses to identify those technologies which offer the best operational and environmental performance, as well as developing as diverse a market as possible for the purchase of vehicles in phase 2

Annex 1 sets out the planned programme of vehicle trials during phase 1.

4.1.2.3 To date London Buses has introduced six Wrightbus single-deck hybrid buses on to route 360 in March 2006 and the world's first double deck hybrid bus entered service on to route 141 with Arriva North London in March 2007, again manufactured by Wrightbus. Since the vehicles have been introduced a major modification programme has been undertaken to improve operational reliability. There has also been a third party conversion of an Optare Solo which is in service with Epsom Coaches, but modifications to improve emissions will be required before a decision is made on whether to undertake any further conversions.

4.2.1 Monitoring and evaluation.

4.2.1.1 London Buses is keen to ensure that the trial vehicles are allocated to suitable operators who have good relationships with the supplier and are willing to contribute in the hybrid learning process. By involving a number of different operators in the trial phase, this will ease the progression to phase 2 by allowing them to become familiar with the technology, ensure drivers are fully trained and most importantly will enable them to make informed choices about vehicle purchases.

4.2.1.2 The monitoring and evaluation of the operational and environmental performance of the vehicles is an essential component of the hybrid trials. London Buses, operators and manufacturers are monitoring a variety of different parameters including fuel consumption, maintenance and road calls on a monthly basis whilst London Buses will transport vehicles to Millbrook Proving Ground to undertake detailed fuel consumption and emissions testing work.

4.2.1.3 A Hybrid Bus Evaluation Committee has been established by London Buses and consists of representatives from those bus operators trialling hybrid vehicles. The Committee will openly evaluate the monthly performance of all buses on trial and identify areas where further improvements/developments could be made to the technology. This committee will also be responsible for developing a long term operational cost target for hybrid buses in London.

4.3 Phase 2: Roll out into the fleet.

4.3.1 Once the trial phase has been completed and the hybrid buses have met the required operational and environmental performance requirements, phase 2 will commence which will involve the roll out of hybrid vehicles to the fleet.

This will consist of:

- a. 100 hybrid buses by March 2010
- b. A further 200 hybrid buses by March 2011
- c. A further 500 hybrid buses by March 2012 and for every year thereafter

Section 6.5 details the funding currently in place to support the above programme.

4.3.2 This programme was announced in November 2006 with the intention of spurring bus manufacturers towards the development of prototype vehicles as soon as possible and then to large-scale production of the technology at commercially competitive prices. No other public transport authority in Europe has announced such an ambitious hybrid bus programme, and meeting the vehicle targets will pose a considerable challenge for industry.

4.3.3 London Buses is confident that these targets can be achieved and is in regular dialogue with manufacturer's about their hybrid programmes, both in terms of progress on development of demonstration vehicles and subsequent large scale manufacturing programmes.

5. Environmental benefits.

5.1 Hybrids offer a range of environmental benefits, such as a reduction in greenhouse gas emissions, a reduction in local pollutants such as NOx and they emit less noise – all of which are Tier 1 environmental objectives for TfL.

5.2 Hybrids can reduce fuel consumption and CO2 by approximately 30% compared to diesel buses, which would therefore result in a substantial reduction in fleet emissions if rolled out wider into the fleet. CO2 emissions from the bus fleet have been forecast forward to 2014/15 and show that with the proposed rate of hybrid introduction as outlined in section 4.3, emissions of CO2 will decrease by 11% compared to 06/07 figures, even taking into account the projected growth in the network over this time.

5.3 It is essential however to consider the 'life cycle' emissions for greenhouse gases, which means an assessment of the energy use and emissions related to the manufacture, use and disposal of the vehicles and the fuel/technology. London Buses will be commissioning a detailed assessment of the life cycle emissions of hybrids and diesel which should be completed by January 2008.

6. Programme costs.

6.1 Funding for the trial phase of the programme has been approved by the Climate Change Fund. This funding will be used to pay operators the premium net cost over a 5 year contract, over and above the cost of a standard vehicle contract.

6.2 The vehicle purchase cost for a single and double deck hybrid bus currently carries a premium of £80k and £120k respectively. This premium reflects the fact that the technology is still under development and the buses are hand built. London Buses expect that the premium will decline over a period of about 8-10 years, due to cost improvements in key vehicle components such as batteries as well as an increase in production volumes.

6.3 Assuming that fuel prices remain constant, London Buses' current assessment is that hybrid buses should break even with diesel on a whole life cost basis by about 2015, assuming a 10 year operating life. Any increase in fuel price in real terms will clearly advance the break even point. Likewise should the Government make a decision to review the current Bus Service Operating Grant and change the process by which funding is allocated, then the business case for hybrids will improve considerably due to higher fuel prices and the break even point will be achieved even earlier. The breakdown of whole life costs is illustrated in greater detail in annex 2.

6.4 It should however be noted that these costs are dependent on a number of different factors such as vehicle purchase cost, life time of batteries, maintenance costs, residual values etc. London Buses is therefore intending to commission a survey of vehicle and component suppliers to better understand these issues in greater detail and develop more robust whole life cost figures up to 2020. This will feed into the development of the long term business case for hybrids. The planned programme of work will entail:

- Develop brief for transport engineering consultancy – end September
- Commission transport engineering consultancy – mid October 2007
- Consultancy to interview suppliers re: preferred technologies, efficiencies, costs etc – mid November 2007
- Consultancy report and cost projections – end November 2007
- Life cycle assessment of hybrids completed (see section 4) – end January 2008
- Updating of London Buses' vehicle cost/emissions model to provide whole life costs of hybrids v diesel – end February 2008

6.5 Once the trial phase is complete and London Buses move to phase 2, when hybrids are rolled out into the fleet, the purchase of the vehicles will be incorporated into the standard contract tendering process. Costs for years 09/10 and 10/11 of the roll out programme are already contained within the current network budget. No specific provision currently exists for 2011/12 but the work detailed above will help refine the costs involved.

The forecast costs for the Hybrid roll out from 2009/10 onwards assume that buses will have a 12 year life in London and that both the Operators and finance providers will reflect this assumption in any leasing arrangements and associated residual values. London Buses have already engaged with a number of specialist finance providers within the bus industry in order to increase their awareness of TfL's roll out plans and its long term commitment to this vehicle type. Costs for the 60 trial vehicles are being negotiated with the Operators on an individual basis and the value for money of different financing options will be examined including TfL giving assurances on future vehicle use.

7. Equalities implications.

7.1 All hybrid buses will be fully accessible and legally compliant.

8. Crime and disorder implications.

8.1 No issues.

9. Sustainability.

9.1 The introduction of the hybrid bus programme will support TfL's sustainability objectives through the reduction of exhaust emissions and an improvement in air quality and consequently the health of Londoners.

10. Recommendation.

10.1 The Committee is recommended to note the current status of the programme.

ANNEX 1

HYBRID PROGRAMME - TRIAL PHASE

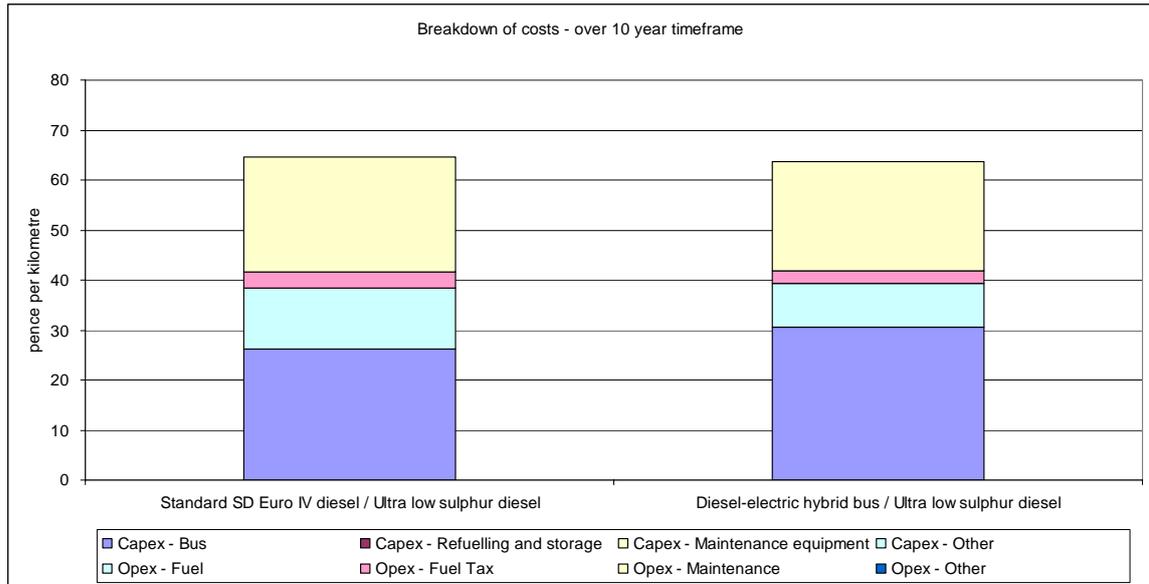
	Current position	Q1 2007/8	Q2 2007/8	Q3 2007/8	Q4 2007/8	Q1 2008/9	Q2 2008/9	Q3 2008/9
Wrights	6 SD 1 DD		6 SD	2 DD		8 DD		
Volvo							6 DD	
ADL						1 SD 1 DD		4 SD 4 DD
Scania								5 SD
Optare	1				10 SD			
Van Hool/ VDL/ Evobus*							6 SD/ Artic	
Totals (accum)	8		13	15	25	35	47	61

*** still subject to negotiations with the individual manufacturers.**

Note: This schedule reflects the position as of mid August 2007 but the programme is subject to change as manufacturing timelines are confirmed.

WHOLE LIFE COST OF HYBRIDS VERSUS DIESEL

The chart shows the expected cost of a single deck hybrid bus compared to a single deck diesel bus in 2015, over a 10 year operating life, in pence per km.



TRANSPORT FOR LONDON

FINANCE COMMITTEE

**SUBJECT: Prudential Code - Indicators of Prudence and Affordability –
Outturn for the year ended 31 March 2007**

MEETING DATE: 14 September 2007

Background

When the Board approved the 2006-07 budget it also approved indicators, as required and defined in the CIPFA Prudential Code (the Code), to demonstrate it had exercised prudence in assessing the affordability of the capital expenditure and debt necessary to support the budget outputs.

Purpose of this note

To confirm that approved indicators for **TfL** have not been exceeded. To further explain that one Group indicator has been exceeded. Group indicators are not required under the Code but are provided to recognise the unique nature of TfL Group compared to local authorities in general.

Commentary

The Group accounts have now been audited and the actual results used to calculate the outturn against the Board approved indicators (see Annex).

The PPP Capital Expenditure indicator was set at £1,085m. The accounts report £1,123m, an increase of £38m (3.5%). This expenditure is incurred by PPP providers and is therefore outside the direct control of the Group. However, the increase is offset by a £24m (3.1%) decrease in expenditure on fixed assets under the Group's control. Overall, Group capital expenditure exceeded the approved indicator by £14m (0.8%).

Requested Action

The Finance Committee is asked to Note that **TfL** approved indicators for prudence and affordability have **not** been exceeded and that the Group indicator for capital expenditure has been marginally exceeded, due to higher PPP investment expenditure which is outside the direct control of the Group.

**Prudential Indicators for Prudence and Affordability
2006- 07**

The ratio of financing costs to net revenue stream

TfL Corporation

TfL Group

Comprising:

PPP finance leases

On-balance sheet PFIs

Direct borrowing/(Investment) and other financing*

Actual	Approved Indicators
(0.4)%	1.0%
8.9%	10.9%
6.7%	7.7%
1.8%	1.6%
0.4%	1.6%

The ratio of payments to gross revenue stream (this Indicator is not required by the Prudential Code)

Payments due under PPP

Payments due under On-balance sheet PFIs

Payments due under direct borrowing

Actual	Approved Indicators
22.9%	25.1%
0.8%	0.8%
0.7%	1.6%

Net Borrowing and the Capital Financing Requirement**

Net Borrowing /(Investment) including long term liabilities at 31 March 2007

Approved Indicator ***

Actual

Capital Financing Requirement at 31 March 2009

Approved Indicator

TfL Corporation £m	TfL Group £m
(20)	2,690
611	1,905
2,430	5,780

* The line titled 'Direct Borrowing and other financing' includes net depreciation charged to TfL's group revenue account. TfL does not bear any depreciation in its revenue account.

** The Prudential Code requires that Net Borrowing at 31 March 2007 will not exceed the Capital Financing Requirement at 31 March 2009.

*** Includes all PPP lease debt

**Prudential Indicators for Capital Expenditure and External Debt
2006- 07**

Capital Expenditure (Annual)

	Actual £m	Approved Indicators £m
TfL Corporation	886	960
TfL Group		
Acquired	741	765
PPP finance leases	1,123	1,085
TfL Group Total	1,864	1,850

**The Capital Financing Requirement
(Cumulative)**¹

	Actual £m	Approved Indicators £m
TfL Corporation	1,049	1,200
Total TfL Group	3,369	3,380

Authorised Limit²

	Actual £m	Approved Indicators £m
TfL Corporation		
Borrowing	1,350	1,400
Long term liabilities	13	85
Total Authorised Limit for External Debt in TfL Corporation	1,363	1,485
TfL Group		
Borrowing	1,350	1,400
Long term liabilities ³	2,583	3,125
Total Authorised Limit for External Debt in TfL Group	3,933	4,525

¹ The Capital Financing Requirement is the amount of capital expenditure financed by debt.

² The authorised limit is the maximum amount that TfL may borrow legally.

³ Includes all PPP lease debt

TRANSPORT FOR LONDON

FINANCE COMMITTEE

SUBJECT : PROJECT MONITORING – PROJECT APPROVALS

MEETING DATE : 14 SEPTEMBER 2007

1. PURPOSE

To inform the Finance Committee of approvals given by the Commissioner (and in his absence the Managing Director, Finance) in accordance with delegated authority under the TfL Standing Orders.

2. BACKGROUND

The Commissioner has the delegated authority to approve project submissions less than £100m, and which contain less than £25m of unbudgeted expenditure. (The MD Finance approves those less than £25m gross or £10m unbudgeted.)

3. PROJECT APPROVALS

Since the last Finance Committee on 7 June 2007, there have been 7 approvals, namely, (a) Bank Station: Congestion Relief and Step Free Enhancements for Waterloo & City Line (b) Tunnel Cooling Programme (c) Victoria Station Upgrade, (d) West Ham Garage (e) Hanger Lane (f) Service Site : Back-Office Accommodation (g) West London Tram. Whilst the authority for Service Site : Back-Office Accommodation is less than £25m, the unbudgeted element is greater than £10m and therefore needed Commissioner authority. Further details are set out in Appendix 1.

Set out in the attached Appendix 2 is a list of planned projects which are expected to seek formal approval under delegated limits in the current financial year.

4. RECOMMENDATIONS

The Finance Committee is recommended to NOTE the contents of this report.

APPENDIX 1

Summary of the projects approved by Commissioner.

LU-PJ24	Bank Station: Congestion Relief and Step Free Enhancements for Waterloo & City Line	Total Approval = £58M
Outcomes and Business Case	The business case is 1.8:1 and will result in improved journey time to and from the station particularly from the south / south-west. Congestion will also be eased in the existing ticket hall.	
Outputs and Schedule	<p>This proposal requested £57.8m for a new entrance to Bank (Waterloo and City). The entrance will be located in the basement of a development by Legal and General. It is estimated that taking advantage of this opportunity would reduce the cost by £20m compared to an autonomous LUL under-street development.</p> <p>The scheme will provide :</p> <ul style="list-style-type: none"> • Street level entrance in Walbrook, linked by lift, escalator and stairs to the ticket hall; • Basement level ticket hall and lift, escalator and stairs down to a low level concourse; and • Low level concourse with entrances into the existing W&C concourse tunnel. The existing lower concourse gateline will be re-arranged. <p>This project will be complete by March 2012.</p>	
Approval	The project sought additional budgeted authority of £57.8m, to take total authority to £58m and also delegated authority to MD LUL to enter into an Agreement to Lease with Legal and General.	

LU-PJ300 - Tunnel Cooling Programme Total Approval = £63.6M LU-PJ312	
Outcomes and Business Case	The Tunnel Cooling programme has a BCR of 7:1 , but this is being revised with an updated methodology. The project is seen as essential as tunnel temperatures will rise with the line upgrades and not addressing this will prevent passenger benefits from being realised.
Outputs and Schedule	<p>This proposal requested £30.5m for:</p> <ul style="list-style-type: none"> • Quick wins for summer 2007 and 2008 (£2m); • Solutions development and trial works including borehole and cooler bridge at Stockwell and outline proposals of the central services tunnel (£6.5m); • Early design of cooling solutions for Victoria, Northern and Jubilee lines to scheme design stage (£5.6m); • Early design of cooling solutions for Central and Piccadilly lines to outline proposal stage (£3.5m); • Tunnel ventilation modelling and data collection (£2.1m); • Enhanced fan specification (£5m); • Engineering development and design integration to September 2007 (£2.6m); and • Programme management to September 2007 (£3.2m). <p>These works continue until summer 2008, but a further authority will be sought by 30 September 2007.</p>
Approval	The project sought additional budgeted authority of £30.5m, to take total authority to £63.6m.

LU-PJ111	Victoria Station Upgrade	Total Approval = £59M
Outcomes and Business Case	<p>The full project will deliver passenger journey time, congestion and ambience improvements and has a good benefit cost ratio of 2.6:1. The expected final cost of the project has increased to £638m (from £509m), due to the inclusion of additional inflation contingency to cover increased construction. Whilst this approval of £58.96m is budgeted, the increase in the completion cost requires more funding which will be managed as part of the business planning round.</p>	
Outputs and Schedule	<p>This proposal requested £30.16m for:</p> <ul style="list-style-type: none"> • detailed design of the core VSU works and station modernisation; • TWAO application; • pre-implementation procurement of VSU works and management contract for utility diversions; • surveys; and • project team costs. <p>This authority will expire on 30 September 2008.</p>	
Approval	<p>The project sought additional budgeted authority of £30.16m, to take total authority to £58.96m to submit a TWA order application in November 2007.</p>	

ST-PJ179	West Ham Garage	Total Approval = £44.4M
Outcomes and Business Case	<p>With neighbouring garages already approaching capacity and no option to avoid re-locating. The next best alternative, namely the closest alternative garage site, is 5 miles away. As compared with this location, the costs avoided from empty mileage over 30 years will off-set the capital costs.</p> <p>There is an agreement whereby LDA pay for like-for-like replacement costs, whereas TfL cover the costs of any betterment.</p>	
Outputs and Schedule	<p>This authority will provide a new bus garage with parking for 300 buses, to replace 2 existing ones whose land is required for Olympics; plus a temporary garage facility pending completion of construction.</p> <p>The completion date for the approval will be in September 2009.</p>	
Approval	<p>Following an original Authority of £1.5m, the total authority sought was £44.4m, of which £28.9m is currently expected to be contributed by LDA (the LDA are taking the risk on construction costs). Hence £15.5m is expected from TfL, compared with the budgeted sum of £14m leaving a budget shortfall of £1.5m. The shortfall can be funded from savings.</p>	

ST-PJ07	Hanger Lane	Total Approval = £29.4M
Outcomes and Business Case	<p>The business case, which is relative to a base option of deferring replacement by 30 years and operating an enhanced inspection / maintenance regime, shows a slightly negative net financial effect. Avoidance of the journey time dis-benefits which would ensue during maintenance periods yields a very strong benefit : cost ratio of around 40:1.</p>	
Outputs and Schedule	<p>This authority sought to proceed with the implementation phases of the project to replace the two life-expired bridges which carry Hanger Lane (part of A406 North Circular Road) over the Great Western Main, and the LU District, railway lines near Ealing Broadway, with structures meeting modern accident-protection standards.</p> <p>This authority will expire on 30 June 2010.</p>	
Approval	<p>The supplementary authority sought £3.45m to meet the expected final cost of £29.355m.</p> <p>The current budget of £21.22m leaves a funding shortfall of £8.13m. This is expected to be funded from savings on other projects.</p>	

CS-PJ20	Service Site – Back –Office Accommodation Total Approval = £13.5M
Outcomes and Business Case	<p>The additional space is required since a number of non-renewable leases will terminate over the next 2-3 years.</p> <p>North Greenwich is expected to produce annual savings over typical annual rent and rates, resulting in a break-even point in December 2011.</p>
Outputs and Schedule	<p>This proposal sought to :</p> <ul style="list-style-type: none"> • Progress negotiations to the detailed stage for an accommodation site at North Greenwich for back-office staff, whilst • continuing commercial negotiations with agents representing the site at St Katherine’s Dock, • seek TfL Commissioner’s approval to take a lease on the selected building, • Carry out residual fit-out work. <p>The expected occupation date is 1 July 2009, and the expiry date for this authority is December 2009.</p>
Approval	<p>This approval sought an authority to take a 20-year lease of the selected building, and to spend £13.5m associated capital costs.</p> <p>The costs are unbudgeted. After accounting for financial benefits, there is a funding shortfall of about £3m over the balanced business plan which (along with modal transfers) will be managed as part of this year’s business planning process.</p>

FP-PJ11	West London Tram	Total Approval = £38.1M
Outcomes and Business Case	<p>The latest business case for West London Tram has a benefit : cost ratio of 1.16:1. The total capital cost of the scheme is expected to be £1.1b.</p>	
Outputs and Schedule	<p>This proposal, considered in May, sought additional authority to complete the modelling and business case required for approval by the Commissioner and TfL Board in October 2007 and to support a TWO submission in November / December 2007. It also allowed a more detailed review of the best-bus option.</p> <p>The West London Tram sought to provide a 20km street running tramway from Uxbridge to Shepherds Bush, with trams every three minutes at peak times.</p> <p><i>In August, the Mayor has agreed with LB Ealing to put the tram scheme on hold. The decision is conditional on a positive funding decision on Crossrail and an acceptable alternative bus scheme being developed with the boroughs. The project team is working to ensure all relevant documentation is concluded, filed and archived for possible future use and to provide lessons learned to assist the bus alternative project.</i></p>	
Approval	<p>This approval sought additional authority for £11.8M making a total authority of £38.1M. The completion date for this phase of the project is expected to be 31 December 2007.</p>	

APPENDIX 2

Projects expected to seek authority from the Commissioner during 2007/8

	Investment Programme Number	Current Approval £m	Expected Approval £m
London Underground			
	Tunnel Cooling	64	96
London Rail			
	<i>None</i>		
Surface			
	Blackwall Tunnel Northbound	2	42
	Renwick Road	2	50
Corporate			
	<i>None</i>		

TRANSPORT FOR LONDON

FINANCE COMMITTEE

SUBJECT: Before and After Images

MEETING DATE: 14 September 2007

1. PURPOSE

- 1.1 The '**Before and After: London's Transport Through the Lens 2004 - 2007**' document has been produced in response to the Finance Committee's request (at its meeting on 16 November 2005) for a pictorial representation of the difference made by the projects completed by Transport for London. The images are of projects that have been completed during the Investment Programme period i.e. after the Spending Review 2004 (SR04) settlement.
- 1.2 In October 2006 the 'Achievements' document was submitted to the committee in lieu of the 'Before and After' as the document was tailored to support the SR2007 discussion.

2. INTRODUCTION

- 2.1 Attached is the first production of '**Before and After: London's Transport Through the Lens 2004 - 2007**' document, of projects completed during 2004 – 2007.
- 2.2 It is envisaged that this report, will be updated each year until 31st March 2010. After this, once agreed by the committee, it will be published as a complete pictorial record of what the Investment Programme delivered as a result of the SR04 settlement.
- 2.3 The document highlights
- A range of schemes irrespective of size and complexities, from small scale schemes such as cycle path along A40, electric-vehicle charging points to large scale schemes such as Coulsdon by-pass, modernisation of Wembley Park station and station refurbishments.
 - Some of the enhancements to London's transport system, urban realm and improved accessibility for users.
 - The advantages of longer term settlement which allows TfL to plan and deliver projects effectively.

3. RECOMMENDATION

- 3.1 The Finance Committee is asked to **note** progress to date on compiling images of the Investment Programme projects.

4. CONTACTS

- 4.1 For detailed enquiries on the content of these reports, please contact:

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