

TRANSPORT FOR LONDON

BOARD

SUBJECT: TfL FIVE YEAR INVESTMENT PROGRAMME REPORT

MEETING DATE: 20 September 2006

1. INTRODUCTION

- 1.1 To inform the Board on the performance of key projects within the 5 year Investment Programme. This report covers the 1st quarter of 2006/07 (1 April to 24 June 2006). Progress will be reported quarterly until the end of the programme in 2010.
- 1.2 The format of this report has been updated to reflect the work of the Oversight Group and to include progress on TfL's contribution to the development of the London 2012 Olympic Games.

2. KEY HIGHLIGHTS

- The Channel Tunnel Rail Link Western Ticket Hall at Kings Cross and St. Pancras Station was successfully opened on 28 May 2006
- A mock-up of the new style Victoria Line train saloon was on display at Euston Gardens for user acceptance testing between 21 July and 11 August. (Public viewing was from 5 to 10 August)
- On the Piccadilly Line Extension to Terminal 5 progress is on plan for the opening of the T4 Loop in September 2006
- The Wembley Park station modernisation project announced practical completion of the station in May ahead of the opening of the new stadium
- The Waterloo and City Line closed for refurbishment in April, is planned to reopen in September 2006
- Queensway station reopened on 14 June 2006 following refurbishment by Metronet
- On the District Line (D Stock) Refurbishment, 20 out of 75 trains have been delivered into service in accordance with PPP schedules
- Coulsdon Relief Road bridge construction was completed in April 2006

- iBus factory acceptance tests of the new radio system have been successfully completed, and recording of announcements commenced
- The Olympic Railcars contract to secure 31 additional vehicles from Bombardier for Stratford International and Olympics services was signed on 12 June 2006
- The tunnel boring machine for the DLR Bank – Lewisham 3 Car Infrastructure project has now completed 120 metres of tunnelling towards Woolwich
- Handover of Greenwich Waterfront Transit Phase 1 to Surface Transport for detailed design and implementation was achieved in June 2006

3. PROJECTS (Over £100m)

This section reports on projects with a total cost of greater than £100m. Projects identified from the latest Oversight risk categorisation process as being included in the top 12¹ are identified by an asterisk.

London Underground

3.1 Channel Tunnel Rail Link (CTRL) at Kings Cross *

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

The main component of Phase 1, the Western Ticket Hall, was successfully opened on 28th May. Completion of Phase 1, including refurbishment of the Metropolitan and Circle Line platforms is on target for completion at the end of December 2006.

Phase 2, including the Northern Ticket Hall, has begun with continuing site surveys and contractor mobilisation on site. Good coordination has been established with other programmes at the Kings Cross site, and Phase 2 remains on target for completion in January 2011.

3.2 Victoria Station Upgrade

Victoria is one of London's main transport hubs and a major employment centre served by Underground, rail and bus, with 68 million people passing through it each year. Victoria is the most congested station on the LU network. Station control is regularly used to manage access to and congestion within the station, particularly during the morning peak when several closures are a daily occurrence.

¹ The Top 12 projects are a collection of the Top 50 that the TfL modes feel represent the greatest degree of inherent risk. Projects are classified by inherent risk against 8 risk definitions and also by their financial cost to produce a list of top 50 projects. This allows TfL to focus executive attention (through reports and periodic IP meetings) and also to prioritise resources (such as Independent Engineer reviews). The Oversight Risk Categorisation exercise is carried out every six months.

This project will provide significant increase in passenger circulation space in key congested areas of the station. It will also provide step-free access from street to platform for the Victoria Line.

To minimise potential objections at the TWA Order public enquiry, the current proposed scheme is being amended to avoid conflict with a proposed Land Securities commercial development and the Victoria Palace Theatre. This will result in a delay to the TWA Order application date.

Progress this quarter has included design review and buildability reviews which will result in amendments to the submission of the TWA Order now planned for November 2007. A major ground investigation has been completed. The main works are planned to start in Quarter 4 2009, with utilities diversions starting on site in Quarter 2 2008.

The project completion date is likely to be delayed to Quarter 4 2014, although further studies will be undertaken to explore whether this can be brought forward.

3.3 Tottenham Court Road Congestion Relief *

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

Progress this quarter has included the submission of the Planning Application for the utility diversion works. Planning consent is expected in the autumn, and the utilities diversion works are planned to commence in January 2007.

The Powers for the new ticket hall are included within the provisions for the Crossrail Hybrid Bill, and work has continued on interfacing and negotiating with various petitioners to the Tottenham Court Road portion of the Bill, and providing support through the Parliamentary Select Committee process. The timetable for the Royal Assent of the Bill has been delayed and commencement of the main works on site is not now expected until Quarter 2 2008.

3.4 Tunnel Cooling

This is a long term programme to reduce ambient temperatures in a number of ways including increased ventilation, improved efficiency, and train-based measures. Physical work on the Victoria ground water cooling trial is very near completion and initial test running started in early August. The development of a platform roof mounted air handling unit trial is progressing and three of the respondents to the OJEU notice were asked to tender for the development work on 2 August. The tender review period for a new fan at Liverpool Street is complete.

3.5 LU Line Upgrade – PPP BCV *

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

Train cars are now in production and train testing is underway. A mock-up of the new style train saloon was sited in Euston Gardens at the front of Euston Station for user acceptance testing between 21 July and 11 August. (Public viewing took place between 5 and 10 August).

Work planned for the next quarter includes work on Signal Equipment Rooms and the Signal Control Centre. Work is continuing on cable installation with productivity improving in this area. Line closures for track improvement works are also underway.

A revised completion date of February 2012 for the journey time capability improvement is now targeted by Metronet, however this accelerated delivery date is slipping primarily due to delays in the signal component.

3.6 **LU Line Upgrade – PPP JNP**

This programme begins with the Jubilee and Northern Line upgrades. The Jubilee Line Upgrade provides for signal and train control replacement to improve the capability of the lines. Completion is due in 2009 for the Jubilee Line, with the Northern Line to follow in 2012.

Transmission Based Train Control is the primary focus of work at present, with the Jubilee Line prototype train conversion behind schedule by 4 months. Tube Lines has strengthened its Rolling Stock Team and is reviewing the installation cycle to accelerate progress for a recovery programme. Overall the upgrades remain on track.

3.7 **LU Line Upgrade – PPP SSL**

The sub-surface railway (Circle, District, Hammersmith & City and Metropolitan lines) upgrades will provide new and refurbished rolling stock, new signalling and a new control centre. The programme is on track to complete by 2018.

3.8 **Power Works**

The main works under development at present are to provide increased power for the line upgrades. The power upgrade for the Victoria Line is due to award the construction contract in September 2006. The power for SSL line upgrades will commence scoping and development in the 3rd quarter of 2006/07. The programme is on track.

3.9 **7th Car Circle Line**

This project provides for all the work associated with enabling 7-car operation at the minority of stations where trains are currently restricted to 6-car running. The project also provides for new Circle Line rolling stock.

Metronet missed a milestone to place all four of the contracts for rolling stock sub-systems in Period 3. Metronet has now reported that the final two contracts have been placed. LU is awaiting confirmation documentation. Metronet has informed LU that the end date of 2015 is not at risk.

London Rail

3.10 **East London Line Extension ***

The upgraded and extended East London Line is planned to open in 2010 with TfL as the passenger service operator through a joint ELL/NLR concession. LUL will be

the infrastructure controller and network operator north of New Cross Gate, with Network Rail the infrastructure controller for the remainder.

The second stage enabling works are well underway and remain forecast to complete in December 2006. The line from Whitechapel to Shoreditch, and Shoreditch Station have now been closed to public service in preparation for the demolition of the Great Eastern bridge in 2007. The rolling stock supply & maintenance contracts were awarded to Bombardier on 30 August 2006. Negotiations are continuing with the two main works tenderers with the intention to recommend a preferred bidder by the end of September. The main issues at present remain the agreement of the engineering access option and the timescales for design approval impacting the main works contract award date.

The project is on track for the ELL to re-open on the scheduled date.

3.11 DLR Bank-Lewisham 3 Car Infrastructure

Outline design work is underway in preparation for the issue of the ITT. Work has been undertaken at the Beckton Depot to reconfigure the depot entry layout and work is underway at Poplar to extend the platform.

3.12 DLR Woolwich Arsenal Extension

The tunnel boring machine was launched at the beginning of April and has now completed 120 metres of the up tunnel towards Woolwich. The possession of the down platform at Woolwich national rail station commenced in May and is expected to last until August.

3.13 DLR Stratford International

The Public Inquiry closed in April with a decision expected at the end of October 2006. Procurement work is now progressing, with one of the three planned ITT's having been issued (Network Rail interface works at Stratford).

Finance & Planning

3.14 Cross River Tram

The Communications and Consultation Strategy has been developed in partnership with the boroughs and Cross River Partnership. A primary focus is on launching the route options consultation in November 2006 to support the selection of a preferred route, to be agreed by the Boroughs. Prior to the consultation launch the emphasis is on developing the profile of CRT with the public and stakeholders to promote a positive environment for the consultation. Engagement with stakeholders is underway to discuss route options being considered to address issues along the route that can be resolved at an early stage. This strategy is supported by the Boroughs communications plans which identify key local stakeholders, risks, issues and appropriate messages.

The depot implications of the phase 2 Depot study have been the subject of preliminary discussion with Islington and Camden Councils.

3.15 Croydon Tramlink Crystal Palace Extension

Following close working with the LDA and extensive options appraisal, a compatible Crystal Palace Park / Tram scheme to be included in TfLs route options has been agreed. This will be aligned to the park periphery before terminating adjacent to the

bus station on Crystal Palace Parade. TfL will also consult on an on-street option that enters the park from Annerley Hill shortly before reaching the terminus.

The public consultation period will last for a period of 2 months starting in mid October 2006. Following consultation a preferred alignment will be selected to assist the LDA planning application in May/ Jun 2006.

3.16 **Thames Gateway Bridge ***

The Thames Gateway Bridge will provide a multimodal link between Beckton and Thamesmead and is projected to open in 2013. It will be constructed and operated through a PFI contract.

The 11 month public inquiry into the powers for the project closed in May 2006, with the expectation of a decision by the Secretary of State by March 2007.

The DfT recommendation to Ministers for £350m PFI credit approval is subject to conditions being met, before the Outline Business Case (OBC) for TGB can proceed for consideration by HM treasury. The project team in conjunction with TfL Corporate Finance have sent responses to address the DfT conditions with respect to Value for Money and Project Management. Detailed discussions are underway to enable approval during September 2006.

3.17 **West London Tram**

The project programme is currently being revised to reflect the additional development and analysis required to the scheme before the assessments and business case can be finalised and Board approval sought for a Transport and Works Act Order application. Gateway reviews have been provided to allow agreement of key data before confirming the next phase of programme. Solutions have been found for many of the key junctions on the route.

3.18 **Stratford Regional Station Upgrade ***

Stratford Station is an Olympic critical interchange station which is surrounded by a major property development – Stratford City Development.

The validated estimate for the Olympic Enhancements is £104m for the capital works; the funding gap remains £54m with discussions ongoing between ODA, DfT and DCMS to resolve. The Scheme has been presented to Treasury, DfT, DCMS and ODA, who agreed that there is no alternative scheme.

Preliminary meetings with the planning authorities indicate that there is no environmental impact assessment or screening requirement in respect of the proposed planning consent strategy. Planning submission to the new ODA planning committee is scheduled for the 15 September 2006, which will be preceded by public consultations at the station.

The project remains on track to complete in October 2010, ready for the commencement of Olympic trial events in January 2011.

4. **OTHER PROJECTS**

This section reports on the remainder of the top 12 projects identified from the latest Oversight risk categorisation process which have a value below £100m and are

therefore not included in the section above. It also includes other projects where there is a noteworthy variance from budget in the quarter as identified through the Investment Management Review (IMR) process.

London Underground

4.1 Connect Enabling Works *

The Connect Programme is based on a 20-year PFI contract to upgrade and maintain the radio and transmission system used through the network. The Connect Enabling works reported on here are managed by LU. This programme provides the structures and equipment for the Connect works to take place.

The Fluor (cabling and associated works) enabling works for both the LU and Network Rail stations are now largely complete, with acceptance and handover imminent. Surveys for the control room enabling works are also almost complete. Both the design and installation of the enabling works for the District and Hammersmith & City Line are now also complete.

Project completion is expected in December 2006.

4.2 Olympic Works *

This project provides step-free access at three Olympic-critical stations: Southfields, Green Park and Baker Street. All three stations are at feasibility stages. The conceptual design of Southfields Station has now begun with the ticket hall design ready for review. The feasibility study for Green Park is ongoing. The feasibility design for Baker Street is complete and being reviewed by LU.

All three station projects are on target for completion in 2008 (Southfields), 2009 (Baker Street) and 2011 (Green Park).

4.3 Connect Airwave *

This project transfers the police communication network on the Underground from an analogue to digital network to expand coverage and capacity. Current progress reflects delays to award of contract, but early work is under way with on-time completion scheduled in 2008.

Surface Transport

4.4 Congestion Charging Western Extension *

Western Extension Implementation remains on track to go live in Feb 2007. The Internal Readiness review is programmed to sign off in early September. Capita system and staffing enhancements are on schedule. The refurbishment of the Tower Court call centre to cope with WEZ has now been completed. Installation of Enforcement Infrastructure has also been completed. All poles, cabinets and cameras have been installed and site acceptance tests completed.

4.5 iBus *

This project's focus is to procure a radio communication and AVL solution that will eliminate the obsolescence issues with the existing equipment and reduce the current risk of a system failure.

The Factory Acceptance Tests of the new radio system have been successfully completed. The first two radio site installations were completed by Siemens who are

working with LBSL to secure a schedule for the remaining 8 sites. Internally, the training schedule and strategy is being reviewed with the Bus Operators, most of whom wish to train the 22,000 drivers during the rollout themselves, with Siemens providing training for Service Controllers. Migration workshops to minimise the risk of moving from the old radio system to the new have started with Siemens. System Acceptance is on schedule for December 2006.

4.6 **A406 Bounds Green ***

The project will make a number of safety and environmental improvements along Telford Rd, Bowes Rd and the North Circular Rd between the A109 Bounds Green Rd/Station Rd and Chequers Way. The measures include widening Telford Rd to provide a dual carriageway throughout with the provision of a dedicated cycle/footway; priority bus lanes at selected locations, upgraded junctions and improved crossing facilities for pedestrians.

Progress is being made on the design of the 2005 (revised) scheme, Environmental Statement and Transport Assessment, which are all forecast for completion by October 2006. The team structure has been revised to ensure the required management and technical resources are available to take the project through an expected Public Inquiry. Uncertainty around property prices (especially those relating to businesses, which may carry goodwill value) have caused the project estimates to fluctuate. Scheme completion is now forecast for April 2011.

4.7 **Bus Priority – TLRN Schemes**

This investment programme covers the preliminary and detailed design, consultation and implementation of physical bus priority measures on the TLRN.

A small number of schemes were carried over from 2005/06 into this financial year and all but four of these are forecast to be completed by March 2007. The remaining four are faced with site specific problems and are currently forecast to continue into 2007/08. Two out of eight bus lane schemes scheduled for 2006/07 were completed in the first quarter.

4.8 **Coulsdon Relief Road**

This is a local regeneration scheme involving the development of a relief road to divert up to 80% of traffic away from Coulsdon Town Centre.

Box jacking of Smitham Station is now complete and the project has entered the final stages of work.

4.9 **A40 Western Avenue**

This project comprises essential replacement of the Wales Farm Road and Perryn Road bridges on the A40 Western Avenue.

The project has suffered delays due to uncharted services and issues with obtaining Network Rail permissions. The project has been reviewed and its schedule rebaselined, with substantial completion now forecast for April 2009.

4.10 **Hanger Lane**

This safety project comprises essential replacement of the Waldegrave Road and South Road Bridges on the A406 Hanger Lane.

The programme has been rebaselined to allow for a thorough review of the procurement process following lessons learned on the A40 Western Avenue project (which is of a similar nature). This has inevitably caused slippage of early milestones. Substantial completion is now forecast for February 2010.

5. FINANCIAL

Total Investment Expenditure £'millions	Year to Date		Full Year	
	Actual	Var to Budget	Forecast	Var to Budget
Capital Expenditure	85	(19)	540	-
Development/Boroughs	25	(5)	221	11
Total Net Directly Managed Expenditure	110	(24)	761	11
Indirectly Managed Expenditure	312	(10)	1,379	(22)
Total Investment Expenditure	422	(34)	2,140	(11)

() less than budget

5.1 Total Investment Expenditure

Total Investment Expenditure for the first quarter 2006/7 after overprogramming and capital receipts totalled £422m, £34m below budget with the whole year forecast showing £2,140m, £11m below budget.

5.2 Directly Managed (including Capital Expenditure)

Net Value of Work Done (VOWD) on projects directly managed by TfL (including Development and Boroughs expenditure) at the end the first quarter was £24m under budget, after overprogramming. The full year forecast is anticipated to be £11m above budget, after overprogramming, capital receipts and reimbursements (see **Annex 2**)

5.3 Indirectly Managed

Expenditure on indirectly managed projects at the end of the first quarter was £10m below budget with the full year forecast showing an underspend of £22m (see **Annex 3**).

6. OLYMPICS

Progress on TfL's contribution to the London 2012 Olympic Games is now being reported to the Olympic Delivery Authority (ODA). This report has been well received and is being used by the ODA as a template for the other delivery partner reporting. A report of the past quarter is attached in **Annex 4**.

Key Milestones of projects over £100m

ANNEX 1

The following tables report on 2006/7 milestones plus project completion dates or completion milestones for significant project phases.

●	Delivery on schedule
▲	Delivery < 3 months behind schedule
■	Delivery > 3 months behind schedule

Channel Tunnel Rail Link at Kings Cross	Current Plan	Actual/forecast date	RAG
Phase 1 final completion	31-12-2006	31-12-2006	●
Phase 2 completion	31-12-2010	31-12-2010	●

Victoria Station Upgrade	Current Plan	Actual/forecast date	RAG
TWA submission	28-02-2007	30-11-2007	■

Tottenham Court Road Congestion Relief	Current Plan	Actual/forecast date	RAG
RIBA Stage D design complete	01-06-2007	08-09-2007	■

LU Tunnel Cooling	Current Plan	Actual/forecast date	RAG
Victoria ground water cooling trails complete	31-07-2007	31-07-2007	●

LU Line Upgrade – PPP BCV	Current Plan	Actual/forecast date	RAG
W & C line upgrade complete	September 2006	September 2006	●
1 train accepted to run in LU traffic hours	Spring 2009	Spring 2009	●
Commence rolling stock full production	Summer 2010	Summer 2010	●
Journey Time Capability	31-08-2015	31-08-2015	●

LU Line Upgrade – PPP JNP	Current Plan	Actual/forecast date	RAG
Rolling stock: Complete first 96TS TBTC Conversion	31-05-2006	31-08-2006	▲

LU Line Upgrade – PPP SSL	Current Plan	Actual/forecast date	RAG
Signalling design complete	31-12-2008	31-12-2008	●
7 Car Platform extensions – start on site	31-03-2008	31-03-2008	●
Rolling stock –30 D stock trains in service (40%)	31-03-2007	31-03-2007	●

Power Works	Current Plan	Actual/forecast date	RAG
Power re Connect completed	31-08-2006	31-08-2006	●
Victoria Line Power contract award	30-06-2006	30-09-2006	▲

7th Car Circle Line	Current Plan	Actual/forecast date	RAG
Survey/Design for Platform extensions commenced	31-03-2007	31-03-2007	●

East London Line Extension	Current Plan	Actual/forecast date	RAG
Rolling Stock Award Contract	30-04-2006	10-08-2006	■
Award Main Works Contract	31-08-2006	17-08-2006	●
Complete Second Stage Enabling Works	31-12-2006	07-12-2006	●

DLR Bank-Lewisham 3 Car Infrastructure	Current Plan	Actual/forecast date	RAG
Tender documents returned	30-11-2006	15-11-2006	●
Civil structure complete	30-09-2009	30-09-2009	●
Track work complete	30-09-2009	30-09-2009	●
Signalling complete	30-09-2009	30-09-2009	●
Service operational	31-10-2009	31-10-2009	●

DLR Woolwich Arsenal Extension	Current Plan	Actual/forecast date	RAG
Complete up tunnel	06-09-2006	06-09-2006	●
Completion date	01-01-2009	01-01-2009	●

DLR Stratford International	Current Plan	Actual/forecast date	RAG
TWA Order Powers granted	31-12-2006	31-12-2006	●
Civil works commence	31-10-2007	12-01-2007	●
Completion date	30-06-2010	30-06-2010	●

Cross River Tram	Current Plan	Actual/forecast date	RAG
Complete Stakeholder consultation on route options	31-10-06	31-10-06	●
Complete review of options post consultation	28-02-07	28-02-07	●
Complete options development process for public consultation	31-08-06	31-08-06	●
Complete public consultation on route options	31-03-07	31-03-07	●

Thames Gateway Bridge	Current Plan	Actual/forecast date	RAG
TfL Approval of Procurement Strategy	30-08-2006	18/07/2006	●
Issue of OJEU Notice and Pre Qualification Questionnaire for Concession Contract	30-12-2006	31-12-2006	●
Approval by Secretary of State	31-03-2007	31-03-2007	●

Croydon Tramlink Crystal Palace Extension	Current Plan	Actual/forecast date	RAG
Commence public consultation	31-10-2006	31-10-2006	●
Commence investigation of options	31-10-2006	31-10-2006	●
Agree governance and handover strategy with London Trams AND Surface Transport	01-10-2006	01-10-2006	●

West London Tram	Current Plan	Actual/forecast date	RAG
TfL Board submission for approval to deposit (TWO) Application	30-11-2006	Under Review	▲
Deposit TWO Application	31-03-2007	Under Review	▲
End of objection period	18-05-2007	Under Review	▲

Stratford Regional Station Upgrade	Current Plan	Actual/forecast date	RAG
Detailed Validation of Scope & Scheme Costs by the Consultant	10-04-2006	10-04-2006	●
Submit Updated Scheme Cost & Funding Proposals to Project Board	25-05-2006	25-05-2006	●
Complete Scheme Definition and Programme	31-03-2007	31-03-2007	●

VOWD (Directly Managed) ² £'millions	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	53	(31)	321	(62)
Surface Transport	41	(3)	236	(16)
London Rail	19	(15)	205	4
Group Services	0	(2)	7	
Finance and Planning	10	(2)	61	6
Boroughs	14	(5)	142	(7)
Total Directly Managed Expenditure	137	(58)	972	(75)
Capital receipts/reimbursements	(29)	15	(147)	49
Property sales	0	0	(35)	(2)
Overprogramming	0	16	(29)	41
Net Directly Managed	110	(24)	761	11
Development Expenditure/Boroughs	(25)	5	(221)	(11)
Net Capital Expenditure	85	(19)	540	-

Note: this table contains rounding

() less than budget

London Underground
<p>In LU, year to date directly managed expenditure after overprogramming was £31m below budget. The variance reflects expenditure of £18m below budget on CTRL Works at Kings Cross following delays in commencement of Phase 2. However, this was offset by lower capital receipts for the year to date (£18m). Major Power Upgrade delivery shows £5m lower than budgeted spend due to the scoping phase taking place later than anticipated. A £4m underspend in LU stations projects is mainly due to Shepherd's Bush as, at the time the budget was set, the project programme was not fully developed and the actual agreed cost lower than the estimated cost. A further £2m related to savings and more robust cost estimates for Connect projects, plus £1m for the Remote Response Facility project being deferred until completion of the Connect projects.</p>
Surface Transport
<p>In Surface Transport, before an overprogramming reduction of £12m, YTD expenditure was £15m under budget. Lower than budgeted spend of £3m on the Western Extension to the Congestion Charging Scheme reflects rescheduling of the Real-time Traffic Management (RTTM) and Service Management Systems (SMS) complementary schemes. Lower spend of £5m on road network management projects is mainly due to delays in improvement projects such as Fore St Tunnel and Hanger Lane Bridges.</p>

² VOWD includes development expenditure that is treated as operating expenditure for statutory accounts purposes but is counted towards directly managed investment expenditure as projects are considered viable. A more detailed breakdown of capital expenditure is provided in **Annex 2.1**

ANNEX 2 (CON'T)

London Rail

In London Rail, lower than budgeted spend of £15m to date reflects delays to ELLX stage 2 works (£8m), lower spend of £2m due to delays on the Railcar Refurbishment programme, and an under-spend of £2m due to delays to commencement of construction works for Stratford Station.

Group Services/Finance and Planning/Boroughs

Year to date expenditure on Borough schemes was £5m lower than budget, mainly as a result of lower than anticipated expenditure on area based schemes. Lower than budgeted spend within Group Services of £2m to date primarily reflects delays in the Customer Services Integration Programme and Property projects managed on behalf of LU.

Summary of Capital Expenditure

ANNEX 2.1

Summary of Capital Expenditure £'millions	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground				
Investment Expenditure (net of overprogramming)	53	(31)	321	(62)
Capital receipts/reimbursements	(25)	16	(131)	45
Property sales	-	-	(35)	(2)
Net Directly Managed Expenditure	28	(15)	155	(19)
Surface Transport				
Investment Expenditure (net of overprogramming)	41	(3)	236	(16)
Capital receipts/reimbursements	(3)	(2)	(4)	2
Net Directly Managed Expenditure	38	(5)	232	(14)
London Rail				
Investment Expenditure	19	(15)	205	4
Capital receipts/reimbursements	-	-	(3)	-
Net Directly Managed Expenditure	19	(15)	202	4
Group Services				
Investment Expenditure	-	(2)	7	-
Capital receipts/reimbursements	-	-	(1)	2
Net Directly Managed Expenditure	-	(2)	6	2
Finance and Planning				
Investment Expenditure	10	(2)	61	6
Capital receipts/reimbursements	(1)	1	(8)	
Net Directly Managed Expenditure	9	(1)	53	6
Boroughs				
Investment Expenditure	14	(5)	142	(7)
Capital receipts/reimbursements	-	-	-	-
Net Directly Managed Expenditure	14	(5)	142	(7)
Total				
Investment Expenditure	137	(58)	972	(75)
Capital receipts/reimbursements	(29)	15	(147)	49
Property Sales	-	-	(35)	(2)
Overprogramming (group level - capital)	-	16	(29)	41
Net Directly Managed Expenditure	110	(24)	761	11
Boroughs/Development Expenditure	(25)	5	(221)	(11)
Total Net Capital Expenditure	85	(19)	540	-

Note: this table contains roundings.

() less than budget

VOWD (Indirectly Managed) £'millions	Year to Date		Full Year	
	Actual	Variance to Budget	Actual	Variance to Budget
London Underground	247	(7)	1,086	(15)
Surface Transport	51	(3)	230	(7)
London Rail	14	-	63	-
Total Indirectly Managed Expenditure	312	(10)	1,379	(22)

() less than budget

London Underground
<p>Work continues with the Infracos to align their reporting structures with that of LU. In respect of data quality provided, there is still room for improvement although much progress has been made. The VOWD at the end of Quarter 1 was £247m, £4m below the 2005/06 Annual Asset Management Plans (AAMPs).</p> <p>No expenditure was incurred under the PFI contracts, against a £3m budget, as this work is now being undertaken as Directly Managed.</p> <p>The amounts included in the Investment Programme represent capital payments that the Infracos plan to make to their subcontractors, which in some cases run ahead of the actual delivery of capital work. London Underground has yet to formally approve the plans.</p> <p>Progress on renewal and upgrade work is as follows:</p> <p>Tube Lines</p> <ul style="list-style-type: none"> Track – completed 4.2km, which is in line with the 4.2km planned. Lifts and Escalators – no customer service lifts and no escalators were due to be refurbished in Quarter 1. Stations – one station refurbishment and modernisation has been completed, with a further nine awaiting LU approval for delivery into service. The contract date for Holloway Road has been delayed. This was due to an assessment for congestion relief. Although this is not taking place, the original renewal programme has been delayed due to the assessment. Line Upgrades – TBTC and Rolling Stock has fallen behind schedule, but recovery plans are currently being worked on. <p>Metronet SSL</p> <ul style="list-style-type: none"> Track – completed 2.7km of track compared to the 2.4km in the 2006/07 AAMP. Lifts and Escalators – one escalator has been replaced, which was four weeks late. Stations – two station refurbishments, which were due in 2005/06, have been completed. Of the further eight stations due in 2005/06, six stations due in 2006/07 are now behind schedule, one is on schedule and one station remains ahead of schedule. The eight stations contracted in 2006/7 remain on schedule. Line Upgrades – programme for completing extends to 2018 with interim milestones in 2012 and 2015, with specific performance increases. This is presently at the stage of initial feasibility and conceptual design for both rolling stock and signalling. <p>Metronet BCV</p> <ul style="list-style-type: none"> Track – completed 3.0km of track renewal compared to the 2.9km in the 2006/07 AAMP. Lifts and Escalators – one escalator has been replaced, seven weeks late. Three escalators have been refurbished, two of which were late. Two lifts have been replaced, both of which were five weeks late. Stations – one refurbishment is currently under review. The thirteen remaining from 2005/06 are not completed, averaging 40 weeks behind schedule. Line Upgrades – the Victoria Line Upgrade programme continues to track performance against an early completion programme designed to drive all parties towards a successful on-time delivery.

ANNEX 3 (CON'T)

Surface Transport

Indirectly Managed capital expenditure in Surface Transport relates to improvements to the bus fleet and A13. The combined full year forecast is an underspend against budget of £7m.

Lower expenditure on bus network fleet improvements of £5m is the result of lower than expected contract price increases from re-tendering. The additional £2m underspend is on A13 DBFO and is caused by non-completion of road sections and ongoing problems the concession has had finishing the communications system, which is currently forecast to be completed by September 2006.

London Rail

Indirectly Managed capital expenditure in London Rail relates to the assessed capital value of assets delivered on the London City Airport, Woolwich Arsenal DLR Extension and Woolwich Arsenal DLR 3 Car Railcars. Currently there is no contractual mechanism in place to capture actual costs therefore the full year numbers reflect budget values. Going forward, options are being looked into as to whether actual information can be obtained.