

TRANSPORT FOR LONDON

BOARD

**SUBJECT: OPERATIONAL AND FINANCIAL PERFORMANCE AND  
INVESTMENT PROGRAMME REPORTS – THIRD QUARTER  
2009/10**

**DATE: 3 FEBRUARY 2010**

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**1 PURPOSE AND DECISION REQUIRED**

- 1.1 The following performance monitoring reports are attached for the Third Quarter of 2009/10 (20 September - 12 December 2009):
- (a) Appendix 1 - Operational and Financial Performance report; and
  - (b) Appendix 2 - Investment Programme report.
- 1.2 Timing constraints for the production of the reports meant that they were not available for consideration by the Finance and Policy Committee at its meeting on 21 January 2010.

**2 RECOMMENDATION**

- 2.1 The Board is asked to NOTE the report.

**3 CONTACT**

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# Operational and Financial Report

## Third Quarter, 2009/10

The operating year 2009/10 comprises four quarters. Quarters 1 to 3 each cover three operating periods of four weeks. Quarter 4 covers four operating periods of four weeks. The dates are as follows:

|            |                                      |                           |
|------------|--------------------------------------|---------------------------|
| Quarter 1: | 1 April 2009 - 27 June 2009          | (Operating periods 1-3)   |
| Quarter 2: | 28 June 2009 - 19 September 2009     | (Operating periods 4-6)   |
| Quarter 3: | 20 September 2009 - 12 December 2009 | (Operating periods 7-9)   |
| Quarter 4: | 13 December 2009 - 31 March 2010     | (Operating periods 10-13) |

On the front cover: Cycle Superhighway Route 7 running along Southwark Bridge Road. Due to open in summer 2010.

## Operational and Financial Performance Report

### Third Quarter, 2009/10 (20 September 2009 – 12 December 2009)

#### Performance summary

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Following the decline in passenger numbers during the second quarter, passenger demand showed some signs of recovery in quarter 3 2009/10. Transport for London (TfL) passengers made 827.6 million journeys on the (TfL) network in the quarter, 0.3 per cent less than last year.

**London Underground:** During quarter 3, the decline in passenger numbers slowed compared to the previous two quarters. Underground passengers made 257.6 million passenger journeys in the quarter, 2.6 per cent less than in the third quarter of 2008/09 and 8.6 million fewer journeys than target. London Underground's strong Customer Satisfaction Survey results continued with a score of 79 for the third quarter.

**London Buses:** Following a decline in demand earlier in the year, there has been year-on-year growth in demand since the end of quarter 2. Bus passengers made 545.4 million journeys in the third quarter. This was 3.2 million journeys more than last year, but 4.4 million less than target. The quarter 3 customer satisfaction score for London Buses, at 79 points, was unchanged from last quarter.

**Docklands Light Railway (DLR):** In quarter 3, DLR passengers made 17.2 million journeys, 0.1 million (0.5 per cent) more journeys than target and 1.9 million (12.6 per cent) more journeys than last year. The growth against last year was attributable to the effect of the closures for engineering works at Lewisham and Tower Gateway last year and additional passengers following the opening of Woolwich Arsenal in 2009.

**Financial performance:** In the year to date, lower operating income than budget was offset by lower operating and group items expenditure. Higher capital expenditure on Crossrail was partly offset by higher capital income. Full year forecast net operating expenditure after group items has reduced by £20 million and is now £83 million lower than budget. The forecast for net capital (excluding Crossrail) reduced by £50 million and is now £57 million lower than budget. Crossrail forecast expenditure increased by £97 million and is now £62 million higher than budget.

**Efficiencies:** Savings of £228 million are now forecast to be delivered in 2009/10 against a target of £237 million. By quarter 3, savings of £120 million have been delivered from the Operating Cost Review (OCR) and other savings initiatives. The full impact of the Continuous Savings Exercise (CSE) is scheduled to impact performance in quarter 4.

## Contextual economic indicators

- Year-on-year inflation, as measured by the Retail Price Index, was +2.4 per cent in December 2009, up from +0.3 per cent in November.
- The Consumer Price Index measure was +2.9 per cent in December, compared to +1.9 per cent in November.
- The volume of UK retail sales in November was up 3.1 per cent year-on-year, compared with a revised increase of 3.7 per cent in October.
- Overseas visits to the UK were down 9.0 per cent year-on-year in November 2009 compared to 7.7 per cent year-on-year in October.
- Employment in London (amongst working age London residents) was down 0.1 per cent year-on-year in the quarter to October, compared with a year-on-year decrease of 3.2 per cent in the previous quarter.
- 9.2 per cent of working age London residents were unemployed in the quarter to October, compared with 7.6 per cent in the same quarter last year.
- Journeys on National Rail in London and the South East were down 2.4 per cent year-on-year in the quarter to mid December.



## Performance indicators

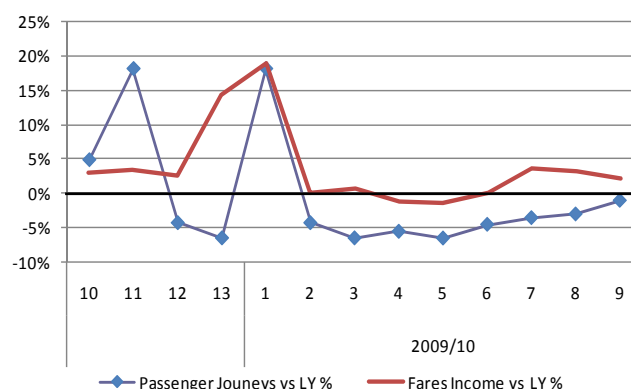
| 2009/10  |       | Quarter 3 |           |         |        | Full Year   |           |         |         |
|--|-------|-----------|-----------|---------|--------|-------------|-----------|---------|---------|
| Key Performance Indicator  | Unit  | Actual    | Target    | Var     | PY     | Forecast    | Target    | Var     | PY      |
| <b>Supporting Economic Development</b>   |       |           |           |         |        |             |           |         |         |
| Excess Journey Time (Weighted) - LU  | Mins  | 6.8       | 6.8       | -       | 7.1    | No forecast | 6.8       | n/a     | 6.6     |
| Excess Wait Time, High Freq Routes - Buses   | Mins  | 1.31      | 1.33      | (0.02)  | 1.27   | 1.13        | 1.13      | (0.00)  | 1.13    |
| On Time Performance (PPM Moving Annual Average) - LO   | %     | 92.9      | 93.1      | (0.2)   | 92.7   | 93.4        | 93.4      | -       | 92.2    |
| On Time Performance - DLR  | %     | 93.3      | 96.0      | (2.7)   | 91.3   | 96.0        | 96.0      | -       | 94.6    |
| <b>Person Journey Time</b>   |       |           |           |         |        |             |           |         |         |
| Cycle usage on TLRN (Index Mar 2000 = 100)   | Index | 225.6     | 226.2     | (0.6)   | 219.4  | 220.0       | 219.0     | 1.0     | 207.2   |
| % Scheduled Services Operated - LU   | %     | 97.1      | 96.3      | 0.8     | 96.6   | 96.5        | 96.3      | 0.2     | 96.4    |
| % Scheduled Services Operated - Buses  | %     | 96.2      | 96.8      | (0.6)   | 96.6   | 97.2        | 97.5      | (0.3)   | 97.0    |
| % Scheduled Services Operated - DLR  | '000s | 95.6      | 98.5      | (2.9)   | 97.7   | 98.0        | 98.5      | (0.5)   | 98.4    |
| % Scheduled Services Operated - Trams  | %     | 99.4      | 98.0      | 1.4     | 98.6   | 98.0        | 98.0      | -       | 98.4    |
| % Scheduled Services Operated - River Services   | %     | 98.0      | 98.5      | (0.5)   | 98.7   | 98.5        | 98.5      | -       | 98.3    |
| <b>Quality of Life</b>   |       |           |           |         |        |             |           |         |         |
| Overall Customer Satisfaction - TfL Group (excl London Overground)   | Score | 79.3      | 80.0      | (0.7)   | 80.0   | No forecast | 80.0      | n/a     | 80.0    |
| Overall Customer Satisfaction - LU   | Score | 79        | 79        | -       | 79     | No forecast | 79        | n/a     | 79      |
| Overall Customer Satisfaction - Buses  | Score | 79        | 80        | (1)     | 81     | No forecast | 80        | n/a     | 80      |
| Overall Customer Satisfaction - DLR  | Score | 91.3      | 92.0      | (0.7)   | 92.7   | 90.0        | 92.0      | (2.0)   | 92.5    |
| Overall Customer Satisfaction - Trams  | Score | 86.0      | 86.0      | -       | 86.0   | 85.5        | 85.5      | -       | 86.0    |
| National Passenger Survey - London Overground  | Score | n/a       | 73.0      | n/a     | 77.0   | 73.0        | 73.0      | -       | 71.0    |
| <b>Ensuring Safety and Security</b>  |       |           |           |         |        |             |           |         |         |
| Number of killed or seriously injured people (Londonwide) *  | #     | 698       | 860       | (162)   | 852    | 3,060       | 3,434     | (374)   | 3,526   |
| Number of killed or seriously injured people (TLRN) *  | #     | 207       | 240       | (33)    | 244    | 879         | 947       | (68)    | 1,011   |
| Customer Major Injuries & Fatalities - LU (per m journeys)   | #     | 0.10      | 0.13      | (0.03)  | 0.13   | No forecast | 0.13      | n/a     | 0.12    |
| Customer & Public Major Injuries & Fatalities - Buses (per m journeys)   | #     | 0.44      | No Target | n/a     | 0.58   | No forecast | No Target | n/a     | 0.55    |
| Recorded Crime (per million journeys) - LU/DLR ****  | #     | 13.3      | 13.4      | (0.2)   | 13.4   | 13.3        | 13.3      | -       | 13.2    |
| Recorded Crime (per million journeys) - Buses ****   | #     | 11.3      | 12.0      | (0.6)   | 12.0   | 11.0        | 12.0      | (1.0)   | 12.0    |
| <b>Providing Better Transport Options for all Londoners</b>  |       |           |           |         |        |             |           |         |         |
| Overall Customer Satisfaction - Dial-a-Ride  | Score | 91.0      | 92.0      | (1.0)   | 91.0   | No forecast | 92.0      | n/a     | 90.0    |
| <b>People</b>  |       |           |           |         |        |             |           |         |         |
| Number of Staff - TfL Group (excl Crossrail) **  | FTE   | 26,471    | 28,320    | (1,849) | 21,768 | 27,108      | 28,126    | (1,018) | 21,435  |
| No of Temporary Contractors - TfL Group (excl Crossrail) **  | FTE   | 2,106     | 1,929     | 177     | 1,461  | 1,892       | 1,675     | 218     | 1,284   |
| No of Temporary Contractors - TfL Group over 12 months service (excl Crossrail) **   | FTE   | 1,215     | 1,055     | 160     | 528    | 1,099       | 872       | 227     | 527     |
| No of days sickness absence per employee: TfL Group ***  | Days  | 7.0       | 6.4       | 0.6     | 6.8    | 10.0        | 9.5       | 0.5     | 9.7     |
| No of days sickness absence per employee: TfL Group Operational ***  | Days  | 8.8       | 7.9       | 0.9     | 8.5    | 11.9        | 11.7      | 0.2     | 12.1    |
| No of days sickness absence per employee: TfL Group Non-Operational ***  | Days  | 4.2       | 4.1       | 0.1     | 4.3    | 6.0         | 6.0       | 0.0     | 6.2     |
| <b>Contextual Indicators</b>   |       |           |           |         |        |             |           |         |         |
| <b>Service Demand</b>  |       |           |           |         |        |             |           |         |         |
| Passenger Journeys - TfL Group (excl London Overground)  | m     | 827.6     | 841.0     | (13.4)  | 829.7  | 3,404.3     | 3,471.2   | (66.9)  | 3,434.2 |
| Passenger Journeys - LU  | m     | 257.6     | 266.2     | (8.6)   | 264.5  | 1,052.0     | 1,094.0   | (42.0)  | 1,089.5 |
| Passenger Journeys - Buses   | m     | 545.4     | 549.8     | (4.4)   | 542.1  | 2,252.0     | 2,274.0   | (22.0)  | 2,246.6 |
| Passenger Journeys - DLR   | m     | 17.2      | 17.1      | 0.1     | 15.3   | 68.7        | 71.0      | (2.3)   | 66.0    |
| Passenger Journeys - Trams   | m     | 6.3       | 6.8       | (0.5)   | 6.7    | 26.4        | 27.5      | (1.1)   | 27.0    |
| Passenger Journeys (total) - River Services  | '000s | 845.4     | 590.0     | 255.4   | 731.4  | 3,908.0     | 3,000.0   | 908.0   | 3,892.7 |
| Total Trips - Dial a Ride  | '000s | 310.4     | 352.0     | (41.6)  | 281.5  | 1,300.0     | 1,400.0   | (100.0) | 1,178.3 |
| <p><b>GREEN: better than or equal to target; AMBER: within 5% of target; RED: 5% or more worse than target</b></p> <p>Notes:<br/>           Tables may be subject to rounding errors.<br/>           FTE = Full Time Equivalents</p> <p>* Due to the reporting process and nature of road traffic accident data the latest data available is for June-August 2009.<br/>           ** Prior year numbers exclude nominee companies and Crossrail<br/>           *** Sickness absence data excludes Crossrail staff. Sickness absence in the Q3 columns is year to date.<br/>           **** Based on crime and passenger data for calendar months October and November 2009</p> |       |           |           |         |        |             |           |         |         |

## Service demand

| Service Demand     | unit  | Q3     |           |              | Year to Date |           |              |
|--------------------|-------|--------|-----------|--------------|--------------|-----------|--------------|
|                    |       | Actual | Vs Target | Vs Last Year | YTD          | Vs Target | Vs Last Year |
| TfL Group          | m     | 827.6  | (13.4)    | (2.1)        | 2,418.6      | (25.6)    | 27.1         |
| London Underground | m     | 257.6  | (8.6)     | (6.9)        | 740.6        | (24.7)    | (16.2)       |
| London Buses       | m     | 545.4  | (4.4)     | 3.2          | 1,605.5      | (2.7)     | 39.5         |
| DLR                | m     | 17.2   | 0.1       | 1.9          | 49.6         | 1.4       | 3.9          |
| Trams              | m     | 6.3    | (0.5)     | (0.4)        | 18.7         | (0.1)     | (0.5)        |
| Rivers             | '000s | 845    | 255       | 114          | 3,431        | 994       | 367          |
| Cycling            | Index | 225.6  | (0.6)     | 6.2          | 238.1        | 6.4       | 12.6         |
| Dial-a-Ride        | '000s | 310.4  | (41.6)    | 28.8         | 888.3        | (95.2)    | 64.4         |

- 1.0 During the third quarter of 2009/10, TfL passengers made fewer journeys than target and last year. Following feedback from members, this section has been augmented to show both revenue and passenger journey comparisons between the current and previous financial years. Note, that in some cases, variances are due to reporting periods, such as the different number of days in period one this year compared to 2008/09. However, where possible these have been explained in the commentary.
- 1.1 In the year to date, TfL passengers made 25.6 million fewer journeys than target, driven by lower passenger numbers on London Underground but 27.1 million more journeys than last year. The growth against last year was due to period 1 2009/10 being longer than period 1 in 2008/09. It included 6 more days, 2 of which were working days. This also applies to modal year to date variances below.

**Passenger Journeys and Fare Income vs last year  
by period - London Underground**



|                      | Year to Date |        |           |           |              | Full Year |        |           |           |              |
|----------------------|--------------|--------|-----------|-----------|--------------|-----------|--------|-----------|-----------|--------------|
|                      | Actual       | Budget | Vs Budget | Last Year | Vs Last Year | Forecast  | Budget | Vs Budget | Last Year | Vs Last Year |
| LU                   |              |        |           |           |              |           |        |           |           |              |
| Passenger journeys m | 741          | 765    | (25)      | 757       | (16)         | 1,052     | 1,094  | (42)      | 1,089     | (37)         |
| Fare Income £m       | 1,140        | 1,188  | (49)      | 1,109     | 30           | 1,609     | 1,692  | (83)      | 1,613     | (4)          |

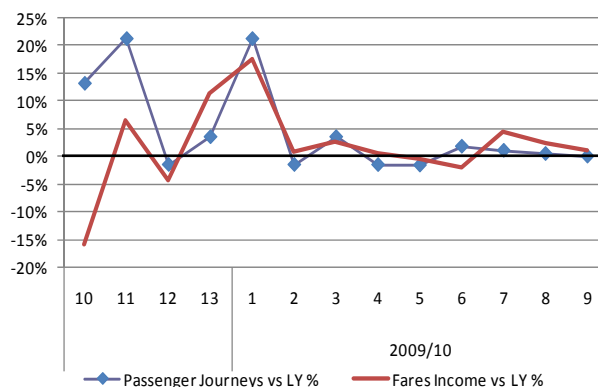
Note: Income is shown as negative in the chart of accounts, although is presented as positive for ease of comparison with related journey trends. Therefore, variances in brackets or with a '-' sign indicate lower income or passenger journeys.

- 1.2 During the third quarter, there were 257.6 million passenger journeys on the Underground, 6.9 million fewer journeys than in the third quarter of 2008/09 and fewer journeys than target. However, the decline in passenger numbers during quarter 3 was less than in the previous two quarters. Despite lower passenger numbers, revenue has increased since last year, due to the 5.8 per cent fare rise in

January 2009. Period one was unusual due to the greater number of days compared to period one in 2008/09.

- 1.3 Using data which has been adjusted for the timing of public and school holidays, Travelcard apportionment adjustments and other seasonal variations, patronage compared to last year on London Underground declined by 2.7, 3.5 and 1.2 per cent in periods 7, 8 and 9 respectively. This is an improvement on periods 4-6 which showed an average decline of 6 per cent.

**Passenger Journeys and Fare Income vs last year  
by period - London Buses**



|                      | Year to Date |        |           |           |              | Full Year |        |           |           |              |
|----------------------|--------------|--------|-----------|-----------|--------------|-----------|--------|-----------|-----------|--------------|
|                      | Actual       | Budget | Vs Budget | Last Year | Vs Last Year | Forecast  | Budget | Vs Budget | Last Year | Vs Last Year |
| <b>Bus</b>           |              |        |           |           |              |           |        |           |           |              |
| Passenger journeys m | 1,605        | 1,608  | (3)       | 1,566     | 40           | 2,252     | 2,274  | (22)      | 2,247     | 5            |
| Fare Income £m       | 778          | 799    | (21)      | 757       | 21           | 1,111     | 1,124  | (13)      | 1,074     | 37           |

Note: Income is shown as negative in the chart of accounts, although is presented as positive for ease of comparison with related journey trends. Therefore, variances in brackets or with a '-' sign indicate lower income or passenger journeys.

- 1.4 Bus passengers made 545.4 million journeys in the third quarter. This was 3.2 million journeys more than 2008/09 but slightly under target. In the year to date, passengers made 1,605.5 million journeys by bus. This was 39.5 million more than last year, but slightly under target. Following a decline in demand earlier in the year, there has been year-on-year growth in demand since the end of quarter 2.
- 1.5 In quarter 3, Docklands Light Rail (DLR) passengers made 17.2 million journeys, reflecting more journeys compared to target and last year. The growth against last year was attributable to the effect of the closures for engineering works at Lewisham and Tower Gateway last year and additional passengers following the opening of Woolwich Arsenal earlier this year.
- 1.6 Tram passengers made 6.3 million journeys in quarter 3. This was fewer journeys compared to last year and target. In the year to date, tram passengers made 18.7 million journeys, fewer than target and last year. Lower passenger journeys were mostly due to the slower than expected return of passengers following engineering work disruptions during the Summer at East Croydon, though the rate of year-on-year decline is slowing.
- 1.7 Passengers made 845,000 journeys on London's River Services during the quarter, exceeding target and last year. In the year to date, passengers made 3,431,000 journeys on London's river services. This was 12.0 per cent more than last year and 40.8 per cent higher than target. The target has proved overly pessimistic in respect of the impact of the economic downturn.
- 1.8 In quarter 3, Dial-a-Ride operated 310,000 trips, more than last year but fewer than target. Trip numbers improved in the quarter as Dial-a-Ride improvement projects achieved targets that led to



increased scheduling, facilitated by a stable and functioning computer system, at the Management Control Centre (MCC). In the year to date, Dial-a-Ride operated 888,000 trips, again more than last year, but fewer than target. Towards the end of the quarter, revised arrangements, to respond better to the high level of passenger cancellations of scheduled trips (1 in 9 across London), were introduced by late evening scheduling of the 'wait list'. This, together with the development of self service systems for routine bookings, is enabling Dial-a-Ride to work to increase further the number of completed trips per driver shift.

- 1.9 Passenger journey data for London Overground is not reported at present. Journeys are calculated by the revenue settlement systems, but not recorded directly from the trains or the stations. This data is not considered to be robust due to the wide confidence limits that apply to the results of the Travelcard Diary Survey for this operator. Manual counts are undertaken twice a year. Counts undertaken in spring 2009 showed annual growth of 3.5 per cent and counts in autumn 2009 showed that journeys grew by 4 per cent since Spring 2009. A comparison of the autumn 2009 count to the previous year was not made as the counts were not directly comparable. New trains being introduced contain load weighing equipment which will enable better monitoring of demand trends in the future.
- 1.10 In quarter 3, the average index of cycle flows on the TLRN (TfL Road Network) was 225.6 points, marginally lower than target. However, this represents an increase of 6.2 points compared to the same quarter last year, reflecting the upward trend seen over the last eight years. In the year to date, the average index of cycle flows on the TLRN was 238.1, which was 6.4 points higher than target.
- 1.11 Traffic levels in Central and Inner London (average weekday flow over 24 hours) continued to follow a long term falling trend. In quarter 3:
- The average 24 hour weekday traffic flows entering central London was 2.0 index points (2.1 per cent) lower than quarter 3 in 2008/09.
  - The average 24 hour weekday traffic flows in inner London was 0.2 index points (0.2 per cent) lower than quarter 3 in 2008/09.
  - The average 24 hour weekday traffic flows in outer London was 0.5 index points (0.6 per cent) higher than quarter 3 in 2008/09.

## Service provision

| Service Provision                            | unit  | Q3     |           |              | Year to Date |           |              |
|--|-------|--------|-----------|--------------|--------------|-----------|--------------|
|  |       | Actual | Vs Target | Vs Last Year | YTD          | Vs Target | Vs Last Year |
| LU: Percentage Scheduled Service Operated    | %     | 97.1   | 0.8       | 0.5          | 96.6         | 0.3       | 0.1          |
| LU: Train kilometres operated                | m     | 16.2   | 0.2       | (0.1)        | 48.9         | 0.1       | (0.1)        |
| Buses: Percentage Scheduled Service Operated | %     | 96.2   | (0.6)     | (0.5)        | 97.1         | (0.3)     | (0.1)        |
| Buses: Kilometres Operated                   | m     | 111.3  | (1.6)     | 0.8          | 338.7        | (2.8)     | 11.4         |
| DLR: Percentage Scheduled Service Operated   | %     | 95.6   | (2.9)     | (2.1)        | 97.5         | (1.0)     | (1.0)        |
| DLR: Kilometres Operated                     | '000s | 1,102  | 232       | 292          | 3,222        | 612       | 604          |

- 2.0 London Underground operated 97.1 per cent of scheduled services in quarter 3, which was better than target and last year. In the year to date, despite losses due to RMT strikes, performance was 0.3 percentage points higher than the target of 96.3 per cent and a higher percentage of scheduled services has been operated than in 2008/09. Excluding the strike effect, year to date performance was 97.3 per cent of schedule, with all lines achieving or beating targets.
- 2.1 London Underground operated 16.2 million train kilometres in quarter 3 and 48.9 million kilometres in the year to date. Continued strong operating performance has more than offset the losses due to industrial action earlier in the year. Nevertheless, the increased level of planned weekend closures this year means that, despite a year-on-year improvement in percentage of schedule, service volume for the year to date is some 0.1 million kilometres less than over the first nine periods of 2008/09.
- 2.2 During the third quarter, 96.2 per cent of scheduled bus services were operated. Performance was adversely affected by industrial action by drivers at East London Buses Ltd on 9 November and 20-21 November and at CT Plus Ltd on 27 November. Since quarter 3 last year was also affected by industrial action, the deterioration compared to last year is due to an increase in traffic delays, largely because of roadworks. In the year to date, London Buses operated 97.1 per cent of scheduled services. This was attributable to larger than expected losses due to traffic delays and industrial action by drivers.
- 2.3 In quarter 3, London Buses operated 111.3 million kilometres, which was more than last year, but less than target. In the year to date, London Buses operated 338.7 million kilometres, slightly less than target. This was due to higher than expected losses due to traffic delays and industrial action by drivers. However, this was more than last year, largely due to the six additional days in period one this year.
- 2.4 During the third quarter, 95.6 per cent of scheduled services were operated on the DLR, lower than target and last year. Performance in the quarter was affected by signalling software issues, loss of signalling communication on vehicles and rolling stock door failures. In the year to date, at 97.5 per cent, one per cent fewer scheduled services were operated compared to target and last year.
- 2.5 In quarter 3 and in the year to date, DLR operated more kilometres than target and more than last year. This was due to changes in assumptions on the service plan and possessions since the target was set.
- 2.6 At the end of quarter 3, there were 24,850 licensed taxi drivers. There were 59,359 private hire drivers reflecting a continued high level of new applicants to the private hire trade.

## Service reliability

| Reliability                                      | unit | Q3     |           |              | Year to Date |           |              |
|--|------|--------|-----------|--------------|--------------|-----------|--------------|
|  |      | Actual | Vs Target | Vs Last Year | YTD          | Vs Target | Vs Last Year |
| LU: Excess Journey Time                          | mins | 6.8    | -         | (0.3)        | 6.6          | (0.2)     | (0.1)        |
| Buses: Excess Wait Time                          | mins | 1.31   | (0.02)    | 0.04         | 1.15         | (0.00)    | 0.01         |
| DLR: On Time Performance                         | %    | 93.3   | (2.7)     | 2.1          | 94.7         | (1.3)     | (0.1)        |
| London Rail: Passenger Performance Measure (MAA) | %    | 92.9   | (0.2)     | 0.2          | 92.6         | (0.3)     | 0.3          |

- 3.0 Excess journey time on the Underground averaged 6.8 minutes during the quarter. This was in line with target and an improvement of 0.3 minutes compared to last year. In the year to date, excess journey time was better than target and an improvement of 0.1 minutes compared to last year, despite this year's result including 0.2 minutes attributable to industrial action and a 0.3 minute increase in the impact of line closures for planned engineering works.
- 3.1 During the third quarter, excess wait time on London Buses averaged 1.31 minutes, which was better than target but worse than last year. In the year to date, excess wait time averaged at 1.15 minutes. This was in line with target but slightly worse than last year.
- 3.2 In the third quarter, 93.3 per cent of DLR trains were on time, which was worse than target but better than last year. In the year to date, 94.7 per cent of DLR trains were on time, which was worse than target, but in line with last year. Signalling faults (mostly points) and rolling stock failures (door and communications faults) had the most significant impact on performance during the quarter and in the year to date. However, following the completion of works on the Lewisham extension, there were fewer faults relating to loss of communication with vehicles.
- 3.3 The London Overground Public Performance Measure (PPM) is the percentage of trains arriving at their destination within five minutes of the arrival time stated in the timetable. The moving annual average PPM at the end of quarter 3 was 92.9 per cent. This was below target, mostly due to points and track circuit failures, but better than last year. Of the PPM failures on the London Overground in the year to date, London Overground Rail Operations Limited (LOROL) was responsible for 32 per cent, Network Rail for 47 per cent, London Underground for 8 per cent and other operators for 13 per cent.

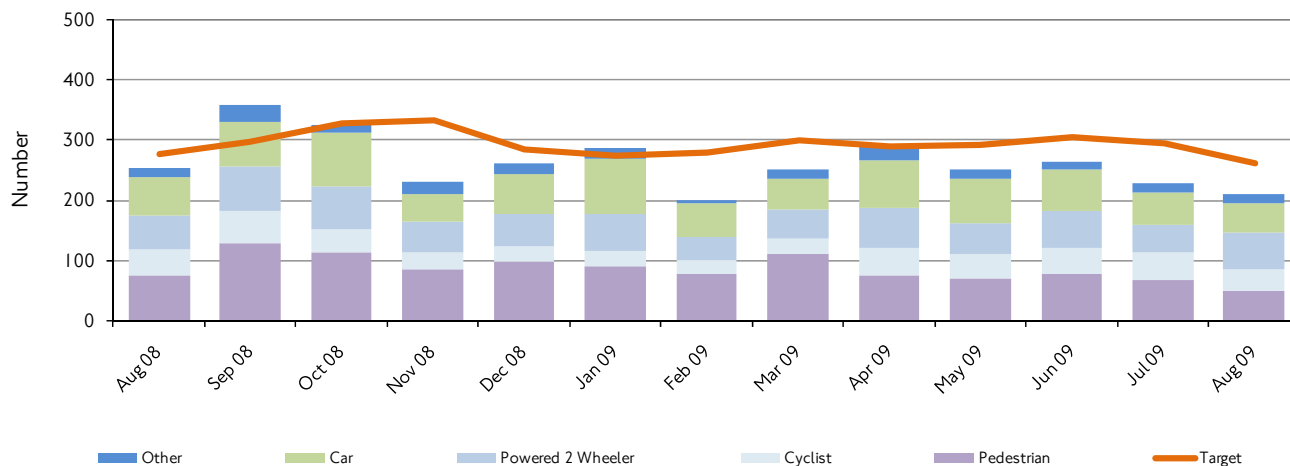
## Customer satisfaction

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- 4.0 **Customer Satisfaction Survey:** The weighted average TfL Group customer satisfaction for quarter 3 was 79.3 points. This was 0.7 points lower than target and quarter 3 last year.
- 4.1 London Underground's strong Customer Satisfaction Survey (CSS) results continued with a score of 79 for the third quarter, following scores of 80 in each of the first two quarters of the year. The current year to date average consequently stands at 80, which is one point higher than at the same time last year.
- 4.2 The quarter 3 customer satisfaction score for London Buses, at 79 points, was unchanged from last quarter. There were improvements in some categories, notably in safety and security at bus stop offset by a reduced score for bus station overall satisfaction. The overall score was one point lower than target and two points lower than last year.
- 4.3 The overall satisfaction score for London Trams was 86 in quarter 3, which was in line with last year. This was an improvement of one point compared to quarter 2 and this was driven by higher scores for journey time, waiting time, information and state of repair.
- 4.4 The DLR overall satisfaction score was 91.3 points in quarter 3, which was 0.7 points lower than target and 1.4 points lower than the same quarter last year.
- 4.5 The score from the National Passenger Survey for London Overground is not yet available.

## Safety and security

Road Traffic Accident Data (Aug 2008 – Aug 2009)



### Road traffic accident data

5.0 Due to reporting processes and the nature of road traffic accident data, results are reported 3-4 months in arrears and results are subject to retrospective adjustments. The most recent results are for June to August 2009.

5.1 In June to August 2009, 698 people were killed or seriously injured on London's roads. This was 162 fewer incidents than the reduction target of 860. Of these, 192 were pedestrians, 171 were motorists, 168 were motorcyclists, 124 were cyclists and 43 were other road users. Compared to the same period last year, when there were 852 fatalities or serious injuries, there has been a reduction of 22.1 per cent.

### London Underground: Major injuries and fatalities

5.2 In London Underground, there were 25 accidental major injuries and no accidental fatalities to customers in quarter 3. The rate of major injuries per million journeys was 0.1 in the third quarter, 0.03 injuries below both target and last year.

5.3 On the bus network, there were 239 major injuries and one fatality in the third quarter. This was equivalent to 0.44 injuries or fatalities per million passenger journeys. Since last year, this has improved by 0.14 injuries or fatalities per million passenger journeys.

### Crime

5.4 Based on official crime figures from the British Transport Police for October to November 2009, there were 13.3 crimes per million passenger journeys on London Underground and DLR. This was 0.2 crimes per million passenger journeys lower than target and last year. There were 11.3 crimes per million passenger journeys on the bus network. This was 0.6 crimes per million passenger journeys lower than target and last year.

## Financial performance

### Operating income

| 2008/09 *<br>YTD Actual | Operating Income<br>£m        | 2009/10<br>Year to date |                |           | 2009/10<br>Full Year |                |            |
|-------------------------|-------------------------------|-------------------------|----------------|-----------|----------------------|----------------|------------|
|                         |                               | Actual                  | Budget         | Variance  | Forecast at<br>Q3    | Budget         | Variance   |
| (1,195)                 | London Underground            | (1,237)                 | (1,278)        | 41        | (1,743)              | (1,825)        | 82         |
| (1,075)                 | Surface Transport             | (1,076)                 | (1,114)        | 38        | (1,533)              | (1,559)        | 26         |
| (78)                    | London Rail                   | (91)                    | (92)           | 1         | (129)                | (136)          | 7          |
| (22)                    | Group Directorates            | (18)                    | (15)           | (3)       | (30)                 | (23)           | (7)        |
| (2,370)                 | <b>Total Operating Income</b> | <b>(2,422)</b>          | <b>(2,498)</b> | <b>76</b> | <b>(3,434)</b>       | <b>(3,543)</b> | <b>109</b> |

\*2008/09 does not include former Metronet

Table subject to rounding

- 6.0 London Underground operating income was £41 million lower than budget in the year to date. Fares income was £49 million (4.1 per cent) lower than budget reflecting reduced passenger numbers due to the economic conditions, as well as the effects of the RMT strike action at the beginning of June which resulted in an estimated £5 million loss of income. Lower fares income was partly offset by favourable variances of £5 million due to increased guaranteed payments under the advertising contract, £2 million on car parking following retendering of the contract and £1 million higher property rental income.
- 6.1 For the full year, London Underground operating income is forecast to fall below budget by £82 million. The fares revenue forecast remained unchanged from quarter 2 at £83 million below budget. Advertising revenue is now forecast to end the year on budget, as the impact of major projects on the number of available advertising spaces is less than previously expected.
- 6.2 Operating income in Surface Transport was £38 million lower than budget in the year to date and is forecast to be £26 million below budget for the full year.
- Bus fares income was £21 million or 2.6 per cent lower than budget in the year to date. Although bus passengers made 2.7 million (0.2 per cent) fewer journeys than target there has been a year-on-year increase of 39.5 million. The full year forecast remained unchanged at £13 million lower than budget.
  - Traffic enforcement income was £13 million lower than budget in the year to date (£4 million lower than budget net of bad debt provision). This is due to a combination of factors including the impact of implementing the new digital enforcement system, higher than forecast levels of sickness and unfilled vacancies. The system issues have been addressed and productivity and absence management improvement plans have been implemented. The full year forecast remained unchanged at £17 million lower than budget (£8 million below budget net of bad debt provision), which is partly offset by increased congestion charging enforcement income.
- 6.3 London Rail's operating income was £1 million lower than budget in the year to date, due to a £4 million adjustment from the Rail Settlement Plan (RSP) for Travelcard sales on London Overground in 2008 and lower London Tramlink fares income of £1 million. This was partly offset by higher DLR and London Overground fares income of £3 million and £2 million respectively. The full year forecast increased by £1 million since last quarter and is now expected to be £7 million lower than budget, mainly due to the RSP adjustment and lower fares income.



- 6.4 Operating income in the Group Directorates was £3 million higher than budget in the year to date and is forecast to be £7 million higher than budget by year end. Operating income is £2 million higher than forecast at quarter 2, mainly due to the recovery of service expenditure from the TOCs.

## Operating expenditure

| 2008/09**<br>YTD Actual | Operating Expenditure*<br>£m       | 2009/10<br>Year to date |              |              | 2009/10<br>Full Year |              |              |
|-------------------------|------------------------------------|-------------------------|--------------|--------------|----------------------|--------------|--------------|
|                         |                                    | Actual                  | Budget       | Variance     | Forecast at<br>Q3    | Budget       | Variance     |
| 1,719                   | London Underground                 | 1,648                   | 1,757        | (109)        | 2,487                | 2,502        | (15)         |
| 1,762                   | Surface Transport                  | 1,781                   | 1,868        | (87)         | 2,592                | 2,699        | (107)        |
| 175                     | London Rail                        | 186                     | 223          | (38)         | 286                  | 323          | (37)         |
| 246                     | Group Directorates                 | 230                     | 232          | (2)          | 360                  | 350          | 10           |
| <b>3,902</b>            | <b>Total Operating Expenditure</b> | <b>3,844</b>            | <b>4,081</b> | <b>(236)</b> | <b>5,725</b>         | <b>5,874</b> | <b>(149)</b> |

\*Net of third party contributions

\*\* 08/09 does not include former Metronet

Table subject to rounding

- 6.5 London Underground's operating expenditure in the year to date was £109 million (6.2 per cent) lower than budget. Maintenance expenditure was £28 million below budget due to staff cost savings as a result of tight control on recruitment and rephasing of work including the Central line bogie programme, and stations and civil works. PFI costs are less than budget mainly reflecting agreement on claims with the Connect contractor. Favourable variances in Central Services include £6 million unbudgeted compensation relating to Thameslink, a saving of £4 million on ticket sales commission and phasing of staff costs totalling £32 million.
- 6.6 The full year forecast for London Underground's operating expenditure is £15 million lower than budget. Rephasing of work in maintenance reduces the full year variance to £20 million while, in PFI costs, the Connect claim settlement noted above is largely offset by a pension deficit contribution to be made to Powerlink based on the 31 March 2009 actuarial valuation. As progress continues in integrating former Metronet Rail projects, a review of the financial allocations has resulted in an increase of some £20 million in forecast operating expenditure with a corresponding reduction in capital spend.
- 6.7 Surface Transport spent £87 million less than budget in the year to date. This was mainly due to lower Bus contract payments of £21 million, which included lower Contract Price Adjustments (CPA) and the scheme development of QICs II (Quality Incentive Contracts). Lower expenditure of £14 million on Road Network Maintenance (RNM) was mainly due to works re-phasing and reduced expenditure on A13 DBFO. The bad debt provision in Congestion Charging and Traffic Enforcement (CCTE) was £11 million lower than budget, the Cycle Superhighways Scheme was re-phased (£10 million) and there was a delay in the Road Safety programme (£9 million). The balance comprises smaller variances of £5 million or less in the Directorate of Traffic Operations and CCTE.
- 6.8 Surface Transport operating expenditure is forecast to be £107 million lower than budget in the full year. The largest variance, of £35 million, represents savings identified during the Business Planning process including various back office costs, QICs II contract savings and a reduction in contract costs in London Streets. Further bus network savings of £27 million are forecast, arising from lower CPAs and savings in tender prices. Other favourable variances include lower enforcement bad debt provision of £13 million and savings of £8 million in RNM, including Highways Maintenance Works Contracts and A13 DBFO savings. There is also £28 million of rephased expenditure on projects, including Olympic Cycling and Walking routes and the London Cycle Hire scheme.

- 6.9 London Rail spent £38 million less than budget in the year to date and is forecast to spend £37 million less than budget in the full year. The same factors drive the underspend in the year to date and the full year forecast. On London Overground in the full year, there is a revised station upgrade programme (£13 million), lower rolling stock leasing, maintenance and commissioning costs due to delivery delays (£9 million) and reduced track access charges of £7 million. A saving of £4 million is anticipated on London Wide Oyster following a review of the anticipated final costs. This is partly offset by increased track and maintenance costs on Trams of £4 million, due to the reassessment of works required to ensure the system is in a good state of repair.
- 6.10 The Group Directorates spent £2 million less than budget in the year to date but are forecast to spend £10 million more than budget in the full year. This is mainly due to IM expenditure in Finance which is £8 million higher than budget in the year to date, but which is forecast to be £22 million higher than budget in the full year. This is driven by IM savings being below target by £20 million. This is partly offset by a forecast underspend in Planning of £13 million, mainly due to the reprofiling of the Planning programme over the next nine years to reflect Business Plan savings targets and reprogramming of the Mayor's Transport Strategy work.
- 6.11 Since quarter 2, the forecast for operating expenditure has decreased by £14 million.
- London Underground operating expenditure increased by £28 million mainly due to a £30 million re-classification, from capital to operating expenditure, of a number of Former Metronet Rail (FMR) projects.
  - Surface Transport expenditure is forecast to reduce by £22 million, mainly due to expenditure of £17 million for various projects, which will now be incurred in future years.
  - London Rail operating expenditure is forecast to be £9 million lower than forecast at quarter 2. Of this, £4 million is due to rolling stock delays, £2 million is to be carried forward to future years for ELL Infrastructure Management and there are concession payment savings of £2 million.
  - Group Directorates expenditure reduced by £11 million and is mainly due to expenditure on Fares & Ticketing projects which will be carried forward to future years (£20 million). Other expenditure of £4 million across Finance which will be carried forward to future years includes the Building Energy Efficiencies Programme (BEEP) and revised phasing of the Operating Cost Review (OCR) project. These are partially offset by a £20 million increase in IM, mainly due to the revised phasing of savings.

## Group items

| 2008/09 *<br>YTD Actual | Group Items<br>£m             | 2009/10<br>Year to date |            |             | 2009/10<br>Full Year |            |             |
|-------------------------|-------------------------------|-------------------------|------------|-------------|----------------------|------------|-------------|
|                         |                               | Actual                  | Budget     | Variance    | Forecast at<br>Q3    | Budget     | Variance    |
| (80)                    | Interest Income               | (12)                    | (15)       | 4           | (13)                 | (20)       | 7           |
| 128                     | Debt Servicing                | 116                     | 106        | 10          | 170                  | 166        | 4           |
| (2)                     | Contingency/Other Group Items | (51)                    | 33         | (83)        | 5                    | 59         | (54)        |
| <b>46</b>               | <b>Total Group Items</b>      | <b>54</b>               | <b>123</b> | <b>(70)</b> | <b>162</b>           | <b>205</b> | <b>(43)</b> |

\*2008/09 does not include former Metronet

Table subject to rounding

- 6.12 Interest income was £4 million lower than budget in the year to date and is forecast to be £7 million below budget for the full year. This is due to a decision to prioritise security of capital over investment returns.
- 6.13 Debt servicing expenditure was £10 million higher than budget in the year to date and £4 million higher than budget in the full year due to the cost of bringing forward drawdown of budgeted debt in order to secure historically low long term fixed rate funding. The variance reduces in the balance of the year as the benefit of lower rates are realised.
- 6.14 Contingency and other group items expenditure was £83 million below budget in the year to date and is forecast to be £54 million lower than budget in the full year. The variance includes a recovery of £45 million from the Metronet administrators. The remaining variance includes Climate Change Fund and OCR implementation costs to be spent in the modes but budgeted under Group items.
- 6.15 Since quarter 2, the forecast for total group items expenditure has decreased by £3 million.

## Capital expenditure

| 2008/09*<br>YTD Actual | Capital Expenditure<br>£m                           | 2009/10<br>Year to date |              |             | 2009/10<br>Full Year |              |             |
|------------------------|---|-------------------------|--------------|-------------|----------------------|--------------|-------------|
|                        |   | Actual                  | Budget       | Variance    | Forecast at<br>Q3    | Budget       | Variance    |
| 253                    | London Underground**                                | 720                     | 788          | (68)        | 1,137                | 1,211        | (74)        |
| 139                    | Surface Transport**                                 | 128                     | 151          | (24)        | 176                  | 228          | (52)        |
| 385                    | London Rail**                                       | 422                     | 343          | 79          | 531                  | 464          | 67          |
| 35                     | Group Directorates***                               | 35                      | 55           | (20)        | 68                   | 77           | (8)         |
| -                      | Overprogramming (TfL Group)                         | -                       | (35)         | 35          | -                    | (51)         | 51          |
| <b>812</b>             | <b>Net Capital Expenditure (excl<br/>Crossrail)</b> | <b>1,304</b>            | <b>1,302</b> | <b>2</b>    | <b>1,913</b>         | <b>1,930</b> | <b>(17)</b> |
| (8)                    | Capital Income                                      | (48)                    | (13)         | (36)        | (60)                 | (20)         | (40)        |
| <b>805</b>             | <b>Net Capital (excl Crossrail)</b>                 | <b>1,256</b>            | <b>1,289</b> | <b>(33)</b> | <b>1,853</b>         | <b>1,909</b> | <b>(57)</b> |
| 88                     | Capital Expenditure - Crossrail                     | 761                     | 710          | 52          | 1,100                | 1,038        | 62          |
| <b>892</b>             | <b>Net Capital (TfL)</b>                            | <b>2,017</b>            | <b>1,999</b> | <b>18</b>   | <b>2,952</b>         | <b>2,947</b> | <b>5</b>    |

\* 2008/09 does not include former Metronet.

\*\* Net of delegated overprogramming and third party reimbursements.

\*\*\* Net of third party reimbursements.

Table subject to rounding

- 6.16 London Underground net capital expenditure was £68 million lower than budget in the year to date. The most significant variance is £46 million on the Victoria Line Upgrade, largely on the Bombardier contract reflecting deferral to payments for the train delivery programme. Other variances include £13 million on major power works as the phasing of expenditure on the SSR power upgrade is realigned to reflect the contractor schedules, £15 million on the stations upgrade projects reflecting deferrals and cancellations approved as part of the Business Plan, £9 million on Stratford station where the ODA/Network Rail programme is delayed, £9 million due to changes in the track and civil works programme and £13 million rephasing of information management projects into the final quarter of the year. These variances are partly offset by release from the overprogramming provision.
- 6.17 Net capital expenditure in London Underground is forecast to be £74 million lower than budget for the full year, largely due to the re-profiling of projects in the latest Business Plan. These include delayed expenditure of £53 million on the Victoria Station Upgrade and the deferral or cancellation of other station upgrade projects (£46 million). There are delayed payments of £27 million for Victoria Line train deliveries and the Stratford station projects are forecast to be £17 million below budget due to the delayed ODA/Network Rail programme. Other variances include £15 million on the SSR upgrade, mainly due to rephasing of the 7-car project, and £10 million savings on projects in support of the Connect PFI. The overprogramming provision has been correspondingly reduced.
- 6.18 Net capital expenditure in Surface Transport was £24 million lower than budget in the year to date. There was delayed expenditure of £29 million on the Cycle Hire Scheme due to planning permission delays and continued negotiations with the Boroughs. Delayed expenditure of £27 million on various road network projects included the refurbishment of Blackwall Tunnel Northbound and carriageway and structures renewals. Additionally, there was rephasing of £13 million for Countdown II and various bus station projects. These variances were partly offset by overprogramming and lower third party contributions of £18 million for the West Ham Bus Garage, which are still being negotiated.

- 6.19 In Surface Transport, net capital expenditure is forecast to be £52 million lower than budget in the full year. This is mainly due to expenditure of £101 million which will be rephased to future years. This includes £38 million for Cycle Superhighways and Cycle Hire and £18 million for the refurbishment of Blackwall Tunnel Northbound. There are also additional cost savings of £23 million across Surface Transport, but these are offset by overprogramming and a reclassification of £15 million from operating to capital expenditure for Cycle Superhighways and Cycle Hire.
- 6.20 Net capital expenditure in London Rail was £79 million higher than budget in the year to date. This was due to revised phasing and an increase in costs of the ELL extension main works (£34 million), reprofiling of the North London Rail Infrastructure Project (NLRIP) following programme changes since the budget was set (£30 million) and costs of £11 million for the purchase of ELL Phase 2 rolling stock, as the budget originally assumed leasing the rolling stock.
- 6.21 Net capital expenditure in London Rail is forecast to be £67 million higher than budget in the full year, largely due to the rephasing of expenditure on NLRIP (£41 million) and Stratford International (£7 million). In addition, the purchase of ELL phase 2 rolling stock was not anticipated at the time of budget (£12 million) and costs have increased for the ELL extension main works (£11 million).
- 6.22 Crossrail spent £52 million more than budget in the year to date. Of this, £128 million is due to land and property acquired earlier than budgeted. Due to rephasing, programme delivery and related works expenditure was £65 million less than budget.
- 6.23 Crossrail expenditure is forecast to be £62 million higher than budget in the full year, mainly due to rephased property acquisitions of £147 million. This expenditure on land and property was budgeted to occur either in future years (£86 million), or in 2008/09 but with property titles acquired this year (£61 million). This is partly offset by lower delivery expenditure of £94 million, which includes underspends on third party works, advanced enabling works and deferred logistics costs.
- 6.24 Net capital expenditure in the Group Directorates was £20 million less than budget in the year to date:
- The Finance directorate spent £18 million less than budget in the year to date, primarily due to Department for Transport (DfT) delays on the Integrated Transport Smartcard Organisation (ITSO) project of £8 million and £6 million savings on the Information Management Strategic Investment Programme (IMSIP) Applications programme.
  - Group Marketing and Communications' expenditure was £2 million less than budget. This was due to various delays associated with contract negotiations, supplier approval of the Journey Planner Integration Programme (JPIP) and the Lost Property Office system replacement project.
- 6.25 Net capital expenditure in the Group Directorates is forecast to be £8 million lower than budget in the full year. This is primarily due to delays in Finance for the Transys upgrade programme to meet the Payment Card Industry Data Security Standards (£3 millions) and the ITSO programme (£2 million). Also, savings of £6 million on the IMSIP Applications programme will be partly utilised to fund additional costs of £4 million for the EUC (End User Computing) roll-out.
- 6.26 Capital income was £36 million higher than budget in the year to date and is forecast to be £40 million higher than budget for the full year. This is mainly due to the sale of future rental income from the Westfield site at Shepherd's Bush for £36 million and the sale of East Thames Buses assets for £5 million.
- 6.27 Since quarter 2, forecast net capital expenditure (excluding Crossrail) has decreased by £50 million. The largest changes were a £30 million reclassification from capital to operating of former Metronet project expenditure and £24 million of Surface Transport project expenditure carried forward to

future years. Crossrail expenditure is now forecast to be £97 million higher as property acquisition has been brought forward from future years.



## Savings programme

| Savings £m                 | Actual YTD | Forecast at Q3 | Target     | Variance   |
|----------------------------|------------|----------------|------------|------------|
| Corporate and Group Wide * | 35         | 55             | 71         | (16)       |
| London Rail                | 1          | 3              | 3          | -          |
| London Underground         | 42         | 76             | 69         | 7          |
| Surface Transport          | 41         | 93             | 93         | -          |
| <b>Total Gross Saving</b>  | <b>120</b> | <b>228</b>     | <b>237</b> | <b>(9)</b> |
| Implementation cost        | (53)       | (92)           | (114)      | 23         |
| <b>Total Net Savings</b>   | <b>66</b>  | <b>136</b>     | <b>122</b> | <b>14</b>  |
| LU Project Efficiencies    | 11         | 15             | 15         | -          |

\* IMSIP target reduced by £21.9m following embedding of IMSIP savings in modal budgets as part of the Business Plan Process.

- 7.0 Net savings (including LU project efficiencies) are forecast to be £151 million for the year, £14 million ahead of target. By the end of quarter 3, net savings of £77 million had been delivered from the Operating Cost Review (OCR) and other savings initiatives. The majority of the Continuous Savings Exercise (CSE) is scheduled to impact in the last quarter.
- 7.1 On a gross basis £243 million of savings (including LU project efficiencies) are forecast for the year, £9 million less than target mainly due to savings rephased to future years. Implementation costs are £23m less than anticipated due to a number of factors including reduced Voluntary Severance (VS) payments. It should be noted that the Non Permanent Labour project identified the potential to reduce VS payments by improved redeployment of displaced staff. It is likely that a proportion of the reduced implementation costs incurred this year are attributable to this work stream.

### London Underground

- 7.2 Forecast savings (including project efficiencies) for 2009/10 are £91.8 million against a target of £84.6 million, a favourable variance of £7.2 million. Savings of £52.6 million have been delivered in the year to date.
- 7.3 A programme of efficiency savings has been set up with the LU Executive Committee prioritising a range of saving options including non permanent labour, reviews of maintenance capability and the acceleration of savings from support directorates. These are on track to deliver the required savings.
- 7.4 The OCR Metronet Integration savings remain on track to deliver gross savings of £30.6 million. Changes in the mix of staff taking voluntary severance have resulted in an overall reduction in implementation costs of £10.5 million. This has been aided by Phase 1 of the ERP project which went live on 14 December 2009 as planned, delivering a single integrated information system across Finance, Procurement and Human Resources. Delivery of this milestone will enable support functions to complete the Metronet Integration restructuring plans.
- 7.5 Savings will also be delivered through the Total Purchased Services (TPS) contracts which were awarded in November 2009 and the two remaining contracts which are due to be awarded before the end of January 2010.

## Surface Transport

7.6 Surface Transport is on track to deliver against target in-year, and over the course of the business plan period. At quarter 3, savings of £93 million are forecast in line with target. Savings achieved to date are £41 million which have been realised by headcount reductions, not recruiting to vacant posts, meeting maintenance savings and the renegotiation of key contracts. Key activities in quarter 3 include:

- The Congestion Charging Re-Let contract went live as planned in November 2009. Capita have now ceased processing and operational activity has passed to IBM.
- The Integrated Programme Delivery unit Organisational Change Process (OCP) commenced in November 2009 and the new organisational structure is planned to be brought into place in the new financial year.
- Tighter controls around the utilisation of non-permanent labour have been put in place. All temporary staff requests and consultancy appointments are reviewed at the quarterly Service Delivery Plan reviews.
- The Finance OCP has concluded resulting in a 14% reduction in headcount primarily through delayering management structures.

## London Rail

7.7 London Rail is forecasting to deliver the target of £2.9 million of savings in 2009/10. An ongoing review of overheads has delivered £1.2 million to date, and savings are being embedded in local budgets.

7.8 London Rail is undertaking an OCP which is due to end in January 2010. This will deliver planned savings from quarter 1 in 2010/11.

## Corporate and Group wide

7.9 Corporate and Group Wide savings of £55 million are forecast against a 2009/10 target of £71 million, with £35 million in savings delivered by the end of the third quarter. £20 million IM related savings originally forecast for delivery in 2009/10 have been deferred to 2010/11 and 2011/12. The realised savings to date have been achieved through a number of initiatives including:

- Phase 1 of the Group Planning OCR programme has been implemented and to date savings of £4.2 million have been achieved. The Planning OCR programme is on track to deliver the target of £5.7 million by the year end.
- Marketing and Communications have achieved savings of £17.6 million to date and are forecasting to exceed the target for 2009/10 by £2.6 million through:
  - Marketing and customer research activities being reviewed and refocused on core activities. This has led to savings of over £23m per annum in marketing expenditure across TfL of which £16.5m has been re-allocated to fund Mayor's election commitment to provide extra policing resource. There have also been staff reductions in Group Marketing, Public Affairs and the Press Office.
  - Consideration of consolidation of customer contact centres. These centres are dispersed across a number of locations within London, and there is a significant opportunity to consolidate customer service activities, reducing cost and improving customer service. Cost savings could be achieved by procuring telephone technology to improve customer self service options; combining contact centres on a common technology platform resulting in greater efficiency; and by improving and standardising the operating model with a view to future market testing of the entire function.
- Within Finance, both the mainstreaming of Equality and Inclusion OCP and the integration of the Investment Programme Management Office (IPMO) and Group Business Planning and Performance (GBP&P) were completed to planned timescales, with resulting savings achieved.

- The Future Ticketing Agreement will deliver savings through the termination of the existing Prestige PFI contract and provision of ticketing services on more favourable terms from Cubic, who are part of the existing consortium. The Prestige contract will end in August 2010 and transition activities to move services to the new supplier are currently underway.

### Accommodation Strategy

- 7.10 During quarter 3, part of the Public Carriage Office was relocated from 15 Penton Street to Palestra in order to release space for the Cycle Hire Scheme contractor. This was achieved without the need for further desk sharing, beyond the existing pilot. The principle of desk sharing has been endorsed at Director level within Surface Transport, to allow the programme of relocations which support the release of Ecclestone Square and Derbyshire House. Quarter 3 also saw the migration of staff to TfL's new building at North Greenwich, which is now fully occupied.
- 7.11 The planned activity for the remainder of 2009/10 focuses on:
- the vacation and release of serviced office space at Southside (Victoria)
  - preparing Palestra for the introduction of desk sharing throughout the building
  - progressing development of options to introduce desk sharing at Windsor House
  - moves that will facilitate the disposal of Ecclestone Square (floors 4-6) and
  - continuing with the LU Metronet integration moves.

### Non-Permanent Labour (NPL)

- 7.12 The reduction of reliance on consultants and temporary staff is a key part of TfL's efficiency programme. Activities to devolve accountability to the modes have continued to take place under the auspices of the cross-modal working / steering group chaired by the Chief Finance Officer. The working group will oversee the transition into the modes ensuring that strategic and tactical aspects of the NPL project are captured and that benefits are reported consistently.
- 7.13 The Working Group has established a smaller operational delivery group to ascertain the viability of proposed solutions for the monitoring and control of non-permanent labour. This group will initially determine whether SAP HR is a viable method for recording all non-permanent labour and how this can effectively be utilised within the current confines of headcount control. Once the efficacy of this solution has been established and weighed up against any other viable methodologies, the agreed solution will then be implemented and rolled out.

### Commercial Strategy

- 7.14 In order to improve TfL's data governance, benchmarking visits to the NHS, DHL, the Home Office and Royal Mail were undertaken. TfL is now commencing a sourcing software project which is being led by the e.procurement team within Group Procurement. The Pan TfL contract and framework calendar will be delivered by March 2010.
- 7.15 A pan-TfL (including Crossrail) major project pipeline plan is being developed as a precursor to delivery of further major project efficiencies. The draft pipeline plan will be available in early February 2010.

### Information Management Strategic Investment Programme (IMSIP)

- 7.16 IMSIP is progressing against the agreed plan for 2009/10 and continues to deliver strategic infrastructure capabilities resulting in recurring benefits for the business. The forecast for the savings associated with IM are not as large as originally planned with some of the savings originally planned for 2009/10 now deferred to 2010/11 and 2011/12 .
- 7.17 As part of the business plan process the target for IMSIP have been incorporated into modal budgets. Budgeted investment pertaining to IMSIP will complete by the end of March 2010.

- 7.18 After allowing for the re-profiling of the savings the revised forecast is on track for 2009/10 and shows savings of £15.6 million against a target of £35.2 million. By the end of quarter 3, savings of £7.3 million has been realised. Activities to help deliver the savings over the last quarter include:
- Standardisation of Desktop Computing Environment - The rollout of the standardised target desktop computing environment has now reached more than 14,000 users within TfL user estate. This environment improves the service, resilience and operational management of desktop services.
  - The amalgamation of networks resulting in improved Voice and Data services have progressed well, having deployed 13 core sites and in total 36 buildings and 10 services to date to the new Metropolitan Area Network. Altogether this has resulted in higher network capacity and resolved various stability issues.
- 7.19 A new portfolio of initiatives under the banner of "AIM" (Annual Information Management Benefits Realisation Programme) is planned to commence from 1 April 2010 which will focus on;
- operational stability and lifecycle activities
  - sweating the existing assets of investment to date and
  - realising the remaining efficiencies in the business plan.

#### HR Projects

- 7.20 The HR OCR programme consists of several individual projects which are at different stages of life cycle delivery. It is expected the majority of the activity will take place in the next two to three years. The projects will be coordinated centrally whilst being led at a local level and a full time Programme Manager was appointed in November.
- 7.21 The planned HR model review which looked at how HR is delivered across TfL been broadened to include not only Group HR but also HR Services to provide a more holistic and integrated solution. The model review was completed at the end of December 2009, and it is likely that there will be a number of OCPs across Group HR and HR Services, the first of which will commence in January 2010.

#### Finance and Management Reporting

- 7.22 Savings from the programme of Finance projects will materially impact 2010/11 and beyond. These projects include putting more activity within the Finance Service Centre (FSC), rationalising management reporting and the business planning process, and simplifying the complexity of cost centre structures. Furthermore, the consolidation of Corporate business support project has developed a programme plan and the high level organisational design principles have been agreed with the Corporate Managing Directors. Work is underway to determine the detailed organisation design and the processes to deliver these services in 2010/11.

#### Group Customer Services (GCS)

- 7.23 All business related activities on the Customer Contact Transformation Phase 1 project are currently on track.
- 7.24 The completed Natural Language Self Serve Journey Planner solution was successfully demonstrated to senior executives (including the Commissioner) at the BMR meeting on 6 November with positive feedback. The self help customer facing solution went live on 22 December. The go live was very successful with the service taking over 5,000 calls between 5am and 5pm on the first day, which matches the average normal capacity provided by call agents.
- 7.25 Due diligence work to facilitate the integration of Surface Transport's customer service operation into GCS is now complete, and planning for the integration is now well advanced.

## Balance sheet

| Transport for London Group Balance Sheet at end of Quarter 3<br>£m            | Variance to Budget |
|---|--------------------|
| Fixed Assets – <i>(higher) / lower than budget</i>                            | (126)              |
| Stocks, Debtors and Payments in Advance – <i>(higher) / lower than budget</i> | 98                 |
| Cash – <i>(higher) / lower than budget</i>                                    | (55)               |
| Creditors and Receipts in Advance – <i>higher / (lower) than budget</i>       | 4                  |
| Prudential Borrowings – <i>higher / (lower) than budget</i>                   | (150)              |
| Deferred Capital Grant – <i>higher / (lower) than budget</i>                  | 64                 |
| Provisions – <i>higher / (lower) than budget</i>                              | 2                  |
| <b>Total Net Assets – <i>(higher) / lower than budget</i></b>                 | <b>(163)</b>       |

- 8.0 The total fixed assets variance includes the increased activity capital spend as detailed in section 6 above (£33 million) and higher PPP assets in London Underground (£40 million) and PFI assets in DLR (£18 millions - originally budgeted for last year), as well as £31 million for assets to be disposed of later than planned.
- 8.1 Stock, debtors, payments in advance and accrued income are £98 million under budgeted levels. Of this total, some £27 million is in Corporate, £60 million relates to the Crossrail project, and £19 million is in London Underground with the £8 million remainder representing small debtor variances within the two other modes. TfL Corporate's position includes lower accrued interest of £26 million following the shortening of maturity dates on investments, meaning that interest is received earlier than assumed in the budget. The budget also included a £23 million accrual for DfT funding of the East London Line, and £20 million of ODA grant, both of which were received before the end of quarter 3. These were offset by a higher VAT debtor (£38 million) in Transport Trading due to VAT being recovered later than budget. The remaining difference of £4 million represents normal trading variances. The London Underground variance reflects lower trade and capital debtors as a result of reduced activity. Crossrail's variance follows the transfer of £60 million of 2009 property pre-payments and accruals into fixed assets.
- 8.2 Cash at quarter 3 was £55 million above budget. Cash balances were increased by £247 million due to lower levels of activity and working capital improvements but this was offset by lower grant received of £42 million (of which Dalston Slab and ITSO funding are £13 million each, ODA and London Overground are £7 million each), and the decision to defer drawdown of European Investment Bank borrowings for Crossrail of £150 million until year end to avoid carrying costs.
- 8.3 Deferred capital grants are £64 million higher than budget, £22 million of which is due to lower third party contributions (mainly in respect of the LDA contribution to works at West Ham Bus Garage) and the remainder is the non-cash effect of the grant accounting process.

| Transport for London Group Balance Sheet Forecast for the Year End<br>£m      | Variance to Budget |
|---|--------------------|
| Fixed Assets – <i>(higher) / lower than budget</i>                            | (101)              |
| Stocks, Debtors and Payments in Advance – <i>(higher) / lower than budget</i> | 18                 |
| Cash – <i>(higher) / lower than budget</i>                                    | (248)              |
| Creditors and Receipts in Advance – <i>higher / (lower) than budget</i>       | (13)               |
| Prudential Borrowings – <i>higher / (lower) than budget</i>                   | -                  |
| Deferred Capital Grant – <i>higher / (lower) than budget</i>                  | (236)              |
| Provisions – <i>higher / (lower) than budget</i>                              | 218                |
| <b>Total Net Assets – <i>(higher) / lower than budget</i></b>                 | <b>(362)</b>       |

- 8.4 The forecast fixed assets variance reflects activity capital spend of £65 million higher than budget, and £36 million of assets financed through PPP/PFI not included in activity.
- 8.5 Stock, debtors and payments in advance are forecast to be £18 million lower than budget. Included within this variance is a £30 million effect for interest and £60 million for Crossrail, as referred to in the year to date paragraph above. Offsetting these is by a £27 million higher variance in London Underground, driven by higher stock levels due to delays in overhaul work and higher income accruals for Channel Tunnel works at King's Cross due from DfT, and £37 million higher variance in Surface Transport mainly due to a delayed payment from the LDA in respect of their contribution to the West Ham Bus Garage. Remaining differences arise from normal trading fluctuations.
- 8.6 Cash is forecast to be above budget by £248 million mainly reflecting the lower cash payments expected for Crossrail property and project work.
- 8.7 Creditors are forecast to be £13 million lower than budget reflecting lower activity levels at year end.
- 8.8 Deferred capital grant balance is forecast to be £236 million below budget. This is the effect of the grant accounting process reflecting later than planned cash payments for Crossrail properties and other project expenditure offset by £19 million higher than budget contributions from third parties in respect of capital schemes.
- 8.9 The forecast for provisions includes £207 million in respect expected future cash payments for compensation to freeholders, tenants and other interested parties arising from Crossrail property acquisitions.



## Cash summary

### Performance

9.0 Details of TfL's cash management and borrowing activities for the three periods ending on 12 December 2009 (Period 9) are as follows:

#### 9.1 Cash balances:

Approved Investments at each period end date are noted below.

| Period                              | 7            | 8            | 9            |
|-------------------------------------|--------------|--------------|--------------|
| Period end                          | 17<br>Oct    | 14<br>Nov    | 12<br>Dec    |
| Budget (£m)                         | 2,010        | 1,794        | 1,743        |
| Actual (£m)                         | 2,140        | 1,965        | 1,798        |
| Variance (£m)                       | 130          | 171          | 55           |
| <b>Cash Balances Comprise (£m):</b> |              |              |              |
| TfL Investments                     | 1,326        | 1,215        | 1,132        |
| Cash Allocated to Crossrail         | 734          | 663          | 577          |
| <b>Subtotal</b>                     | <b>2,060</b> | <b>1,878</b> | <b>1,709</b> |
| London Transport Insurance Guernsey | 47           | 46           | 46           |
| Cash & Credits in Transit           | 33           | 41           | 43           |
| <b>Total</b>                        | <b>2,140</b> | <b>1,965</b> | <b>1,798</b> |

#### 9.2 Borrowing

| (£m)                              | Cumulative | In-Year |
|-----------------------------------|------------|---------|
| Authorised direct borrowing limit | 4,167.0    | 1,150.0 |
| Budget (YTD)                      | 4,051.0    | 1,034.0 |
| Drawdown (YTD)                    | 3,901.0    | 884.0   |
| Balance to be drawn               | 216.0      | 216.0   |
| Forecast borrowing at year-end    | 4,117.0    | 1,100.0 |

TfL is due to draw down a further £216 million at the end of March from the EIB. Of this amount, £150 million is linked to Crossrail and £66 million is linked to the East London Line Project.

As shown in the table above, Prudential Indicators relating to borrowing for 2009-10 have not been exceeded year to end P9, and are forecast to remain within limit for the full year.

#### 9.3 Interest earned

| Period                           | 7      | 8      | 9      | Period to P9 |
|----------------------------------|--------|--------|--------|--------------|
| Actual average interest rate (%) | 0.33   | 0.33   | 0.31   | 0.81         |
| Budget (%) average interest rate | 1.00   | 1.00   | 1.00   | 1.36         |
| Variance To Budget (%)           | (0.67) | (0.67) | (0.69) | (0.55)       |
| Interest Earned (£ million)      | 0.5    | 0.6    | 0.5    | 11.6         |
| Budget (£ million)               | 1.4    | 1.4    | 1.3    | 15.3         |
| Variance To Budget (£ million)   | (0.9)  | (0.8)  | (0.8)  | (3.7)        |

9.4 Earnings to date are £3.7 million lower than budget due to a lower actual interest rate than that assumed in the budget. Since the budget was prepared, TfL's investment approach has remained

more conservative than earlier assumptions with the majority of funds being placed with the UK Debt Management Office rather than the historical use of banks.

## People

| People   | Year to Date |        |           |
|--|--------------|--------|-----------|
|  | YTD          | Target | Vs Target |
| Number of Staff - TfL Group*   | 26,471       | 28,320 | (1,849)   |
| No of Temporary Contractors - TfL Group*                             | 2,106        | 1,929  | 177       |
| No of days sickness absence per employee: TfL Group*                 | 7.0          | 6.4    | 0.6       |
| No of days sickness absence per employee: TfL Group Operational*     | 8.8          | 7.9    | 0.9       |
| No of days sickness absence per employee: TfL Group Non-Operational* | 4.2          | 4.1    | 0.1       |

\* excluding Crossrail

10.0 **Staff numbers:** TfL employed 26,471 full time equivalent (FTE) staff at the end of quarter 3. This was 1,849 fewer than target and 688 fewer than last quarter. The full year forecast of 26,985 FTE is 1,022 fewer than target, with the largest variances of 536 fewer FTE in Surface Transport and 519 fewer FTE in London Underground.

- **London Underground:** There were 19,878 London Underground staff at the end of quarter 3, 1,010 FTE fewer than budget as a result of tighter controls over recruitment across the business. This was partly offset by more temporary staff in Line Upgrades. This follows a review of the most appropriate and cost effective method to deliver the SSR upgrade where temporary staff will be employed instead of buying work packages from external suppliers.
- **Surface Transport:** At the end of quarter 3, there were 3,809 FTE staff in Surface, 641 fewer than budget. The majority of the variance (455 FTE) is due to the transfer of East Thames Buses staff to Go Ahead London. Congestion Charging had 41 fewer FTEs than budget following an organisational restructure, but plans to fill some of these vacancies by year end. There were 32 fewer FTE staff in Bus Performance and 31 fewer Graduate FTEs due to a reduced intake. There were 16 fewer FTEs in Dial-a-Ride, where recruitment of drivers is ongoing, and 22 fewer FTEs than budget in Integrated Programme Delivery as recruitment is on hold, pending a restructure. These variances were partly offset by 17 more FTEs in Strategy and Business Development (mainly to work on the Cycle Hire and Cycle Superhighways projects).
- **London Rail:** At the end of quarter 3, there were 255 FTE staff in London Rail, 14 fewer than budget.
- **Corporate Directorates:** There were 2,529 FTE staff in the Corporate Directorates at the end of quarter 3, 65 fewer than budget. The largest variance was in Finance, with 83 fewer FTE, mainly delayed recruitment as a result of the Organisational Change Programmes (OCP). This was partially offset by 17 FTE in Redeployment following restructures.

10.1 **Temporary staff:** At the end of quarter 3, there were 2,106 temporary staff in TfL (excluding Crossrail) and this was 177 more than budget, which was mainly in London Underground and Finance. The percentage of temporary staff, at 8.0 per cent, was 1.2 percentage points higher than target. There were 1,215 temporary workers with over 12 months of service, 160 more than target. Of these, 1034 are in London Underground and there is a roll-off plan in place to reduce this number by year end.

10.2 **Sickness:** In the year to date, TfL staff were absent for an average of 7.0 days per employee, 8.8 per cent worse than target. The adverse variance was mainly driven by operational staff absence. Operational staff were absent for an average of 8.8 days per employee, which was 11.5 per cent worse than target, and non-operational staff were absent for an average of 4.2 days, 2.8 per cent worse than target. The increase in absence in TfL was partly due to the medical advice given regarding swine flu.

### 10.3 Workforce composition

| Workforce Composition                    | Actual | Target | Year to Date |           |              |
|--|--------|--------|--------------|-----------|--------------|
|  |        |        | Vs Target    | Last Year | Vs Last Year |
| % of Women Staff                         | 24.9   | 24.7   | 0.2          | 24.6      | 0.2          |
| % of Women Staff in Senior Management    | 22.3   | 21.7   | 0.6          | 21.8      | 0.6          |
| % of BAME Staff                          | 31.5   | 29.0   | 2.5          | 31.5      | (0.0)        |
| % of BAME Staff in Senior Management     | 10.7   | 11.0   | (0.3)        | 10.6      | 0.1          |
| # of Disabled Staff                      | 598    | 690    | (92)         | 648       | (50)         |
| # of Disabled Staff in Senior Management | 29     | 38     | (9)          | 36        | (7)          |

Workforce composition data excludes Crossrail and former Metronet staff

At the end of quarter 3:

- The proportion of female staff in TfL was 0.4 percentage point higher than the previous quarter at 24.9 per cent. This was 0.2 percentage points higher than target and last year. The percentage of women in senior management was 22.3 per cent this quarter, an increase of 0.2 percentage point compared to last quarter. This was 0.6 percentage points higher than target and last year.
- The percentage of TfL staff from BAME communities was 31.5 per cent at the end of quarter 3, unchanged since last quarter. This was 2.5 percentage points higher than the target and in line with last year. The percentage of BAME staff in senior management was 10.7 per cent, 0.3 percentage point higher than last quarter. This was 0.3 percentage points lower than target but 0.1 percentage points higher than last year.
- Representation of disabled staff in TfL is now reported by the number of disabled staff. At the end of quarter 3, TfL employed 598 staff who had reported themselves as disabled, 11 fewer than last quarter. This was 92 fewer than target and 50 fewer than last year. There were 29 disabled senior managers at the end of quarter 3, 1 more than last quarter. This was 9 fewer than target and 7 fewer than last year. Ability to impact the number of disabled staff has been affected by the current tight controls on recruitment.

## Annex one: Financial summary

| £m   | 2009/10<br>Year to date |                |              | 2009/10<br>Full Year |                |              |
|--|-------------------------|----------------|--------------|----------------------|----------------|--------------|
|  | Actual                  | Budget         | Variance     | Forecast at Q3       | Budget         | Variance     |
| Fares Income - LU, Buses and LR                      | (2,008)                 | (2,078)        | 70           | (2,846)              | (2,950)        | 103          |
| Other Income   | (414)                   | (420)          | 6            | (588)                | (593)          | 5            |
| <b>Total Operating Income</b>                        | <b>(2,422)</b>          | <b>(2,498)</b> | <b>76</b>    | <b>(3,434)</b>       | <b>(3,543)</b> | <b>109</b>   |
| Operating Expenditure net of 3rd party contributions | 3,844                   | 4,081          | (236)        | 5,725                | 5,874          | (149)        |
| <b>Gross Operating Margin</b>                        | <b>1,423</b>            | <b>1,582</b>   | <b>(160)</b> | <b>2,291</b>         | <b>2,332</b>   | <b>(40)</b>  |
| Interest Income & Debt Payments                      | 105                     | 91             | 14           | 157                  | 146            | 11           |
| Contingency/Other Group Items                        | (51)                    | 33             | (83)         | 5                    | 59             | (54)         |
| <b>Total Group Items</b>                             | <b>54</b>               | <b>123</b>     | <b>(70)</b>  | <b>162</b>           | <b>205</b>     | <b>(43)</b>  |
| <b>Margin</b>  | <b>1,477</b>            | <b>1,706</b>   | <b>(229)</b> | <b>2,453</b>         | <b>2,536</b>   | <b>(83)</b>  |
| Capital Income (including Property Sales)            | (48)                    | (13)           | (36)         | (60)                 | (20)           | (40)         |
| Capital Expenditure                                  | 1,403                   | 1,458          | (54)         | 2,084                | 2,132          | (48)         |
| Reimbursements from third parties                    | (99)                    | (121)          | 22           | (171)                | (152)          | (19)         |
| Overprogramming (TfL Group)                          | -                       | (35)           | 35           | -                    | (51)           | 51           |
| <b>Net Capital Expenditure (excl Crossrail)</b>      | <b>1,304</b>            | <b>1,302</b>   | <b>2</b>     | <b>1,913</b>         | <b>1,930</b>   | <b>(17)</b>  |
| <b>Net Service Expenditure (excl Crossrail)</b>      | <b>2,733</b>            | <b>2,995</b>   | <b>(262)</b> | <b>4,306</b>         | <b>4,446</b>   | <b>(140)</b> |
| Capital Expenditure - Crossrail                      | 761                     | 710            | 52           | 1,100                | 1,038          | 62           |
| <b>Net Service Expenditure (TfL)</b>                 | <b>3,494</b>            | <b>3,705</b>   | <b>(211)</b> | <b>5,406</b>         | <b>5,484</b>   | <b>(78)</b>  |
| <b>By Mode:</b>                                      |                         |                |              |                      |                |              |
| London Underground                                   | 1,131                   | 1,268          | (137)        | 1,882                | 1,888          | (7)          |
| Surface Transport                                    | 828                     | 906            | (78)         | 1,230                | 1,368          | (138)        |
| London Rail  | 516                     | 474            | 42           | 689                  | 652            | 37           |
| Group Directorates                                   | 204                     | 259            | (55)         | 343                  | 383            | (40)         |
| Overprogramming (TfL Group)                          | -                       | (35)           | 35           | -                    | (51)           | 51           |
| Group Items  | 54                      | 123            | (70)         | 162                  | 205            | (43)         |
| <b>Net Service Expenditure (excl Crossrail)</b>      | <b>2,733</b>            | <b>2,995</b>   | <b>(262)</b> | <b>4,306</b>         | <b>4,446</b>   | <b>(140)</b> |

Table subject to rounding

## Annex two: Balance sheet

| Balance Sheet<br>£m           | Year to Date |              |              | Full Year    |              |              |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                               | Actual       | Budget       | Variance     | Forecast     | Budget       | Variance     |
| <b>Fixed Assets</b>           |              |              |              |              |              |              |
| Tangible Assets               | 20,319       | 20,193       | (126)        | 21,114       | 21,013       | (101)        |
| <b>Current Assets</b>         |              |              |              |              |              |              |
| Stocks                        | 23           | 17           | (6)          | 23           | 17           | (6)          |
| Debtors                       | 196          | 206          | 10           | 178          | 201          | 23           |
| Capital Debtors               | 30           | 37           | 7            | 48           | 15           | (33)         |
| Payments in Advance           | 242          | 329          | 87           | 203          | 237          | 34           |
| Cash at Bank and in Hand      | 1,798        | 1,743        | (55)         | 1,367        | 1,119        | (248)        |
| <b>Current Liabilities</b>    |              |              |              |              |              |              |
| Revenue                       | (858)        | (1,045)      | (187)        | (996)        | (1,089)      | (93)         |
| Receipts in Advance           | (267)        | (247)        | 20           | (273)        | (267)        | 6            |
| Capital                       | (416)        | (310)        | 106          | (456)        | (415)        | 41           |
| <b>Long Term Liabilities</b>  |              |              |              |              |              |              |
| Balances with Infracos        | (1,789)      | (1,748)      | 41           | (1,823)      | (1,805)      | 18           |
| Creditors Due after One Year  | (604)        | (580)        | 24           | (591)        | (576)        | 15           |
| Prudential Loans              | (3,902)      | (4,052)      | (150)        | (4,118)      | (4,118)      | -            |
| Capital Grants                | (9,128)      | (9,064)      | 64           | (9,858)      | (10,094)     | (236)        |
| Other Provisions              | (624)        | (622)        | 2            | (722)        | (504)        | 218          |
| Pension Provision             | (1,037)      | (1,037)      | -            | (1,037)      | (1,037)      | -            |
| <b>Total Net Assets</b>       | <b>3,983</b> | <b>3,820</b> | <b>(163)</b> | <b>3,059</b> | <b>2,697</b> | <b>(362)</b> |
| <b>Capital and Reserves</b>   |              |              |              |              |              |              |
| Earmarked Reserves            | 1,236        | 818          | (418)        | 708          | 303          | (405)        |
| Pension Reserves              | (1,037)      | (1,037)      | -            | (1,037)      | (1,037)      | -            |
| General Fund                  | 155          | 155          | -            | 155          | 155          | -            |
| Other Reserves                | 3,629        | 3,884        | 255          | 3,233        | 3,276        | 43           |
| <b>Total Capital Employed</b> | <b>3,983</b> | <b>3,820</b> | <b>(163)</b> | <b>3,059</b> | <b>2,697</b> | <b>(362)</b> |

## Annex three: Cash summary

| Cash Summary In / (Out) Flow              | Year to Date   |                |              | Full Year      |                |              |
|---|----------------|----------------|--------------|----------------|----------------|--------------|
|   | Actual         | Budget         | Variance     | Forecast       | Budget         | Variance     |
| £m  |                |                |              |                |                |              |
| Margin (from Annex 1)                     | (1,477)        | (1,706)        | (229)        | (2,453)        | (2,536)        | (83)         |
| Working Capital Movements                 | 139            | 216            | 77           | 426            | 252            | (174)        |
| <b>Cash Spend on Operating Activities</b> | <b>(1,338)</b> | <b>(1,490)</b> | <b>(152)</b> | <b>(2,027)</b> | <b>(2,284)</b> | <b>(257)</b> |
| Net Capital Expenditure (from Annex 1)    | (2,065)        | (2,012)        | 53           | (3,013)        | (2,968)        | 45           |
| Capital Income (from Annex 1)             | 48             | 13             | (35)         | 60             | 20             | (40)         |
| Working Capital Movements                 | 1              | (112)          | (113)        | 28             | 15             | (13)         |
| <b>Cash Spend on Capital Activities</b>   | <b>(2,016)</b> | <b>(2,111)</b> | <b>(95)</b>  | <b>(2,925)</b> | <b>(2,933)</b> | <b>(8)</b>   |
| <b>Funded by:</b>                         |                |                |              |                |                |              |
| Transport and Other Grants                | 2,258          | 2,300          | 42           | 3,205          | 3,222          | 17           |
| Precept Funding                           | 8              | 8              | -            | 12             | 12             | -            |
| Prudential Borrowing                      | 884            | 1,034          | 150          | 1,100          | 1,100          | -            |
| <b>Total Funding</b>                      | <b>3,150</b>   | <b>3,342</b>   | <b>192</b>   | <b>4,317</b>   | <b>4,334</b>   | <b>17</b>    |
| <b>Net Movement in Cash</b>               | <b>(204)</b>   | <b>(259)</b>   | <b>(55)</b>  | <b>(635)</b>   | <b>(883)</b>   | <b>(248)</b> |

## Annex four: Subjective analysis

Analysis of operating expenditure by cost category is provided below. For details of variances in operating income, please see paragraphs 6.0 to 6.4.

Some of the actual expenditure has been re-categorised since the budget was approved and following the integration of the Nominee Companies within London Underground. This is particularly apparent in Premises and Asset Maintenance.

The main variances are:

- Bus contract payments were £13 million below budget in the year to date and the full year forecast is to be £27 million below budget. This is principally due to savings arising from lower Contract Price Adjustments (CPAs) due to lower than budgeted indices (RPI, Earnings and Diesel), savings on retendering and contract changes, and savings to the Quality Incentive Contracts (QICs).
- The year to date expenditure for PFI payments was £38 million below budget and is forecast to be £30 million below budget in the full year. This predominately relates lower Connect expenditure and reduced new ticket media base contract costs of £5 million. In addition, the full year forecast is offset by pension provisions of £10 million.
- Employee expenses were £50 million below budget in the year to date following delayed recruitment because of the Operating Cost Review (OCR). The forecast for the full year is £16 million below budget. The full year variance includes the OCR effect but is partially offset by additional contractor spend on Line upgrades and costs incurred in the CSC insourcing programme in IM.
- Full year premises expenditure was £87 million below budget in the year to date and is forecast to be £90 million below budget in the full year. This is mainly due to the reclassification of expenditure to Asset Maintenance as part of incorporating the Nominee Companies within London Underground.
- CCS and Other contracted services were £11 million below budget in the year to date and are £14 million below budget in the full year forecast. This is mainly due to rephasing of Cycle Superhighways and East London Transit Phase 1a (ELT 1a) to future years.
- Asset Maintenance expenditure was £17 million higher than budget in the year to date and is forecast to be £24 million higher than budget for the full year. This is due to the reclassification of expenditure from premises of £87 million, partly offset by classification differences as detailed below in Other expenses.
- Payments to Boroughs were £15 million below budget in the year to date and are £16 million below budget in the full year forecast. The variances primarily relate to delays in the Road Safety programme which are forecast to be recovered by the end of the year and rephasing into future years of non-LIPs funded expenditure on Cycle Superhighways and Games cycle and walking routes.
- Engineering, Project Management and Other Technical Consultancy expenditure associated with project development is in line with budget in the year to date but forecast to be £33 million lower than budget in the full year. This mainly relates to rephasing of London Overground station enhancements to future years, savings on SAP projects and further reductions as a result of reprogramming of Planning projects.
- Ticket Commission expenditure was £9 million lower than budget in the year to date and is forecast to be £12 million lower than budget in the full year due to reduced ticket sales at retail outlets.
- Customer Information expenditure was £10 million below budget in the year to date and the full year forecast, due to fewer advertising and marketing campaigns.
- Insurance expenditure was £9 million below budget in the year to date and is forecast to be £1 million under budget in the full year. The year to date variances relate to liquidated damages for rolling stock delays which are offset by increased franchise payments to LOROL and various reductions in insurance costs across the group.
- The Bad Debt Provision was £14 million lower than budget at the end of quarter 3 and is forecast to be £11 million lower than budget for the full year. This is mainly due to reduced Traffic Enforcement revenue, combined with improved compliance and better debt recovery rates.



- Information and Communication Technology expenditure was £30 million higher than budget in the year to date and the full year forecast is expected to be £53 million higher than budget. This primarily relates to £40 million of savings in the Information Management Strategic Investment Programme (IMSIP) to be achieved in future years and the reclassification of £8 million of expenditure from Management Consultancy.
- Other expenses in the year to date were £13 million below budget, due to reduced costs on the London Overground Train Service Agreement (TSA) and leasing costs, due to rolling stock delivery delays, and reduced interest rates. In the full year, the forecast is £39 million higher than budget, largely relating to a reclassification of Nominee Companies capital projects to revenue projects, to bring in line with LU capitalisation policy. Other variances include revenue spend which was anticipated to be crosscharged to capital projects and reclassification of asset maintenance, which is largely offset by Other Income categorisation. These are partially offset by reduced costs on the London Overground TSA and leasing costs.

## Subjective analysis

| £m  | 2009/10      |              |              | 2009/10      |              |              |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
|   | Actual       | Budget       | Variance     | Q3           | Budget       | Variance     |
| Operating Income  | (2,422)      | (2,498)      | 76           | (3,434)      | (3,543)      | 109          |
| <b>Operating Expenditure</b>                                    |              |              |              |              |              |              |
| Bus Contract Payments   | 1,130        | 1,142        | (13)         | 1,631        | 1,658        | (27)         |
| PPP Payments  | 444          | 445          | (2)          | 636          | 632          | 3            |
| PFI Payments  | 207          | 245          | (38)         | 316          | 346          | (30)         |
| Employee Expenses   | 1,160        | 1,210        | (50)         | 1,710        | 1,726        | (16)         |
| Premises  | 158          | 245          | (87)         | 267          | 356          | (90)         |
| CCS & Other Road Contracted Services                            | 56           | 67           | (11)         | 71           | 85           | (14)         |
| Asset Maintenance   | 183          | 165          | 17           | 261          | 237          | 24           |
| Payments to Boroughs  | 100          | 115          | (15)         | 178          | 194          | (16)         |
| Professional Fees and Mangement Consultancy                     | 59           | 63           | (4)          | 88           | 94           | (6)          |
| Engineering, Project Management and Other Technical Consultancy | 63           | 64           | (0)          | 58           | 91           | (33)         |
| Ticket Commissions  | 26           | 35           | (9)          | 37           | 49           | (12)         |
| Customer Information  | 28           | 38           | (10)         | 45           | 55           | (10)         |
| Insurance   | 21           | 30           | (9)          | 41           | 43           | (1)          |
| Bad Debt Provisions   | 50           | 64           | (14)         | 75           | 86           | (11)         |
| Information and Communication Technology                        | 76           | 45           | 30           | 117          | 64           | 53           |
| Traction Current  | 48           | 52           | (3)          | 74           | 71           | 2            |
| National Rail Payments  | 7            | 8            | (1)          | 9            | 11           | (2)          |
| Franchise Payment   | 131          | 136          | (5)          | 193          | 194          | (2)          |
| Other (including Intercompany)                                  | (104)        | (90)         | (13)         | (81)         | (119)        | 39           |
| <b>Operating Expenditure</b>                                    | <b>3,844</b> | <b>4,081</b> | <b>(236)</b> | <b>5,725</b> | <b>5,874</b> | <b>(149)</b> |
| <b>Net Operating Expenditure</b>                                | <b>1,423</b> | <b>1,582</b> | <b>(160)</b> | <b>2,291</b> | <b>2,332</b> | <b>(40)</b>  |

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# Investment Programme Report

## Third Quarter, 2009/10

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# Transport for London

## Investment Programme Report

Third Quarter, 2009/10 (20 September 2009 – 12 December 2009)

### I. Programme Highlights

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*The key highlights from the third Quarter of 2009/10 were:*

- Newly constructed northern ticket hall opened by London Underground at King's Cross
- Sub-Surface Railway line upgrade - first new train delivered to London depot
- Harrow on the Hill train crew accommodation – first occupancy completed
- Go-live of new IT system for Congestion Charging and Low Emission Zone
- Cycle Hire scheme – all planning applications for docking stations submitted
- West Ham bus garage – completion of main garage building
- East London Line – test running of rolling stock commences
- DLR Stratford International extension – Star Lane and Canning Town station construction works completed, all 9 new railcars accepted into service

*Post Quarter events include:*

- Tottenham Court Road Underground station – main works contract awarded
- Southwark station refurbishment completed
- Blackwall Tunnel northbound – main works contract awarded
- DLR Three Car Infrastructure – snagging works at Tower Gateway completed

Cover picture:

The newly constructed northern ticket hall at King's Cross Underground Station opened in November 2009. The new hall provides direct escalator and lift links to the Piccadilly, Northern and Victoria line platforms. The additional access improves the quality and capacity of interchange facilities with St. Pancras and King's Cross National Rail stations.

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

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

This report covers discrete projects with a total cost greater than £50m and programmes over £10m per annum. For each project, key milestones are given with a forecast date compared against the March 2009 baseline and, if appropriate, additional milestones from the 2009/10 Budget Deliverables document.

### Key to RAG status:

| Status | Discrete Projects          | Annualised Programmes   |
|--------|----------------------------|-------------------------|
| ●      | Within 1 month of target   | 100% of target achieved |
| ▲      | Between 1 - 3 month delay  | >75% of target achieved |
| ■      | Greater than 3 month delay | <75% of target achieved |

This report focuses on delivery of investment projects. For a discussion on financial performance see the Quarter 3 Operational and Financial Report.

The estimated final cost (EFC) of some of the projects are not included (marked as \*) for reasons of commercial confidentiality.

## London Underground

### LU line upgrade – BCV

|                                |                   |
|--------------------------------|-------------------|
| Spend to date as at Q3 2009/10 | EFC to 2017/18 £m |
| 701.0                          | 1,496.0           |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Start Testing T1/T2 in traffic hours without passengers (V2.1)                         | 26/01/2009        | 21/07/2009         | Completed |
| Start trialling the new service control centre (signalling control) in passenger hours | 23/03/2009        | 13/09/2009         | Completed |
| Power supply upgrade complete  | 16/06/2009        | 16/06/2009         | Completed |
| Start trialling T2 in traffic hours with passengers                                    | 14/10/2009        | 21/07/2009         | Completed |
| Full approval to operate production trains on the Victoria line                        | 27/11/2009        | 27/11/2009         | Completed |
| All track works complete   | 14/01/2010        | 14/01/2010         | Completed |
| Start to control Victoria Line operations from the new service control centre          | 15/08/2011        | 15/08/2011         | ●         |
| Demonstration of Line Upgrade Capability (V5.0 - JTC2)                                 | 26/04/2012        | 26/04/2012         | ●         |

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

The new Service Control Centre was approved to operate the line from 20 July, allowing operation of the first two new trains, using the new signalling and controlled by new Control Centre for the first time. The new train has now begun running with passengers during the late evenings and at weekends and has completed over 250 hours of passenger operation.

Train production has continued with the delivery of Train 4 on 8 December, with the first run during engineering hours on 15 December. A range of production issues remains, however, which are being addressed at senior level. As a result, the first full production train is expected to be Train 6.

Signalling software reliability remains on the critical path for the crucial milestone of decommissioning the first 67 Stock train on 30 January, which is still on target.

The milestone to complete all track works was completed on schedule.



## London Underground

### LU line upgrade – PPP JNP

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Jubilee Line - TBTC Contract - J2/3 Ready for revenue service - Seltrac PM Mode | 06/09/2009        | 31/05/2010         | ■         |
| Jubilee Line - Power Upgrade - power on   | 28/09/2009        | 10/09/2009         | Completed |
| Jubilee line - J5 - ready for revenue service                                   | 15/04/2010        | 11/10/2010         | ■         |
| Northern Line – 50 per cent of trains converted                                 | 31/01/2010        | 22/04/2010         | ▲         |
| Northern Line - full journey time capability                                    | 26/10/2011        | TBA                | ■         |
| Piccadilly line upgrade - select rolling stock supplier                         | 31/12/2009        | 31/03/2010         | ■         |
| Piccadilly line upgrade - contract award  | 02/08/2010        | 01/06/2010         | ●         |

#### Jubilee Line:

In the interests of ensuring the upgrade is completed as quickly as possible, LU has agreed a further 22 days of closures up to and including Easter when the line will be closed for four days.

The Christmas shutdown for testing of the new Transmission Based Train Control (TBTC) system was successful with 12 trains running, this has increased confidence in completion this year. Tube Lines Limited (TLL) has indicated a revised forecast date for completion of October 2010. The revised date is 10 months later than the contractual date and LU has identified further possible closures up to October. This is being synchronised with the revised software build and testing plan, and a revised programme showing all activities up to October is being finalised. LU continues to actively challenge TLL to meet its revised programme.

During the line closures existing alternative transport arrangements will continue where necessary, including rail replacement buses, a boat service from West India Pier to The O2 and additional services from c2c (West Ham to Fenchurch Street) and Chiltern (Harrow-on-the-Hill to Marylebone) as required. In addition LU has recently introduced an additional stop on the Metropolitan line at Willesden Green during Jubilee line closures.

#### Northern Line:

For the Northern line, the full journey time capability contract date remains targeted for early 2012, but the programme is now considerably compressed. A revised programme has been expected since October and is now further delayed, but is expected in February. TLL has submitted extensive closure requests for the period from March 2010 to December 2011.

## London Underground

The conversion of the trains to TBTC is underway. The conversion cycle time had improved from 40 days for train 7 to 15 days for train 20, but has slipped back recently to 22 days for train 28. This is not critical to the programme but is symptomatic of the focus on the Jubilee Line Upgrade.

Piccadilly Line:

For the Piccadilly line upgrade, the contract award for the new rolling stock remains June 2010. The recently produced 47 month programme for the rolling stock shows no schedule float.

### *LU line upgrade – Sub-Surface Railway*

| Year to date as at Q3 2009/10 £m | EFC to 2017/18 £m |
|----------------------------------|-------------------|
| 526.0                            | 3,673.0           |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Old Dalby Test Track - All items in place to enable test track to receive and first test train | 13/04/2009        | 23/03/2009         | Completed |
| First pre-production S Stock delivered to Old Dalby  | 30/04/2009        | 26/02/2009         | Completed |
| Issue ATC invitation to tender   | 31/08/2009        | 16/07/2009         | Completed |
| Train Delivery - first train delivered to London Depot   | 01/11/2009        | 21/10/2009         | Completed |
| Signalling - Phase 1a immunisation works - operational segment 1                               | 26/11/2009        | 13/09/2009         | Completed |
| First S8 train in Passenger Service  | 30/09/2010        | 01/07/2010         | ●         |
| Start of full infrastructure integration testing   | 31/07/2011        | 31/07/2011         | ●         |
| S Stock migration complete   | 31/07/2015        | 31/07/2015         | ●         |

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

With the first new train delivered to London on 21 October, testing during engineering hours began on 9 November. All signalling immunisation works on the Metropolitan line have been

## London Underground

successfully completed on schedule, which will enable the new S8 trains to run in passenger service from this summer. However, the ongoing delay in completing the Jubilee line upgrade risks impacting on the SSR upgrade as it may restrict access to Neasden depot for the required modifications. This issue is being addressed with Tube Lines.

Procurement for the new signalling contract is underway and the responses to the invitation to tender were received on 15 January 2010; evaluation is underway.

### Channel Tunnel Rail Link at King's Cross

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 832.6                      | 873.0  |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Completion of escalator installation and commissioning | 14/09/2009        | 31/07/2009         | Completed |
| Northern Ticket Hall (NTH) - open to public            | 31/12/2009        | 29/11/2009         | Completed |
| Completion of Phase II Works (excl post NTH works)     | 30/04/2010        | 01/04/2010         | ●         |
| Completion of Phase II works (incl post NTH works)     | 01/10/2010        | 01/09/2010         | ●         |

King's Cross Congestion Relief delivers 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 and improved links to Northern, Victoria and Piccadilly lines, and the new Channel Tunnel Rail Link Terminal. The King's Cross project is funded by the Department for Transport and contracted by London Underground.

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

The Northern Ticket Hall was completed on time and formally opened on 29 November 2009.

## London Underground

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### *Bond Street Congestion Relief*

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 12.8                       | *      |

| Milestones                                  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Stage D design complete                     | 30/01/2009        | 31/10/2008         | Completed |
| ITT issued detailed design and construction | 03/08/2009        | 11/01/2009         | Completed |
| Main contract award                         | 08/02/2010        | 26/07/2010         | ■         |
| Completion                                  | 29/09/2016        | 03/03/2017         | ■         |

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

- two additional escalators from the interchange level to the Jubilee line;
- a low-level interchange route between the Central and Jubilee lines;
- a new step-free entrance and ticket hall on Marylebone Lane;
- four new lifts, allowing step-free access to both Central and Jubilee line platforms, interchange and street levels; and
- A step-free route to the Crossrail station will also be available.

The RIBA Stage D design was completed ahead of plan on 31 October 2008. The project will return to the Finance and Policy Committee outlining possible cost options while continuing with the design work. The Invitation To Tender documents for detailed design and construction were issued on 11 January 2010. Contract award is now planned for 26 July 2010.

## London Underground

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### *Paddington (Hammersmith & City) Congestion Relief*

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 7.5                        | *      |

| Milestones                      | Current Plan Date | Actual/F'cast Date | RAG       |
|---------------------------------|-------------------|--------------------|-----------|
| Stage D (Final Report) sign off | 14/12/2009        | 12/06/2009         | Completed |
| Completion                      | 25/11/2013        | 18/08/2014         | ■         |

Paddington (Hammersmith & City line) station is amongst LU's top priorities for congestion relief because of demand growth associated with local area redevelopment and the Sub-Surface line Upgrade. The project seeks to deliver congestion relief and step-free access benefits, and ensure the continued safe operation of the station.

The Network Rail, Crossrail and LU project components are now combined into the Paddington Integrated Project with co-located project teams and a joint project steering board.

The detailed design is now underway and enabling works on site have commenced. A letter of intent for the ground works and piling was issued to Carillion on 6 January. Critical to the Crossrail programme is the delivery of the taxi ramp, which remains on target for March 2011. The re-phasing of the project, with a revised completion in August 2014, reflects the availability of funding for LU fit-out works.

## London Underground

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### Victoria Station Upgrade

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 72.5                       | *      |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Financial approval (main works)                            | 21/10/2009        | 21/10/2009         | Completed |
| Main works contract award                                  | 28/10/2009        | 11/05/2010         | ■         |
| Asbestos removal and finishes – all works on site complete | 15/10/2010        | 01/11/2010         | ▲         |
| Take possession of LandSec land for NTH worksites          | 27/05/2011        | 28/04/2011         | ●         |
| Delivery into service                                      | 01/02/2019        | 12/10/2018         | ●         |

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.

Project approval was granted by the TfL Board on 21 October and the delivery milestones have been re-set in the table above. Re-priced works contract tenders were submitted on 11 December and a preferred supplier is expected to be agreed by the end of January. The enabling works have continued to plan, including further utilities diversions and water management works. The installations for ground monitoring during the works have also commenced.

## London Underground

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### Tottenham Court Road Congestion Relief

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 119.8                      | *      |

| Milestones                            | Current Plan Date | Actual/F'cast Date | RAG       |
|---------------------------------------|-------------------|--------------------|-----------|
| Detailed Design RIBA Stage F complete | 30/01/2009        | 26/01/2009         | Completed |
| Start on site demolition              | 30/06/2009        | 19/01/2009         | Completed |
| Funding approval for full project     | 16/02/2010        | 21/10/2009         | Completed |
| Main Construction - tender award      | 19/02/2010        | 06/01/2010         | Completed |
| Start on Site - main construction     | 21/02/2010        | 03/02/2010         | ●         |

The congestion relief scheme includes a new upgraded and enlarged ticket hall, three new entrances, additional escalator access to the Northern line platforms, improved circulation space, step-free access throughout and interchange with Crossrail.

During the quarter, major utilities diversions and demolition works continued. Buildings on Denmark Place are now down to ground level and basement clearance has begun. The electricity diversions are also complete at two sites. Highway works in Soho Square, Falconberg Mews and Sutton Row have been accelerated in order to avoid the Christmas period, with working hours now running from 06:00 to 22:00hrs.

Planning permission has now been granted by The London Borough of Camden for the design of the proposed roof canopies.

The TfL Board approved the project on 21 October with the revised timetable and budget to meet the Business Plan constraints. The main works contract has been signed and work is due to begin on 21 February 2010.

## London Underground

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### *Bank Congestion Relief*

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 8.4                        | *      |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Bank Northern LUL review of stage B feasibility Report | 21/06/2009        | 18/05/2009         | Completed |
| Bank Northern FGM Financial approval stage C design    | 18/08/2009        | 30/06/2009         | Completed |
| Bank Northern Contract award RIBA C design             | 31/03/2010        | 14/12/2009         | Completed |

The Bank project consists of two workstreams:

Bank- Walbrook Square aims to provide more convenient access to streets south and south-west of the station, reduce congestion on the Waterloo & City (W&C) line platforms, and provide step-free access to the W&C line. LU will fund the construction of the station box shell which will be delivered by the developer. Thereafter, LU will fit out the station box to complete the new entrance. Following the withdrawal of the Legal and General building lessee, the project is likely to be delayed by at least one year.

Bank Northern Line Congestion Relief aims to relieve current and expected congestion in Bank station, which would lead to increasingly frequent congestion of the Northern line/DLR area and station closures. Design work has continued on the identification of a preferred option, which is likely to encompass the relocation of the southbound running tunnel of the Northern line. Any preferred option should reduce disruption to the service during construction and reduce overall cost.



## London Underground

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### Green Park Step-Free Access

| Spend to end<br>Q3 2009/10 £m | EFC £m |
|-------------------------------|--------|
| 18.3                          | 96.7   |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Green Park Start on site                              | 25/07/2009        | 15/04/2009         | Completed |
| Green Park Delivery into service (as agreed with ODA) | 19/12/2011        | 24/10/2011         | ●         |

This project provides step-free access at the station, which is critical to the 2012 Games. The programme is currently on target to meet the Olympic delivery date.

In Quarter 3, planning permission was granted by City of Westminster for the roof canopy. Shaft tunnel design was completed and approved and Shaft construction commenced. Delivery into service remains at 24 October 2011.

## London Underground

### Cooling the Tube

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 121.3                      | *      |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Mid Tunnel Vents Tranche 1 – contract awarded (3x sites)                | 29/06/2009        | 27/03/2009         | Completed |
| Evaporative cooling at Charing Cross –report issued                     | 18/08/2009        | 03/07/2009         | Completed |
| Out of service fans – Phase 1 fans available for use                    | 18/08/2009        | 22/07/2009         | Completed |
| Mid Tunnel Vents Tranche 1 – Drayton Park brought into beneficial use   | 07/09/2009        | 02/08/2009         | Completed |
| Mid Tunnel Vents Tranche 1 – Tynemouth Road brought into beneficial use | 30/10/2009        | 30/10/2009         | Completed |

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

Due to budgetary pressures, only the works to support the Victoria line upgrade are being progressed. These comprise refurbishment and upgrading of thirteen mid-tunnel vents, Station cooling works have been deferred and the projects at Green Park, Euston, Oxford Circus and Victoria will be halted following the completion of detailed design.

Work is on site for the first two of three tranches of the mid-tunnel ventilation upgrades, which require the removal of the old fans and structural work to the shafts before new (higher capacity) fans are installed. Eight of the upgrades have commenced work on site but there have been delays at two of the sites. The LU project team is working closely with the contractors to mitigate the extent and impact of the delay. The second high capacity fan was brought into use at Tynemouth Road on 30 October and the third, at Somerleyton Road was commissioned on 21 December 2010. Noise levels at the Moreton Terrace fan are higher than expected and attenuation works are required before it can run at full capacity through the night. This work will be completed in February. On Tranche 2, the detailed design and construction contract was awarded on 27 March 2009.

## London Underground

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### Operational Accommodation

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 52.8                       | 74.4   |

| Milestones                                       | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Brixton Operations Centre - practical completion | 30/06/2009        | 08/07/2009         | Completed |
| Leytonstone TOM - contract award                 | 15/09/2009        | 21/07/2009         | Completed |
| High Barnet- New Depot - practical completion    | 25/09/2009        | 21/09/2009         | Completed |
| Edgware Rd - Construction contract award         | 22/11/2009        | 02/11/2009         | Completed |
| Harrow on the Hill TCA - 1st floor occupation    | 22/01/2010        | 11/12/2009         | Completed |
| Hammersmith TCA - Fit-Out Complete               | 16/02/2010        | 01/02/2010         | ●         |

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

- High Barnet – The main works contract commenced on site on 31 July 2008 and completion was achieved on 21 September 2009, four days ahead of target.
- Edgware Road – Existing bridge successfully removed during a 52 hour possession. Fit out works commenced on site. Project currently on schedule.
- Harrow-on-the-Hill TCA – Phase I (Staff Occupation 2<sup>nd</sup> floor) complete. Project currently on schedule.
- Hammersmith TCA – Piling works completed. Project currently on schedule
- Leytonstone TCA - Project on schedule.

## London Underground

### Connect and Connect Airwave

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 115.7                      | *      |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Tube Lines Video Cut-in - installation complete 1-20 (of 80)                            | 30/06/2009        | 12/05/2009         | Completed |
| Tube Lines Video Cut-in - present plan for Batch 2,3 and 4 to be delivered into service | 31/07/2009        | 26/06/2009         | Completed |
| Metronet Video Cut-in - installation complete 26-50 (of 100)                            | 17/08/2009        | 22/05/2009         | Completed |
| Tube Lines Video Cut-in - installation complete 21-40 (of 80)                           | 28/10/2009        | 22/09/2009         | Completed |
| Rationalisation of LUL video circuits - complete  | 05/10/2009        | 12/02/2010         | ■         |
| Additional Connect Resilience - 2nd Stage 'Quick Wins' (Equipment and Process)          | 28/10/2009        | 06/10/2009         | Completed |

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

Phase 2 which provides increased functionality on the new equipment and improved video capability is progressing, with the Bakerloo line static testing beginning on schedule on 23 November. The dispatcher upgrades for the Line Control Centres (LCC) for Train radio resilience is on target to complete in February. Video cutover to the new subsystem is progressing to plan, with 80 of the 100 stations on the SSR and BCV lines now complete. On the JNP network, 59 of the 80 stations are complete.

The Connect Airwave project enhances the emergency services' communication system on the Underground by expanding coverage and capacity. Airwave Phase 2, including an extension of coverage to Stratford, has now been agreed with the National Police Information Authority (NPIA). Two of the three contract packages are progressing to plan but the frequency planning package is delayed by two months. This delay is not affecting any other part of the programme.

The rationalisation of video circuits was impacted by the lack of available fibre routing through Marble Arch for Wood Lane LCC. This is now installed and tested with the documentation to follow. The revised date of 12 February 2010 will now be achieved.

## London Underground

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### Major Power Works

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 194.5                      | *      |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Jubilee Line - Alaska St, install 22kV cables complete                | 23/04/2009        | 15/04/2009         | Completed |
| Jubilee Line - Power On   | 28/09/2009        | 10/09/2009         | Completed |
| Victoria Line - Overall completion and power audit                    | 08/12/2009        | 23/11/2009         | Completed |
| SSR - Award Invitation To Tender (Met Line detailed design and build) | 01/03/2009        | 27/03/2009         | Completed |
| SSR - Approval of baseline contractor programme for package 1         | 03/07/2009        | 02/07/2009         | Completed |
| SSR - Package 1a. Finchley Road substation - start on site            | 24/12/2009        | 09/11/2009         | Completed |

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

The delivery phase of the Victoria line power upgrade was completed on target on 23 November. The installation of the high voltage (132kV) cabling to the bulk supply point (BSP) at Manor House has progressed with the tunnel boring completed and the final section of cabling to be installed by February.

The Sub-Surface power upgrade is progressing from scoping and development to detailed design and build. The design and build for the first two packages (1A and 1B) was awarded on 20 March 2009. The detailed design has progressed and work began on site at the Finchley Road substation on 9 November. Package 2 was approved by the Board on 10 December, with contract award expected in March. Packages 3 and 5 (substation plant, cabling and switchgear) have been deferred due to budgetary constraints. Package 4 (Bulk Supply Point at Griffith House) was awarded and site mobilisation has begun.

For the Piccadilly line power upgrade, options are being developed to maximise the efficiency of the existing infrastructure prior to the development of new scope and all milestones will be revised.

## London Underground

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### Thameslink

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 18.1                       | 35.1   |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Borough Market - NR commence viaduct works         | 03/05/2009        | 06/04/2009         | Completed |
| Blackfriars - Complete protective shield           | 14/05/2009        | 17/04/2009         | Completed |
| NR and LU sign Project Implementation Agreement    | 29/05/2009        | 12/06/2009         | Completed |
| Blackfriars - NR commence main works               | 16/06/2009        | 19/05/2009         | Completed |
| Farringdon - NR commence main works                | 29/11/2009        | 02/11/2009         | Completed |
| Farringdon - NR complete works                     | 28/01/2012        | 30/09/2011         | ●         |
| Blackfriars - NR Deliver Station back into service | 28/01/2012        | 30/09/2011         | ●         |

The LU Thameslink Programme safeguards LU assets and manages the interfaces with the Thameslink Project. The key works interfacing with the LU network are at Blackfriars and Farringdon stations.

Piling has continued at Farringdon and Blackfriars, but the Network Rail programme is approximately 6 months late at Blackfriars. This has put the duration of the 30 month closure at risk of extending. The current programme shows a re-opening in December 2011, two months late. At Farringdon Station, the footbridge contractor has gone into receivership and the completion date is currently under review (previously September 2009).

## London Underground

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### Central Line Bogie Modifications

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 30.7                       | 63.9   |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Commence manufacture                                  | 28/02/2009        | 05/01/2009         | Completed |
| 48 Frames Delivered to fleet                          | 02/06/2009        | 29/04/2009         | Completed |
| 960 Frames Delivered to fleet                         | 13/07/2010        | 11/06/2010         | ●         |
| 1420 Frames Delivered to Fleet (Manufacture Complete) | 31/01/2011        | 03/01/2011         | ●         |

Following the Chancery Lane incident, this project was instigated to address the issues identified in the Aylward Inquiry. The project comprises the re-design, manufacture and fitting of 1420 new bogie assemblies to the entire Central Line fleet, known as 1992 Stock.

The manufacture of the new bogie frames began in January 2009 and the delivery schedule is on target with approximately 300 frames delivered to fleet by the end of the quarter. The programme rate has sustained the planned rate of one train (four units) per week. Twenty-one trains were converted in Quarter 3.

## London Underground

### Track Renewal BCV/SSR

| Spend to date as at Q3 2009/10 | EFC to 2017/18 £m |
|--------------------------------|-------------------|
| 389.0                          | 1,418.0           |

| SSR Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Ballasted Track Replacement and reballast – 18,680m achieved    | 31/03/2010        | 08/03/2010         | ●         |
| Points and crossings - 11 units achieved                        | 31/03/2010        | 06/07/2009         | Completed |
| BCV Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
| Ballasted Track Replacement and reballast - 1,415m achieved     | 31/03/2010        | 31/03/2010         | ●         |
| Points and Crossings - five units achieved                      | 31/03/2010        | 08/03/2010         | ●         |
| Class 1 (Expected trackform life of 40 years) - 2,429m achieved | 31/03/2010        | 31/03/2010         | ●         |

During Quarter 3, production was broadly on target. Two points and crossings improvements have been deferred, reducing the year end forecast to 14.

### Track Renewal JNP

| Milestones                     | Current Plan Date | Actual/F'cast Date | RAG       |
|--------------------------------|-------------------|--------------------|-----------|
| Tube reconditioning 1,270m     | 26/05/2009        | 26/05/2009         | Completed |
| Track replacement 1,000m       | 07/09/2009        | 31/03/2010         | ■         |
| Workbank 5 - Project close out | 16/10/2010        | 30/06/2010         | ●         |

JNP Track is split into Enhanced Track Replacement and Deep Tube Reconditioning. This work is devised, planned and managed by TLL and agreed with LU through the Annual Asset Management Plan (AAMP).

The total completed Enhanced Track Replacement increased to 983m for the year to date against the target of 1,200m but TLL has now achieved all 37,301m planned in the AAMP since the start of the PPP contract in 2003. Remaining work for this year is focused on tube reconditioning works and pit block renewal. Both these programmes are also nearing completion. The work plan for points and crossings has now been revised to focus on heavy maintenance rather than replacement.



## London Underground

### Civils BCV/SSR

|                                |                   |
|--------------------------------|-------------------|
| Spend to date as at Q3 2009/10 | EFC to 2017/18 £m |
| 80.0                           | 778.0             |

| BCV Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| C164-EM2 Northolt to South Ruislip C164 Practical Completion              | 08/10/2009        | 05/06/2009         | Completed |
| C156 EM3, 4, 7, 8 and 9 - Perivale to Greenford C156 Practical Completion | 23/05/2010        | 23/03/2010         | ●         |
| SSR Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
| D164-EMI,2,4,5 East Putney to Southfields D164 Start on Site              | 10/07/2009        | 21/07/2009         | Completed |
| D164-EMI,2,4,5 East Putney to Southfields D164 Practical Completion       | 20/09/2010        | 20/07/2010         | ●         |

Following the integration of Metronet, BCV and SSR structures are jointly managed. The programme comprises a range of improvement and monitoring works to the civils assets on the BCV and SSR networks.

The current two-year programme comprises approximately 40 separate remediation projects across the four asset groups. The condition of the assets in the programme is generally well known, but the Civils team is working to complete the asset condition database and a Whole Life Cost Model for each of the four asset classes.

On bridge projects, work is generally programme but the start on site of Bridge D83 at Hammersmith is one month behind schedule due to access constraints.

Earth structures projects are generally on programme. Five of the six projects that were on site at the start of the financial year have now completed. All of the six projects due to begin in 2009/10 are now on site.

On track drainage, 4,902m had been replaced year to date, ahead of the planned 3,474m. This productivity improvement results from a revised working methodology, including dedicated planned possessions.

## London Underground

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### *Civils JNP*

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Earth Structures – complete environmental surveys for remediation sites | 05/06/2009        | 26/05/2009         | Completed |
| P273 Drainage discharge – complete drainage discharge final scope       | 20/12/2009        | 05/02/2010         | ▲         |

The JNP Civils Programme comprises the same scope as the BCV/SSR programme, aimed at maintaining the civils assets to a defined condition. In 2009/10, work is focused on earth structures (embankments) and drainage projects.

Four earth structures were planned for the year. This has been reduced to two projects at Dollis Hill and Queensbury. Dollis Hill was completed on plan and Queensbury has begun on site. Drainage improvement works are planned at 26 locations. Work is complete at seven locations and 16 further sites have commenced.

## London Underground

### Station Upgrades – BCV/SSR

|                                |                   |
|--------------------------------|-------------------|
| Spend to date as at Q3 2009/10 | EFC to 2017/18 £m |
| 1,153.0                        | 2,018.0           |

| BCV Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Oxford Circus Station Modernisation - Delivery into service agreed by LUL | 25/05/2009        | 04/02/2010         | ■         |
| Hainault Station Modernisation - Delivery into service date agreed by LUL | 30/05/2009        | 19/05/2009         | Completed |
| Wanstead Station Refurbishment - Start on site                            | 30/06/2009        | 14/06/2009         | Completed |
| Brixton Station Modernisation - Delivery into service date agreed by LUL  | 31/01/2010        | 22/02/2010         | ▲         |
| SSR Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
| Aldgate Station Modernisation - Start on site                             | 16/10/2009        | 14/10/2009         | Completed |
| Earl's Court Station Modernisation - LUL agree delivery into service      | 31/12/2009        | 17/07/2009         | Completed |

Watford, Perivale and Upminster Bridge were accepted into maintenance during the quarter. Work began at Aldgate on 14 October. At Brixton, Delivery Into Service (DIS) has been delayed by one month due to the discovery of asbestos and a compatibility issue between switch equipment and the new Communication Equipment Room.

At Oxford Circus, DIS slipped further in the Quarter from 22 December 2009 to 4 February 2010, as a result of non-conforming cable installations but the remedial work is progressing to plan.

## London Underground

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### Station Upgrades – JNP

| Milestones                                  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Waterloo Modernisation                      | 30/05/2009        | 30/05/2009         | Completed |
| Stanmore Enhanced Refurbishment             | 30/05/2009        | 01/04/2009         | Completed |
| Edgware Station Enhanced Refurbishment      | 03/08/2009        | 15/06/2009         | Completed |
| Bermondsey Station Refurbishment            | 06/12/2009        | 15/12/2009         | Completed |
| Covent Garden Station Modernisation         | 09/09/2009        | 06/05/2009         | Completed |
| Oval Station Refurbishment                  | 27/09/2009        | 31/07/2009         | Completed |
| Clapham Common Station Refurbishment        | 07/10/2009        | 31/07/2009         | Completed |
| Southwark Station Refurbishment             | 20/10/2009        | 08/12/2009         | Completed |
| Green Park Station Modernisation            | 23/10/2009        | 23/10/2009         | Completed |
| Hatton Cross Station Enhanced Refurbishment | 29/05/2010        | 04/03/2010         | ●         |

The JNP Stations programme was devised as part of the PPP contract. The station works are planned in tranches, with Tranche 5 stations due to be completed by 30 May 2009. All of these stations have now been declared as completed by Tube Lines. Of the 97 stations planned for the first PPP Contact Review Period, 72 were declared as Delivered Into Service (DIS) by the end of Quarter 3 and the programme is generally on target.

In Quarter 3, the scope of the station works on the Jubilee Line Extension was under further negotiation with TLL in order to achieve costs savings and facilitate earlier work to Colliers Wood, South Wimbledon and Hounslow East, which were not previously planned for upgrades until Review Period 2.

Green Park Modernisation- snagging works were completed during the quarter. DIS was declared on 23 October 2009 and is currently under review by LU.

Southwark - TLL declared DIS on 25 November 2009 with LU accepting this status on 8 December 2009. During the quarter running up to DIS, TLL completed snagging works.

Bermondsey Station Refurbishment – Declared by TLL on 15 Dec 09, currently under review.

## London Rail

### East London Line Extension

|                            |        |
|----------------------------|--------|
| Spend to end Q3 2009/10 £m | EFC £m |
| 933.8                      | 986.0  |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Complete Crossrail enabling works at Whitechapel   | 30/06/2009        | 30/06/2009         | Completed |
| Submit planning application to LBH and TH to discharge conditions 14/17/19 (noise demonstration) | 10/04/2009        | 14/01/2010         | ■         |
| Complete Dalston podium slab   | 31/07/2009        | 31/07/2009         | Completed |
| Establish infrastructure maintenance depot   | 31/10/2009        | 31/10/2009         | Completed |
| SCADA temporary master station and system commissioned for the 3 TSS sites (A lines only)        | 01/05/2009        | 13/09/2009         | Completed |
| Commission all TSSs including Hoxton, Shadwell and Canal Junction (for 33kv only)                | 04/06/2009        | 20/09/2009         | Completed |
| Test running commences   | 31/01/2010        | 05/10/2009         | Completed |
| East London Line (Phase 1) complete  | 30/06/2010        | 30/06/2010         | ●         |

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

The test running initial stage reports were completed on 4 December 2009. Good collaborative working between TfL, BBC-JV, Bombardier and LOROL has resulted in all stage 2 tests undertaken to date being carried out during the stage 0 and stage 1 programme. This has created contingency at the end of the test running programme for any unforeseen issues which may arise.

The first integrated station management system was commissioned at Shoreditch High Street station on 12 December 2009.

## London Rail

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One milestone in the period relating to New Cross Gate Depot interface tests was delayed and is now scheduled for completion on 6 January 2010.

Tender returns for the station enhancement works at Crystal Palace have been received and reviewed and tender presentations given by each of the tenderers. The contract was due to be awarded on 16 December 2009 but is delayed due to the non-availability of the approved for construction (AFC) drawings.

Slippage has occurred on design of the gap works at Crystal Palace due to rework required following Network Rail review. Cost estimates have been received in the period for this additional work and are under review by the project team.

Station stabilisation works at Whitechapel are close to completion and testing is in progress. These works cover the modernisation of the fire, public announcement (PA) and CCTV systems in the operational part of the station and are expected to be complete by 17 January 2010.

Gate installation at Shadwell is complete and the remaining stations will be substantially complete next period.

The infrastructure maintenance contractor, Carillion, is continuing to mobilise in readiness for the commencement of trial operations on 18 January 2010, with full mobilisation of the trained workforce expected by 3 March 2010.

## London Rail

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### East London Line Phase 2

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 1.5                        | 55.3   |

| Milestones                               | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Technical advisor phase 2 award contract | 15/05/2009        | 15/05/2009         | Completed |
| Commence GRIP 5 design                   | 05/10/2009        | 25/01/2010         | ■         |
| Commence passenger services              | 14/05/2012        | 14/05/2012         | ●         |

East London Line (ELL) Phase 2 will provide an additional four trains per hour on the core ELL. These trains will run to Clapham Junction via a new chord that leaves the ELL Phase 1 route to the south of Surrey Quays and joins the South London Line to the North of Queens Road (Peckham). Passenger service is scheduled to commence in May 2012.

A stage gate presentation was made in early November 2009 where the project team proposal to raise the bridge (instead of lowering) over Surrey Canal Road (SCR) was adopted for the detailed design. This will avoid a large amount of disruptive road lowering and utility diversion works. While SCR Station remains outside of the project scope, future provision has been included in the design. Negotiations with the DfT and London Borough of Lewisham continue with regard to the £10m funding required.

Overall delivery of the scheme with completion of works in early 2012, is compromised by the Network Rail works at Clapham Junction and cross over at Latchmere Curve. A programme to clarify these issues and to seek actions to mitigate them is still sought from Network Rail.

Design works continued in this quarter. The detailed design (Guide to Railway Investment Projects (GRIP) 5) contract is currently out to tender and award is due at the end of January 2010.

## London Rail

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### London Rail Concession Rolling Stock

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

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| First NLR unit accepted                               | 30/04/2009        | 07/07/2009         | Completed |
| First train in service NLR                            | 31/05/2009        | 27/07/2009         | Completed |
| First ELR units delivered for Network Rail track test | 31/07/2009        | 21/09/2009         | Completed |
| Delivery of NLR fleet                                 | 31/12/2009        | 01/02/2010         | ■         |
| Delivery of ELR fleet                                 | 31/03/2010        | 30/04/2010         | ▲         |
| First train in service ELR                            | 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 (NLR) and the East London Railway (ELR). An additional 12 vehicles (three x four-car units) have been added to operate the East London Line Phase 2b from Surrey Quays to Clapham Junction. This brings the total order up to 228 vehicles.

As reported in Q2, the delivery milestones were expected to slip and the revised programme has now been confirmed. The date for delivery of the final NLR units has moved from December 2009 to February 2010 and the final delivery of the ELR units has moved from March to April 2010.

Delivery of the remaining North London Railway (NLR) units recommenced in December, following a halt in production to ensure sufficient East London Railway (ELR) units were delivered for stress testing on the infrastructure. Twelve NLR units have been delivered and ten of these are required for passenger service, with the other two held as spares.



## London Rail

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### *North London Railway Infrastructure Project*

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 101.7                      | 252.0  |

| Milestones                   | Current Plan Date | Actual/F'cast Date | RAG       |
|------------------------------|-------------------|--------------------|-----------|
| Commence No.1 lines blockade | 30/04/2009        | 30/04/2009         | Completed |
| Commence all lines blockade  | 31/12/2009        | 20/02/2010         | ▲         |
| Project completion           | 31/01/2011        | 31/01/2011         | ●         |

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

The new possession plan supporting the all lines blockade, which is proposed to take place between February and May 2010, is out for industry consultation. Stage 2 signalling commissioning will take place during two further blockades over Christmas 2010 and February 2011. This programme does not impact project completion, Phase 1a works, ODA funding or future revenue streams and has subsequently been agreed in principle by the joint project board. The financial impact of this solution is yet to be confirmed.

Sewer and drainage works continued in the period and the first sections of track installation commenced. Good progress was made in the period with station and platform works in the core area (Caledonian Road to Highbury & Islington), with 49 out of 69 concrete beams installed.

The Phase 1a power contract has been let to Balfour Beatty and contracts have been signed and issued. The contractor is now undertaking pre-work prior to starting on site in January 2010. An instruction to proceed (ITP) has been issued to the proposed systems contractor and the contract conditions are being finalised with contract signature planned for January 2010.

## London Rail

### DLR Three Car Infrastructure

|                            |        |
|----------------------------|--------|
| Spend to end Q3 2009/10 £m | EFC £m |
| 277.9                      | 323.1  |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| P7 Complete installation of new LUL compound and road       | 30/06/2009        | 25/09/2009         | Completed |
| Complete Westferry Station (Three Car Package 1 Works)      | 31/07/2009        | 06/01/2010         | ■         |
| Complete New South Quay Station (Three Car Package 1 Works) | 30/09/2009        | 26/10/2009         | Completed |
| Bank Lewisham: construction complete                        | 31/01/2010        | 31/01/2010         | ●         |
| Bank Lewisham: service operational                          | 28/02/2010        | 30/01/2010         | ●         |

This project will deliver the structural works necessary for three car operation on the DLR. This includes platform extensions, track realignment and viaduct strengthening. The project includes three car works on the Bank – Lewisham section, Delta Junction, the Poplar – Stratford Route, Poplar – Woolwich, Tower Gateway, Olympic Station capacity (East Route) and West Route resilience.

On Package 1, the final walkthrough with Taylor Woodrow to inspect and sign off the snagging works at Tower Gateway was completed on 8 January 2010. The construction work at Limehouse is complete and the link bridge between the DLR and C2C stations was opened on 26 November 2009 and has been used by an estimated 3,000 passengers per day. At Westferry, the station is enabled for three car operation, with the only outstanding item being completion of the handover paperwork which was expected on 6 January but is now due for sign-off on 18 January 2010. This was delayed as a result of Taylor Woodrow diverting resources to complete the South Quay Station and Limehouse Link Bridge. At the old South Quay station, the superstructure has now been demolished and the removal of the disused services and sub-structures has continued. At Crossharbour, station works are complete and DLR passengers have full use of the platform.

On Package 5, the West India Quay handover paperwork has been submitted during period 8 and the remaining hoardings are scheduled for removal on 31 January 2010 prior to the start of the 3 car service.

The Package 7 construction works remain on programme and work quality issues are improving, although concern still exists about the amount of time being taken to remove the temporary speed restrictions (TSRs).

On Package 3, all stations have been handed over for operational service, final snagging works inspections have taken place and acceptance paperwork is currently being reviewed by DLR.

## London Rail

On Package 4, Blackwall and East India stations were handed over for operational service and final snagging inspections are ongoing. At Royal Victoria, the track struts were installed during the quarter and the forecast station completion date is 31 January 2010.

### *DLR Stratford International Extension*

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 158.5                      | 197.6  |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Complete decommissioning at Abbey Road                                | 25/04/2009        | 24/07/2009         | Completed |
| Network Rail infrastructure decommissioned (SIE Package 8 Works)      | 30/06/2009        | 19/07/2009         | Completed |
| Star Lane station construction work complete (SIE Package 6 Works)    | 31/10/2009        | 08/12/2009         | Completed |
| Canning Town station construction work complete (SIE Package 6 Works) | 30/11/2009        | 08/12/2009         | Completed |
| Complete Works Package 6 - Conversion of NLL to DLR                   | 30/06/2010        | 30/06/2010         | ●         |
| Service operational   | 31/07/2010        | 31/07/2010         | ●         |

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

All DLR works associated with Package 8 are substantially complete. All critical operational assets have been handed back to Network Rail (NR) and adopted into its maintenance regime.

Overall, station construction progress continued to keep pace with the recovery programme. The discussions with LUL and Tube Lines concerning the breakthrough to their station have progressed to a stage where core drilling has commenced at Canning Town. The Skanska/Volker Rail JV has mobilised its electrical and communications contractor and cable is being installed at the majority of stations.

The Canning Town station works were delivered on 8 December 2009, slightly behind schedule, although these works are not critical path activities for the commissioning of the SIE extension.

## London Rail

### DLR Railcars

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 38.3                       | 58.7   |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| 3-Car Woolwich Arsenal: All (24) Railcars accepted into service           | 31/10/2009        | 10/07/2009         | Completed |
| Games additional capacity: First railcar delivered                        | 14/12/2009        | 16/09/2009         | Completed |
| Games additional capacity: Final railcar delivered                        | 31/08/2010        | 19/05/2010         | ●         |
| Games additional capacity: All cars in service                            | 31/10/2010        | 31/10/2010         | ●         |
| Stratford International Extension: Final railcar delivered                | 30/11/2009        | 02/09/2009         | Completed |
| Stratford International Extension: All (9) Railcars accepted into service | 31/12/2009        | 20/10/2009         | Completed |

This project covers the provision of 24 extra DLR railcars for three-car operation and the Woolwich Arsenal extension, nine for the Stratford International extension and 22 for the Games.

Delivery and commissioning of new vehicles continued in accordance with the agreed programme. Forty one vehicles out of a total of fifty five have been delivered to Beckton and Taking over Certificates (ToCs) have been issued on a total of thirty seven. There are a further eight vehicles in various stages of production in Bautzen. Testing of the vehicles in three car configuration along the south and west routes was carried out successfully during the period.

The forecast date to accept all additional Games railcars into service has been slipped by 2 weeks this quarter to 31 October 2010. The forecast had previously been ahead of schedule in Q2, the project remains on schedule despite this slippage.

## Surface Transport

### Congestion Charging Re-Let

|                               |        |
|-------------------------------|--------|
| Spend to end<br>Q3 2009/10 £m | EFC £m |
| 84.4                          | 93.8   |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| e-pay rebranding decision made  | 03/04/2009        | 03/04/2009         | Completed |
| System Integration Testing starts   | 01/06/2009        | 26/05/2009         | Completed |
| Public Information campaign for Retail starts                                   | 01/09/2009        | 01/09/2009         | Completed |
| Ready for Service Testing starts  | 21/09/2009        | 07/09/2009         | Completed |
| Readiness Review  | 30/09/2009        | 02/10/2009         | Completed |
| Release 1 - go live of new system for Congestion Charging and Low Emission Zone | 30/11/2009        | 01/11/2009         | Completed |
| Release 2 - go live of account-based charging                                   | 01/11/2010        | 31/12/2010         | ▲         |

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

The new system went live on 1 November, four weeks ahead of schedule. The readiness review was completed for this on 2 October, which provided a clear view on the functionality available for go-live and the level of performance and stability of the system.

Since go-live of the new system, the focus changed to resolving outstanding Enforcement Operations functionality problems, where fixes are being put in place to replace manual workarounds. Improving the quality of the financial reporting is also a key focus.

The go-live of account based charging has been realigned following the Mayoral announcement on the Congestion Charging overhaul on 15 October and the forecast date is now the end of December 2010.

## Surface Transport

### TLRN Capital Renewal

This is an 'annualised programme', where minor schemes are delivered on a rolling basis. Costs are based on an annual budget.

| TLRN Capital Renewal | £ 000's |
|----------------------|---------|
| YTD Actuals          | 27,527  |
| Full Year Budget     | 38,176  |
| Full Year Forecast   | 39,581  |
| Variance to budget   | 1,404   |

| Description  | Units          | 2009/10 Target | Q3 Forecast | Achieved to Date |
|--|----------------|----------------|-------------|------------------|
| Area of carriageway resurfaced   | m <sup>2</sup> | 255,000        | 255,000     | 118,976          |
| Area of footways resurfaced  | m <sup>2</sup> | 60,000         | 60,000      | 43,195           |
| Number of lighting units replaced  | No.            | 608            | 608         | 383              |
| Number of schemes to achieve a reduction in the total number of structures with special measures | No.            | 32             | 32          | 10               |
| Removal of pedestrian guard railing  | km             | 35             | 35          | 30.5             |

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

The programme is showing the gross forecast cost, when contributions from developers collected through Section 278 are considered the spend for the year remains with budget.

#### Carriageway resurfacing:

In Quarter 3 an additional 40,581 m<sup>2</sup> of carriageway was resurfaced, taking the year to date total to 118,976 m<sup>2</sup>. 47 per cent of the annual target has been achieved.

#### Footways resurfacing:

In Quarter 3 an additional 22,386 m<sup>2</sup> of footway was resurfaced, taking the year to date total to 43,195 m<sup>2</sup>. 72 per cent of the annual target has been achieved.

#### Lighting units replacement:

In Quarter 3 an additional 49 lighting units were replaced, taking the year to date total to 383. 63 per cent of the annual target has been achieved.

#### Removal of pedestrian guardrail:

In Quarter 3 an additional 18.6 km of pedestrian guardrail was removed, taking the year to date total to 30.5 km. 87 per cent of the annual target has been achieved.

## Surface Transport

### Structures:

In Quarter 3 an additional 10 schemes were achieved, taking the year to date total to 10. 31 per cent of the annual target has been achieved.

### A406 Bounds Green

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 13.5                       | 69.0   |

| Milestones                                | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Commence advance statutory utilities work | 05/01/2009        | 05/01/2009         | Completed |
| Commence contract procurement             | 01/06/2009        | 15/05/2009         | Completed |
| Award contract                            | 28/02/2010        | 28/02/2010         | ●         |
| Commence main works                       | 29/03/2010        | 19/04/2010         | ●         |
| Completion of main works                  | 03/05/2012        | 03/05/2012         | ●         |

The section of the A406 between Bounds Green Road and Green Lanes suffers from congestion and has a poor accident record. The project will create a predominantly two-lane dual carriageway with improved traffic flows at junctions, improved pedestrian crossing facilities, a dedicated cycleway, improved bus journey reliability, and improvements to the local street scene.

During this quarter, six compliant tenders were received on 26 November and are currently being assessed, and advanced statutory utility diversions continued. National Grid Gas completed medium pressure mains replacement on the A406 during late September / early October and Thames Water commenced mobilisation for diversion of their 24 inch diameter main on Telford Road (A406) in late October / early November. Advanced utility works are expected to be completed by 31 March.

Contract award is expected by 28 February and the start of the main works is expected on 19 April 2010.

## Surface Transport

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### **Blackwall Tunnel Northbound Refurbishment**

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 5.3                        | 73.3   |

| Milestones                            | Current Plan Date | Actual/F'cast Date | RAG       |
|---------------------------------------|-------------------|--------------------|-----------|
| Revised procurement strategy approved | 30/06/2009        | 30/06/2009         | Completed |
| Award Contract                        | 29/05/2009        | 22/12/2009         | Completed |
| Start of Main Works                   | 30/06/2009        | 02/02/2010         | ■         |
| Construction complete                 | 21/06/2011        | 01/12/2012         | ■         |

This project will bring the Northbound tunnel to European best practice standards. Work includes: shaft alterations, ventilation upgrades, lighting, drainage, signage and public address system works and upgrades to the emergency points and fire detection and fighting systems.

The project is to be delivered during night time and occasional weekend possessions, which means that there is unlikely to be any problems during the Olympics as work can cease for that period.

During this quarter, the main works contract was awarded to BAM Nuttall (22 December). This has been delayed from the end of May due to the extended procurement process required as the original tenders were returned above the budgeted price.

The next major milestone will be the start of main works, expected on 2 February 2010. The completion of construction is now expected in December 2012, which is later than the February 2012 date reported in Q2 as a result of the revised delivery schedule agreed with the contractor. The contract has been awarded with a June 2012 construction completion date.. The forecast date of December 2012 shown above includes an additional six months of schedule risk beyond the contractor's planned completion date.



## Surface Transport

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### Cycle Hire

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 8.1                        | 81.7   |

| Milestones                      | Current Plan Date | Actual/F'cast Date | RAG       |
|---------------------------------|-------------------|--------------------|-----------|
| ITT published                   | 31/03/2009        | 04/03/2009         | Completed |
| Contract Award                  | 30/06/2009        | 11/08/2009         | Completed |
| Planning Applications Submitted | 20/11/2009        | 20/11/2009         | Completed |
| Go Live #1 - Website            | 31/03/2010        | 12/07/2010         | ▲         |

The Cycle Hire scheme will deliver 6,000 cycles in central London by summer 2010, based at 400 docking stations, which equates to nine docking stations per square kilometre.

The planning applications were submitted by 20 November 2009 for all 400 cycle docking stations. All planning decisions are expected to be returned by the end of February and 334 had been approved by the end of Q3. Further revised planning applications will continue to be submitted to ensure that all 400 are approved.

The on street go-live dates have not changed since Q2, however, the website go-live date is expected to slip and the operator (SERCO) has proposed a new date. This does not affect the go-live date.

The TfL Board has reviewed and approved the tariff paper, a press release containing the hire charges has subsequently been released.

## Surface Transport

### Two Cycle Superhighways

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 3.1                        | 23.0   |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| Route 3 - Completion of definition of route and measures              | 16/07/2009        | 31/07/2009         | Completed |
| Route 3 - Completion of Preliminary design and NAT scheme approval    | 02/10/2009        | 08/01/2010         | Completed |
| Route 7 - Completion of Preliminary design and NAT scheme approval    | 19/10/2009        | 30/01/2010         | ■         |
| Commence construction of 2 Cycle Highways to be delivered in May 2010 | 30/10/2009        | 30/10/2009         | Completed |
| Route 7 - Construction end  | 28/05/2010        | 28/05/2010         | ●         |
| Route 3 - Construction end  | 28/05/2010        | 28/05/2010         | ●         |

Two Cycle Superhighways is a pilot project to deliver the first two cycle superhighway routes – Routes 3 (Barking to Tower Hill) and Route 7 (South Wimbledon to the City) by May 2010. The remaining ten routes will be delivered in a separate project by 2015. Extensive monitoring is in place to assess the effectiveness of some of the interventions proposed. The project objective is to encourage modal shift to cycles and to enhance the cycling experience for current users by creating wider lanes, improved surfacing and further segregation.

These two routes are to be delivered using the Highways and Maintenance Works Contractors (HMWC) framework agreement that provides resources to deliver streets schemes in Surface Transport.

The commencement of construction was achieved on 30 October. Approval of preliminary design for Route 3 that was expected on 16 November was delivered on 8 January 2010. This route received provisional approval in September 2009 but designs took longer to finalise than envisaged which lead to delays to the completion of safety audits.

On Route 7, the situation is similar and the completion of preliminary design and Network Assurance Team (NAT) scheme approval is now expected on 30 January 2010. Preliminary approval was obtained in September 2009.

The timeline remains tight for the first two routes but construction completion is still being forecast for the end of May 2010.

## Surface Transport

### Ten Cycle Superhighways

|                            |        |
|----------------------------|--------|
| Spend to end Q3 2009/10 £m | EFC £m |
| 0.0                        | *      |

| Milestones                            | Current Plan Date | Actual/F'cast Date | RAG |
|---------------------------------------|-------------------|--------------------|-----|
| Phase 1 Invitation To Tender Issued   | 28/02/2010        | 28/02/2010         | ●   |
| Phase 1 preliminary design completed  | 31/05/2010        | 31/05/2010         | ●   |
| Phase 1 detailed design completed     | 31/08/2010        | 31/08/2010         | ●   |
| Phase 1 complete (two routes total)   | 31/05/2011        | 31/05/2011         | ●   |
| Phase 2 complete (four routes total)  | 31/10/2012        | 31/10/2012         | ●   |
| Phase 3 complete (six routes total)   | 31/07/2013        | 31/07/2013         | ●   |
| Phase 4 complete (eight routes total) | 30/04/2014        | 30/04/2014         | ●   |
| Phase 5 complete (ten routes total)   | 30/01/2015        | 30/01/2015         | ●   |

As with the pilot routes, the project objective is to encourage modal shift to cycles and to enhance the cycling experience for current users by creating wider lanes, improved surfacing and further segregation.

The Ten Cycle Superhighways scheme will deliver a further ten radial routes into central London following the pilot project. Planning and development is occurring in parallel with the delivery of the first two pilot routes. The ten routes are expected to be delivered in five phases of two routes, annually from May 2011 and the last is expected to be delivered by January 2015.

The next major milestone is the issue of Invitation To Tender for Phase 1 at the end of February 2010 and a pre-tender Corporate Gate C review is currently underway.

Progress during the quarter has been on preparing the next four routes for design, including data gathering, borough engagement and preparation for stakeholder route inspection meetings.

## Surface Transport

### West Ham Bus Garage

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 41.9                       | 53.5   |

| Milestones   | Current Plan Date | Actual/F'cast Date | RAG      |
|--|-------------------|--------------------|----------|
| Access and commence permanent bus parking area (phase 3) | 01/04/2009        | 31/03/2009         | Complete |
| Access to phase 2 building                               | 01/09/2009        | 01/09/2009         | Complete |
| Completion of main garage building (phase 2)             | 30/11/2009        | 05/11/2009         | Complete |
| Completion of fuel and wash building                     | 01/12/2009        | 19/02/2010         | ▲        |
| Completion of wind turbine                               | 31/01/2010        | 15/03/2010         | ▲        |
| Completion of permanent bus parking area                 | 26/02/2010        | 10/05/2010         | ▲        |
| Opening of bus garage                                    | 31/03/2010        | 31/05/2010         | ▲        |

This project provides a new bus garage to replace displaced existing garages on the Olympic site. The project has suffered from cost increases as a result of site difficulties and the accelerated delivery programme necessitated by the delays to the planning permission whilst still delivering in time for the Olympics. There is an ongoing discussion with the LDA over the apportionment of costs for this project.

A revised schedule is expected from the contractor as a result of poor co-ordination of Mechanical and Electrical services.

The completion of the main garage building, expected on 30 November was delivered earlier on 5 November, with the East London Bus Group taking occupation on 14 November. Work on the fuel and wash building is progressing, the drainage system has been installed and the portal frame for the building has been erected.

## Group

### IM Strategic Investment Programme

| Spend to end Q3 2009/10 £m | EFC £m |
|----------------------------|--------|
| 59.2                       | 81.1   |

| Milestones  | Current Plan Date | Actual/F'cast Date | RAG       |
|---|-------------------|--------------------|-----------|
| End User Computing – 14,000 users and 10,600 units migrated       | 30/11/2009        | 30/11/2009         | Completed |
| Voice and Data Network – Core migration from LAN to MAN completed | 31/10/2009        | 31/03/2010         | ■         |
| Data Centre 2 Operational readiness                               | 14/09/2009        | 14/09/2009         | Completed |
| Migration of Fujitsu Systems to Data Centre A hosting             | 31/03/2010        | 31/03/2010         | ●         |
| Application Portfolio Management – Database delivered             | 30/09/2009        | 30/09/2009         | Completed |

The IM Strategic Investment Programme is a programme of works to update TfL's IM infrastructure. There are five remaining work streams (the Enterprise Management work stream has finished and transferred to operations):

**End User Computing (EUC)** – replaces several separate Domain Servers with one single Domain across the organisation. Microsoft Office 1997 is also updated to the latest version and most desktop computers are replaced with “thin client” terminals working off a central mainframe computer.

By the end of the third quarter 14,811 users and 12,674 units had been migrated.

The migration of former Metronet employees to the EUC solution has happened only for business critical account (79 people). The terms of the contract with Logica to migrate the remaining 4,000 employees are currently under negotiation.

**Voice and Data Network (VDN)** – By the end of the third quarter, migration had taken place at 36 buildings, including 13 core sites. The remaining core sites are expected to be migrated by the end of March 2010. These sites will be migrated as quickly as possible as technical issues are resolved. Analysis is currently underway to assess what remedial actions are required. All other sites and services are expected to be migrated by mid-2010.

**Data Centre (DC)** – is to provide a dedicated and highly resilient data centre and to decommission most of the existing computer rooms.

During the third quarter of 2009/10, further network zones were completed at Data Centre A in Woking.

**Hosting** – is to consolidate and rationalise 80 per cent of the TfL server estate into the new strategic Data Centres and migrate externally hosted applications in house.

## Group

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Migration of Fujitsu's application services for LU is expected to be complete by the end of March 2010. Six out of 10 of these have already been migrated. Journey Planner has now been delayed to next financial year due to the business not being able to migrate before March 2010.

**Application Portfolio Management (APM)** – is a small work stream to reduce the cost of software applications. Objectives are to rationalise applications, software licences and improve management of these items. The work stream will deliver a database containing a log of spend on applications, this will enable more effective licence management. In Q3 work started to transfer the database into Business As Usual operations.

## Group

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### ITSO

|                            |        |
|----------------------------|--------|
| Spend to end Q3 2009/10 £m | EFC £m |
| 6.9                        | 56.0   |

| Milestones                                   | Current Plan Date | Actual/F'cast Date | RAG       |
|--|-------------------|--------------------|-----------|
| Agree scope and funding with DfT             | 31/01/2009        | 28/05/2009         | Completed |
| System architecture sign off                 | 18/09/2009        | 18/09/2009         | Completed |
| System requirements sign off                 | 12/10/2009        | 10/12/2009         | Completed |
| Head office processing system operational    | 31/07/2010        | 31/07/2010         | ●         |
| 3G Comms software development complete       | 15/10/2010        | 24/12/2010         | ■         |
| Completion of changes to back-office systems | 30/04/2011        | 31/05/2011         | ▲         |
| Completion of project                        | 31/07/2011        | 01/05/2012         | ■         |

ITSO (Integrated Transport Smartcard Organisation) is the name of the smartcard specification being mandated by the Department for Transport (DfT) for rail franchises and for the national bus concessionary scheme. Enabling the acceptance of ITSO specified tickets requires changes to TfL's ticketing systems, including a card reader capable of reading both Oyster and ITSO tickets, establishment of a head office processing system (HOPS), new or upgraded communications links and other system changes.

The project is being funded by the DfT as per an agreement between it and TfL dated 28 May 2009.

System requirements were signed off on 10 December, two months later than originally planned. The project is dependent upon external stakeholders including definition of the business rules (valid ticket types, billing terms etc) associated with the implementation of ITSO project. Delays in receiving the business rules from the DfT have caused a slippage in the forecast completion date from Aug 2011 in Q2 out to May 2012 this quarter.