

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT: 1st QUARTER FINANCE AND PERFORMANCE REPORT

ISSUE DATE: 13 AUGUST 2004

1. PURPOSE

- 1.1 To inform the TfL Board of progress on operational and financial performance against budget and target for the first quarter of 2004/05 (1 April 2004 to 26 June 2004).

2. KEY HIGHLIGHTS/SUMMARY

- 2.1 The principal highlights arising from the first quarter of 2004/05 are as follows:

- Overall operational performance was encouraging: 34 of the target 43 targets included in the Operational Scorecard in **Annex 1** have been met or exceeded. 5 out of the 7 indicators without targets showed improvements compared with the same quarter in the prior year.
- Bus passenger journeys were 15.2m (4%) above target. This is considered to be an acceleration of expected growth and the full year forecast of passenger journeys remains in line with budget. The income forecast has been increased by £10m reflecting the slower switching to discounted products (prepay and saver) by passengers.
- London Underground traffic income was £6m (2%) below budget and is forecast to be £33m (3%) below budget for the full year reflecting lower than budgeted passenger numbers and greater than anticipated switching to travelcards.
- The Docklands Light Railway achieved a record overall customer satisfaction rating reflecting record performance for reliability during the quarter.

- 2.2 The funding position of TfL has become clearer since the end of the first quarter:

- The Government announced the outcome of SR2004 in July 2004, which included a five-year settlement for the level of grant funding and prudential borrowing limits for TfL. The funding package will enable TfL to invest over £4bn into its capital programme over the five years from 2005/06 to 2009/10, of which around £3bn will be funded through the prudential borrowing regime.
- The new funding arrangement represents a step change in how TfL is funded and financed. A business plan and 2004/05 rebudgeting exercise has commenced to tie in with the known level of funding.
- Until the results of the Government's SR2004 were known TfL avoided making commitments in 2004/05 that would impact the restricted funding that was at that stage anticipated to be available beyond 2004/05. Accordingly during the first quarter of 2004/05 TfL have managed expenditure within the indicative funding levels that were worked to in advance of the outcome of SR2004. In addition to this cautious approach, external factors have limited expenditure on projects such as Camden Town and Tottenham Court Road. The overall effect has been

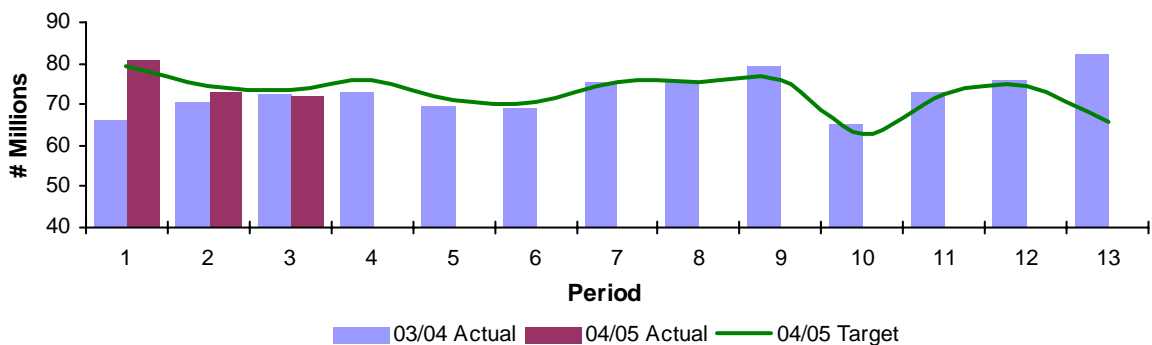
to reduce the forecast of capital expenditure for London Underground by £140m (26%) below budget.

3. OPERATIONAL PERFORMANCE REVIEW

3.1 The operational scorecard reporting the performance against target for the key indicators approved by the TfL Board on 24 March 2004 is attached to this report as **Annex 1**. Year on year operational performance comparisons are distorted by the different length of the periods either end of the year, resulting from the fixed accounting year end. The period lengths are in line with those used elsewhere in the transport industry. The first quarter of 2004/05 consisted of 87 days which is 6% more than the first quarter of 2003/04. For this reason the following analysis focuses on performance against target.

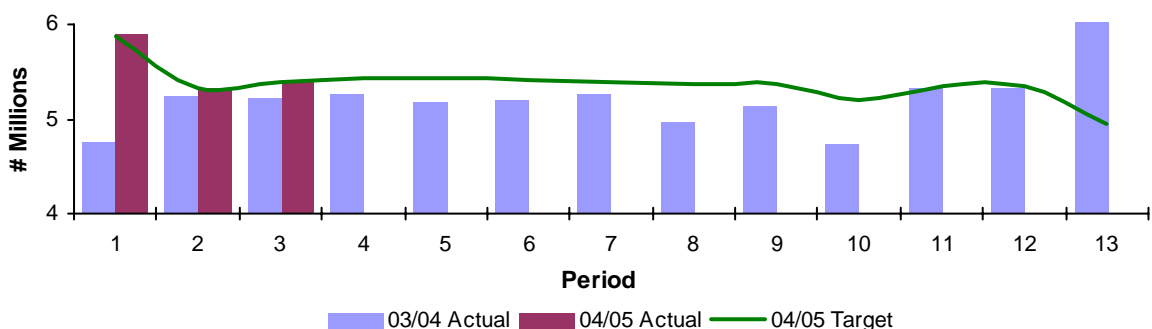
3.2 **London Underground** - Passenger journeys on the London Underground in the first quarter of 2004/05 were below target by 1%. At present there is some uncertainty about the exact numbers travelling as switches between ticket types mean that the journeys per ticket factors currently being used in the passenger journey calculation may not be fully reflective of actual travel patterns. The rolling of results means that it will be next year before all pre-January data is excluded from the process.

Figure 1: London Underground - Passenger Journeys



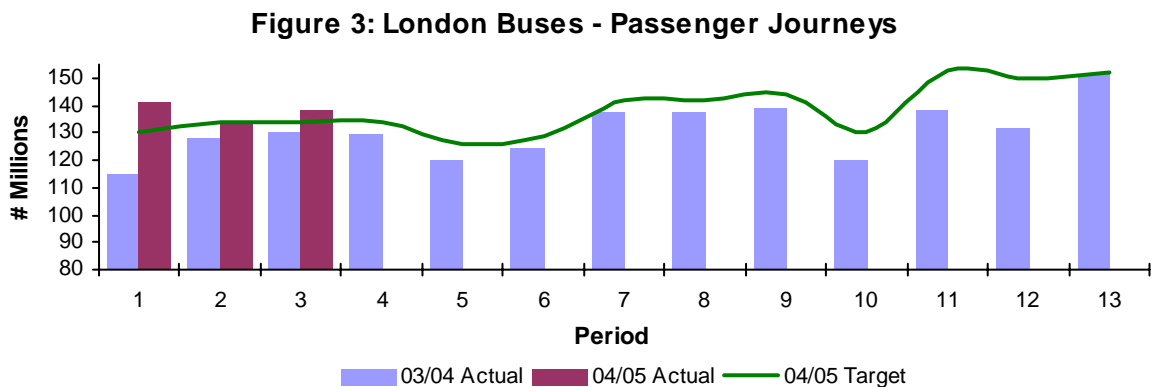
Kilometres operated in the first quarter of 2004/05 were on target. On 11 May 2004 the leading bogie of the 7th car of a westbound Central line train derailed approaching White City. The derailment was at the relatively low speed of around 15mph. Around 150 passengers were taken off the train within minutes and there were no injuries.

Figure 2: London Underground - Kilometres Operated

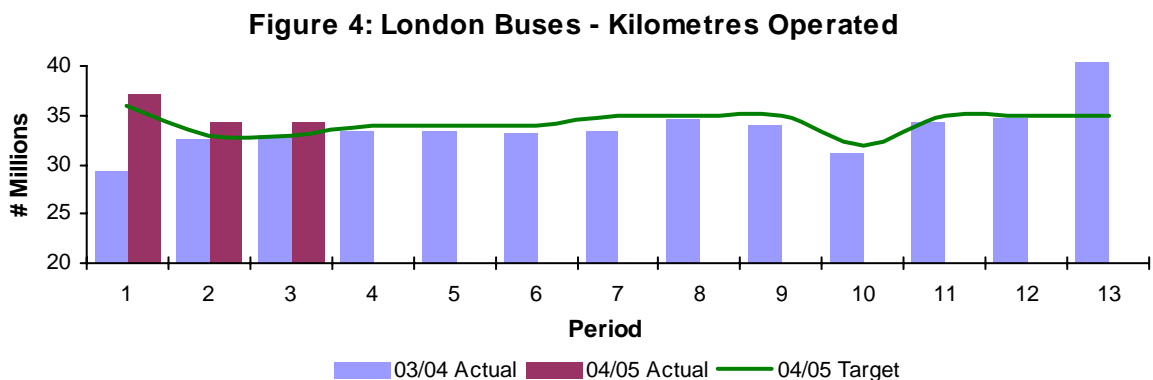


3.3 All London Underground reliability and service quality measures were above target for the first quarter of 2004/05. Percentage of scheduled service operated at 95.9% was 1.2 percentage points above target and 2.4 percentage points above the same period in 2003/04. Peak hour trains cancelled at 2.6% represented a 1 percentage point improvement on target and a 3.7 percentage point improvement on the equivalent quarter of 2003/04 when Central line services were being progressively restored following the Chancery Lane derailment. Increasing levels of capital renewal works on the Underground network as the PPP contracts become established are expected to impact the sustainability of these reliability and service quality measures.

3.4 **Bus Network** – Bus patronage continued to grow on a year by year basis, as can be seen in the following chart. On 23 April 2004 over 6m passengers were carried on London’s buses, the highest number to travel on one day since records began. Overall London’s buses are carrying more passengers than at any time since the 1960s. The customer satisfaction rating for personal safety and security of 85 is 5 points above target and 4 points ahead of the same quarter in the prior year.



Bus kilometres operated in the first quarter of 2004/05 were 106m. This represents an increase of 12% (4% real increase after adjusting for the differing quarter length) on the equivalent quarter in 2003/04 and is 4% higher than the target for 2004/05. However bus network operating costs are 2% below budget and are forecast to remain that way at the year end in order to accommodate budget pressures in 2005/06. Route 25 converted to articulated bus operation on 26 June 2004.



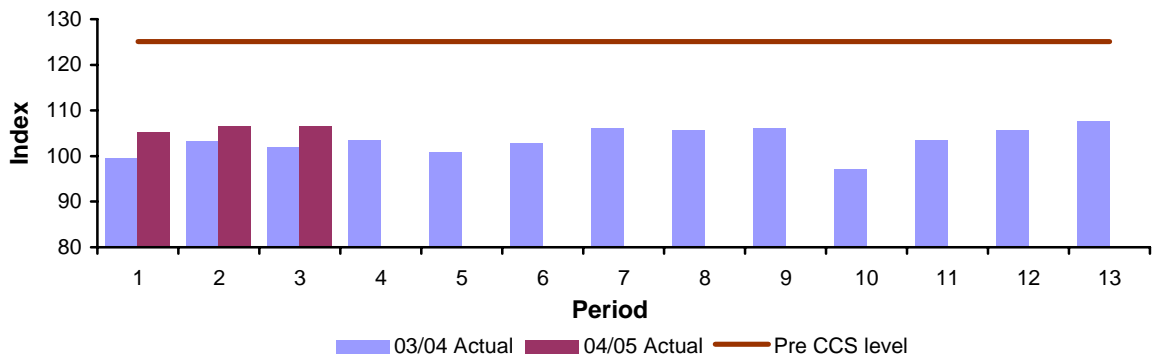
3.5 Excess Wait Time on high frequency routes at 1.2 minutes for the first quarter of 2004/05 is an improvement on the same quarter last year of 14%. This improvement is as a consequence of the ongoing expansion of Quality Incentive Contracts, and

policing and enforcement initiatives. The percentage of schedule operated at 97.8% for the first quarter of 2004/05 was slightly above target and the equivalent quarter for 2003/04. On-time performance of night buses was 4 percentage points above budget and 2.5 percentage points ahead of the same quarter in 2003/04.

3.6 London Trams – The number of passenger journeys was 4.4m during the first quarter. The overall satisfaction score at 89 is 1 point above target and 2 points ahead of the same period of 2003/04. However extensive track repairs are planned in the summer months, which may result in a fall in the satisfaction score. The percentage scheduled service operated was below the equivalent quarter in 2003/04 as a result of planned weekend maintenance.

3.7 Congestion Charging – Traffic levels (vehicles with four or more wheels) entering the congestion charging zone are measured continuously by automatic counters located at a selection of major-road entry points. Traffic levels in the first quarter of 2004/05, were 19% lower than the weeks prior to the introduction of the scheme. The introduction of charging on 17 February 2003 resulted in a reduction of 27% in traffic entering the zone, compared to the period immediately before charging. Traffic levels in the first few months post-charging showed some increases over initial post-charging levels as drivers adjusted to the scheme. The picture since summer 2003 is one of comparative stability, with traffic averaging between 2% and 8% above the immediate post-charging levels (the variation is due largely to seasonal factors), but remaining about 20% or more down on pre-charging levels.

Figure 5: Vehicle Flow into the Charging Zone during Charging Hours



3.8 Road Network Operations – The percentage of streetlights working has fallen from 96.8% in the previous quarter to 95.6%, which is 2.4 percentage points below target. In response to the deterioration in performance, a programme of increased bulk lamp changes and ‘find and fix’ trials have been introduced along with discussions with suppliers to improve response times where the lighting defects are not repaired by TfL’s contractors.

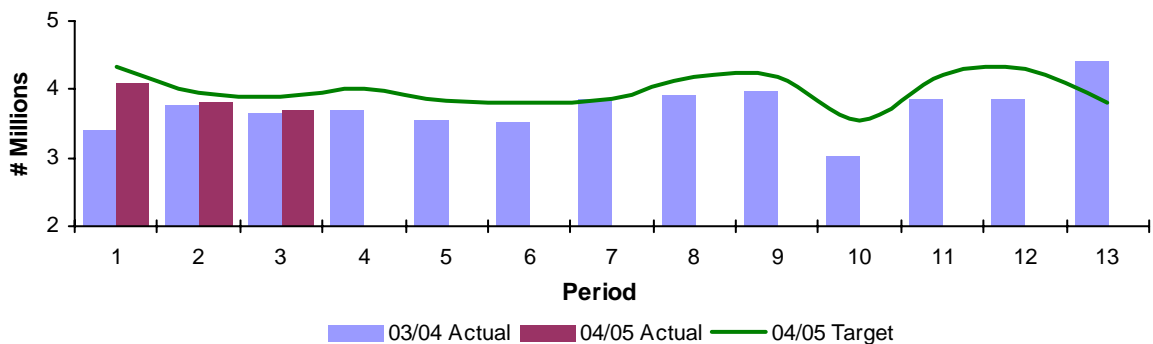
3.9 Cycling levels on the TLRN increased dramatically in the first quarter of 2004/05 despite the relatively poor weather this summer. Compared with a baseline level of 100 in March 2000, the index of cycle usage on the Transport for London Road Network (TLRN) for the year to date was 149, 23 points above target and this compares with a level of 120 in the same period of the prior year. This follows improvements in road conditions due to increased investment in cycling measures promoted by the Cycle Centre of Excellence, such as improvements to cycling

infrastructure and access to cycle parking spaces, free cycle maps showing quiet routes and bike shops and free cyclist training across London.

3.10 **DLR** – The year on year increase in both ridership and level of service operated on the DLR continued into the first quarter of 2004/05 following the occupation of new developments in Canary Wharf. Passenger journeys, as shown in the following chart, were 4% below target due to slower than anticipated take-up of vacant space in the Canary Wharf/Heron Quays developments.

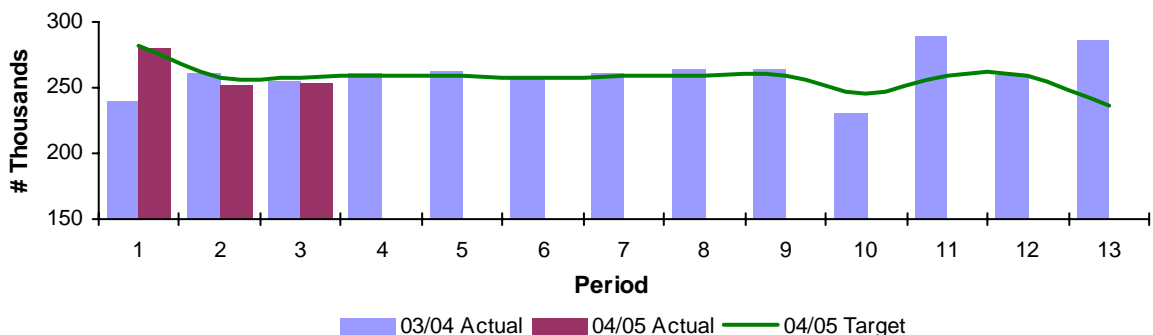
3.11 All DLR Customer Satisfaction Survey results for the first quarter of 2004/05 were above target with the overall rating at 94.4 the highest level achieved by DLR, significantly above target.

Figure 5: DLR - Passenger Journeys



3.12 As shown in the following chart, train kilometres operated in the quarter were 4% up on the same quarter last year at 785k, in line with target. A record level of 97.6% was achieved for on time performance - adherence to schedule for period 3 2004/05 and a close to record level achieved for percentage of schedule operated at 98.7% during the same period.

Figure 6: DLR - Kilometres Operated



3.13 **Victoria Coach Service** – The number of coach departures in the first quarter of 2004/05 at 51,000 was 4% above budget as a result of the recovery in the tourist market driving demand for coach travel. The Customer Satisfaction score for overall satisfaction at 75 was 3 points above target, representing a rise compared with 2003/04 of 2 percentage points. The target for 2004/05 was lower than the outturn for 2003/04 due to the building works that have taken place during the year which were anticipated to reduce the level of customer satisfaction.

4. ACTIVITY PERFORMANCE REVIEW

- 4.1 The TfL 2004/05 budget comprises 170 activities. TfL monitors the success of each activity using key metrics including cost, milestone dates and key performance indicators. The performance of these activities is reported based on significant achievement as well as variances, both financial and programme related, against the deliverables approved by the TfL Board on 24 March 2004.

LONDON UNDERGROUND

- 4.2 **Jubilee Line Works** – The Canary Wharf east end entrance was completed 10 weeks ahead of schedule on 19 April 2004. Canary Wharf has a current working population of around 63,000 people, which will rise even further with the arrival of Barclays, BP and Reuters. The new entrances will ensure quick and efficient links to all the transport hubs available at Canary Wharf. Work on provision of a 7th car is running to schedule; the first additional car is expected to be delivered by the end of 2004/05.
- 4.3 **PPP JNP** - The modernisation of Burnt Oak and Tufnell Park stations has been delayed by 6 months from January 2005 to June 2005. The enhanced refurbishment of Northfields station has slipped by 4 months to May 2005 and South Harrow station by 3 months to April 2005, from January 2005. These were amongst the first projects to be started under the PPP. This led to prolonged discussions on scope and difficulties with assurance requirements. Efforts are continuing to explore all possible options to reduce the overruns in conjunction with Tube Lines. The 5 other station refurbishment/modernisation projects due to be completed during 2004/05 remain on target.
- 4.4 **PPP SSL** - The completion date for Northwick Park Station Refurbishment has been rephased and will now be completed in August 2005 6 months later than budgeted. This was amended to take into account the Wembley Park closure and remove an element of further customer disruption. The 5 other station refurbishment/modernisation projects due to be completed during 2004/05 remain on target.
- 4.5 **Stations Planning** - The Transport & Works Act Public Inquiry into the Camden Town Congestion Relief Scheme was completed in July 2004; a ministerial decision is expected in January 2005. There is slippage of 6 months in the programme to reconfigure Covent Garden station ticket hall and provide additional gateline capacity due to the need to relocate a tenant. Commissioning of a new interchange subway to the bus station at Walthamstow Central is also subject to a delay of 6 months. Progress on Tottenham Court Road station development remains dependent on Crossrail decisions.

SURFACE TRANSPORT

- 4.6 **Private Hire Driver Licensing** – The number of private hire drivers licensed at the end of the first quarter on 2004/05 at 6,972 was 428 (6%) behind target. The processing rate has been below that anticipated in the budget due to the low quality of applications and Criminal Record Bureau forms completed by the applicants and their GPs. A review is continuing to look at ways to improve the rate at which licences are issued.
- 4.7 **Private Hire Vehicle Licensing** - The new rules governing private hire vehicle licensing came into effect from 8 June 2004. This marks the final stage in licensing

London's private hire industry, following on from operator and driving licensing. Anyone using a vehicle to carry passengers for hire, unable to produce either a temporary permit or a full licence from the PCO is now trading illegally, and can be fined up to £2,500. To obtain a licence vehicles must be safe, mechanically sound, comfortable, and fit for the purpose of carrying passengers. By the end of the quarter 3,363 licences had been issued out of the 37,500 private hire vehicles registered with the PCO for exemption from the congestion charge, which have been issued with a temporary permit. It is expected that all vehicles will be licensed by April 2005.

- 4.8 **Bus Stations** - Walthamstow Central, London's third busiest Bus Station, re-opened on 19 June following a major £6m improvement project. The new, larger, bus station replaces the original station, will accommodate all of the routes serving Walthamstow Central, and improve interchange with rail services. Security at the station has been improved with CCTV and better lighting throughout the complex. Better passenger information is available and there is also a public address system. Comfort has also improved with more seating areas and new toilets with disabled and baby changing facilities.
- 4.9 **Directorate of Traffic Management** – The Traffic Management Bill gained Royal Assent in July 2004. This legislation creates a new Network Management Duty for all traffic authorities to 'expedite the movement of traffic' on their own roads and those of neighbouring authorities. 'Traffic' specifically includes pedestrians. In addition, the Act includes provisions for a traffic authority to operate a permit scheme to control the carrying out of specified works on their roads.

LONDON RAIL

- 4.10 **Capacity Enhancements** – On 29 June 2004 Docklands Light Railway (DLR) submitted to Government an application under the Transport and Works Act 1992 (TWA) for approval to undertake construction works on the route between Bank/Tower Gateway and Lewisham. The works will entail lengthening platforms, strengthening some viaducts and bridges and also providing additional lifts and other improvements. This will give DLR the ability to run three-car trains and the estimated capital cost to TfL of £125m, net of £19m third party funding and £6m revenue expenditure, includes provision for 18 new vehicles and expansion of the Beckton depot.
- 4.11 **Woolwich Arsenal** - DLR has completed the pre-qualification stage in the competition to appoint a concessionaire to design, finance, build, maintain and make available the Woolwich Extension. The 4 bidding consortia are Amec/RBS Joint Venture (AMEC/The Royal Bank of Scotland), MVBB Consortium (Morgan Est/Vinci Concessions/Bachy Soletanche/Barclays), WA Rail Link (Mitsui, Mowlem, Nishimatsu), and Woolwich City Link (Hochtief (UK)/HSBC/Innisfree). The invitation to tender has been issued with return due in early September 2004. It is anticipated that the appointment will be made in Spring 2005 with the extension becoming available by the end of 2008.
- 4.12 **Railcar Refurbishment** – The first refurbished vehicle has now been successfully completed and a take-over certificate was issued on 28 June 2004. DLR have appointed a Vehicle Programme consultant who will liaise with Alstom to ensure set milestones are achieved.

4.13 **National Rail** – On 15 July 2004 the Department of Transport issued a White Paper ‘The Future of Rail’ which include proposals covering ways of increasing capacity; extending Oystercard to rail services; putting railways in the London zonal system; introducing more frequent services on some routes; upgrading stations including better security and more information; and improving interchanges with other modes. It also contained new ideas on funding major rail projects and reducing costs. London Rail are producing a detailed response which will be made available in the second quarter of 2004/05.

CORPORATE DIRECTORATES

4.14 **Thames Gateway Bridge (TGB)** - Planning applications were made to the London Boroughs of Newham and Greenwich on 21 July 2004. An accelerated programme has been adopted which will allow start of the bridge construction in 2008/09 and opening of the bridge in Spring 2012. However, this will be subject to the Boroughs granting the planning application by mid November 2004, and the Secretary of the State’s positive decision on the Powers and Consent Orders by the end of 2005.

4.15 **Oystercard** - Pre-pay was launched on buses and trams on 16 May 2004. The target of 2.2m smartcards in circulation during the first quarter of 2003/04 was achieved.

4.16 **Olympics Bid** – As highlighted above, the Department for Transport announced an SR2004 settlement in July, which will enable TfL to invest over £4bn in its capital programme, with around £3bn funded through prudential borrowing, over the next 5 years. Crucially, it enables TfL to take forward those projects which support London’s bid to host the Olympics in 2012. The Olympic projects that TfL will now take forward include extending the East London Line (Phase 1 covering extensions to Dalston Junction, West Croydon and Crystal Palace), expanding the DLR and new transit projects in East London and Greenwich.

4.17 **West London Tram** – Formal public consultation on the project was launched on 21 June 2004. A series of roadshows and other consultation events will be taking place in the boroughs along the proposed route; Hillingdon, Ealing and Hammersmith and Fulham as well as Kensington and Chelsea. This will last from July to October 2004.

5 FINANCIAL PERFORMANCE REVIEW

OPERATING BUDGET

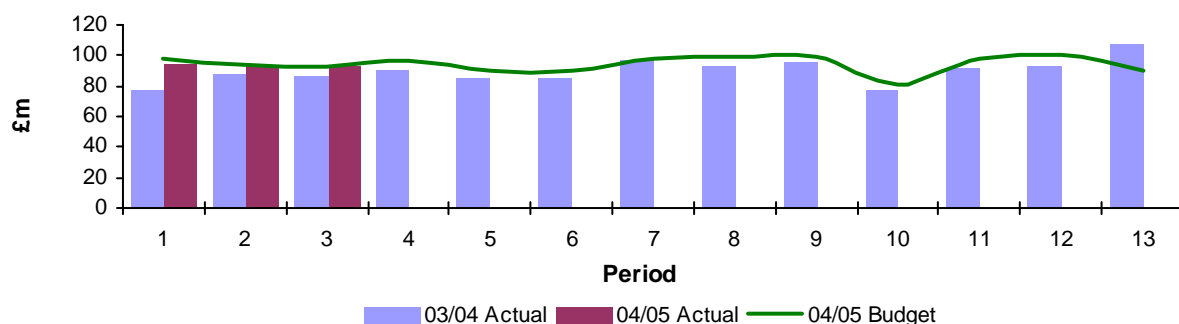
Income

5.1 Total TfL income for the quarter to 26 June 2004 totalled £594m, which was £20m (3%) above budget. This primarily consists of higher Bus Network income (£8m), Congestion Charging income (£6m), Property and Facilities management income (£5m), and bank interest (£6m) partially offset by lower London Underground traffic income (£6m).

| £m | Year to Date | | Full Year | |
|----------------------------|--------------------|--------------------|--------------|--------------------|
| | 1 April to 26 June | Variance to Budget | Forecast | Variance to Budget |
| Underground Traffic Income | 280 | 6 | 1,194 | 33 |
| Bus Network Income | 194 | (8) | 840 | (10) |
| Congestion Charging Income | 44 | (6) | 174 | 5 |
| Other | 76 | (12) | 333 | (38) |
| Total | 594 | (20) | 2,541 | (10) |

5.2 Traffic income in London Underground was £6m (2%) below budget partially reflecting passenger journeys being 1% below budget. In addition, analysis indicates that changes in fare differentials have made off-peak and period travelcards attractive substitutes for ordinary tickets, resulting in a greater number of journeys per ticket. This, in addition to London Underground not retaining all the revenue from these products, resulted in the lower than budgeted traffic income. Nevertheless the downward trend in overall revenue which started in October 2003 is showing signs of recovery with seasonally adjusted income levels returning to levels last achieved at the beginning of 2003. However by comparison with the pre-Chancery Lane position, revenue in real terms lags by 4%. The decline since the budget was established is reflected in a £30m reduction in the forecast. A further £3m has been deducted as an initial estimate of the impact of the 30 June 2004 industrial action, which occurred after the end of the first quarter.

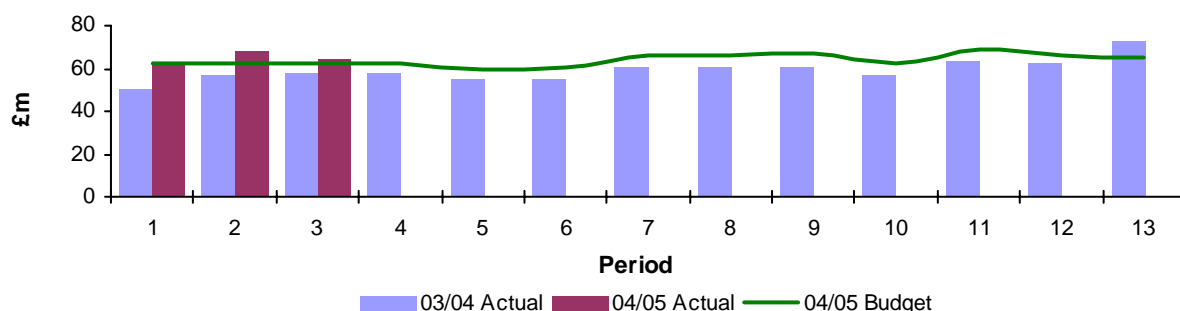
Figure 7: London Underground - Traffic Income



*The Central Line was fully open from the third week of P1 2003/04 but operating to a reduced timetable. P13 2003/04 was 4 days longer than a standard period

5.3 Bus network income at £194m was £8m (4%) above budget following a slower than expected passenger switch to the cheaper 'pre pay and saver tickets'. This trend is not expected to continue as passengers become more familiar with the cheaper options available.

Figure 8: Bus Network Income



* P13 2003/04 was 4 days longer than a standard period

- 5.4 Congestion Charging income at £44m was £6m (16%) above budget, largely as a result of higher Penalty Charge Notice (PCN) income. Bank interest was £4m above budget, as a result of higher cash balances and a higher interest rate than budgeted.
- 5.5 Full year income is expected to be £2,541m, which is £10m above budget, largely as a result of higher than budgeted interest receivable of £34m, additional bus income of £10m, offset by lower London Underground traffic income (£33m) and lower Congestion Charging income of £5m arising from the impact of customer improvements included in the Mayor's manifesto.

Operating Expenditure

- 5.6 Total TfL operating expenditure for the quarter to 26 June 2004 totalled £989m, which was £11m (1%) above budget. This mainly consists of an overspend for London Underground of £16m, mainly from £25m of risk that has materialised earlier in the year than budgeted (the overall forecast for the year is for an underspend against risk). This was partially offset by a £7m savings on service reliability, revenue and ticketing, and general business support initiatives.

| £m | Year to Date | | Full Year | |
|------------------------|--------------------|--------------------|--------------|--------------------|
| | 1 April to 26 June | Variance to Budget | Forecast | Variance to Budget |
| Underground Network | 107 | (3) | 455 | (9) |
| Total PPP Costs | 222 | 2 | 932 | (9) |
| Other | 166 | 17 | 716 | (45) |
| London Underground | 495 | 16 | 2,103 | (63) |
| Bus Network | 285 | (4) | 1,319 | (23) |
| Other | 141 | 5 | 670 | (21) |
| Surface Transport | 426 | 1 | 1,989 | (2) |
| London Rail | 20 | (4) | 121 | |
| Corporate Directorates | 49 | (2) | 181 | 12 |
| Total | 989 | 11 | 4,395 | (54) |

- 5.7 The forecast for the full year cost of the bus network at £1,319m is £23m (2%) below budget to maintain current service levels.

5.8 Total TfL operating expenditure for the full year is forecast to be £4,395m, which is £54m (1%) below budget. This includes underspends for London Underground of £63m, including lower than budget spends on PFI Initiatives of £26m, station planning schemes as a result of slippage of £20m in the non-capital elements of the station projects discussed in para 5.10, and Train Identification & Management Information System (TIMIS) of £19m, which was cancelled after the 2004/05 budget was set. This is partially offset by a £9m overspend in Corporate Services resulting mainly from higher group property and facility costs.

CAPITAL BUDGET

Capital Expenditure

5.9 TfL capital expenditure for the period to 26 June 2004 totalled £94m, which was £43m below budget. The majority of this variance relates to London Underground with a £27m underspend resulting from slippage, partly due to external factors in station projects (£8m), the SRA funded East London Line Extension (£5m) and rephasing of expenditure on Jubilee Line Works (£9m).

| £m | Year to Date | | Full Year | |
|------------------------|--------------------|--------------------|------------|--------------------|
| | 1 April to 26 June | Variance to Budget | Forecast | Variance to Budget |
| London Underground | 58 | (27) | 407 | (140) |
| Surface Transport | 31 | (13) | 265 | (26) |
| London Rail | 1 | (2) | 18 | - |
| Corporate Directorates | 4 | (1) | 7 | 2 |
| Total | 94 | (43) | 697 | (164) |

5.10 The forecast for the end of the year is for total capital expenditure of £697m, £164m below budget. Until the results of the Governments SR2004 were known London Underground avoided making commitments in 2004/05 that would impact the restricted funding that was at that stage anticipated to be available beyond 2004/05. Accordingly during the first quarter of 2004/05 London Underground managed expenditure within the indicative funding levels that were worked to in advance of the outcome of SR2004. Delays, partly due to external factors, which have limited expenditure on projects such as Camden Town and Tottenham Court Road have resulted in a £47m underspend on station projects. This is partially offset by higher than budgeted expenditure (£36m) for the Channel Tunnel Rail Links at King Cross, which is funded by the Department for Transport.

Capital Receipts

5.11 TfL capital receipts for the period to 26 June 2004 totalled £34m, which was £9m below budget, mainly as a result of lower than budgeted property sales (£9m) following the delay in disposing of surplus properties connected with the A406 improvements at Bounds Green, which have been deferred until the scale of scheme has been finalised.

| £m | Year to Date | | Full Year | |
|------------------------|--------------------|--------------------|------------|--------------------|
| | 1 April to 26 June | Variance to Budget | Forecast | Variance to Budget |
| London Underground | 33 | 1 | 175 | (25) |
| Surface Transport | 1 | (1) | 2 | - |
| Corporate Directorates | - | 9 | 4 | 6 |
| Total | 34 | 9 | 181 | (19) |

5.12 The forecast for the end of the year is for total capital receipts of £181m, £19m (12%) above budget mainly as a result of additional capital receipts from the Department for Transport to cover the additional costs of £36m for the Channel Tunnel Rail Link works at Kings Cross.

SUMMARY POSITION

5.13 As result of the preceding components, TfL's net expenditure for the first quarter totalled £455m and this was £43m (9%) less than planned in the budget. The full year forecast is £2,371m and this is £247m (9%) less than planned in the budget.

| £m | Year to Date | | Full Year | |
|----------------------------|--------------------|--------------------|--------------|--------------------|
| | 1 April to 26 June | Variance to Budget | Forecast | Variance to Budget |
| Income | (594) | (20) | (2,541) | (10) |
| Operating Expenditure | 989 | 11 | 4,395 | (54) |
| Cost of Operations | 395 | (9) | 1,854 | (64) |
| Capital Expenditure | 94 | (43) | 697 | (164) |
| Capital Receipts | (34) | 9 | (181) | (19) |
| Capital Programme | 60 | (34) | 516 | (183) |
| TfL Net Expenditure | 455 | (43) | 2,371 | (247) |

6 EFFICIENCIES

6.1 For 2004/05 an gross efficiencies target of £70.5m has been set. This figure is included in the 2004/05 Budget.

6.2 There are 2 major contributors to the delivery of the 2004/05 target; the Business Procurement Efficiencies Programme (BPEP) and Staff related savings, which are supported in part by the implementation of the Finance and HR Service Centres and enabled by BIP. Combined, these initiatives make up over 75% of this year's target.

6.3 These targets were allocated to business units as shown in the following table:

| £m | Surface | LUL | Corporate | Total |
|---------------|-------------|-------------|-------------|--------------|
| Staff related | 1.5 | 8.7 | 6.1 | 16.3 |
| BPEP | 14.0 | 15 | 8 | 37.0 |
| Marketing | 6.3 | 0.9 | 3.5 | 10.7 |
| Other | 0 | 5.8 | 0.7 | 6.5 |
| Total | 21.8 | 30.4 | 18.3 | 70.5* |

*The remaining £2m is cost avoidance and therefore not reflected in budgets

- 6.4 The targets include prior year sustainable savings, and progress is reported via the Finance Committee process. As of period 3 £52.5m was reported as secured (including recurring savings from prior years), with £14m planned but not delivered, leaving £4m of savings yet to be identified.

7 STAFF NUMBERS

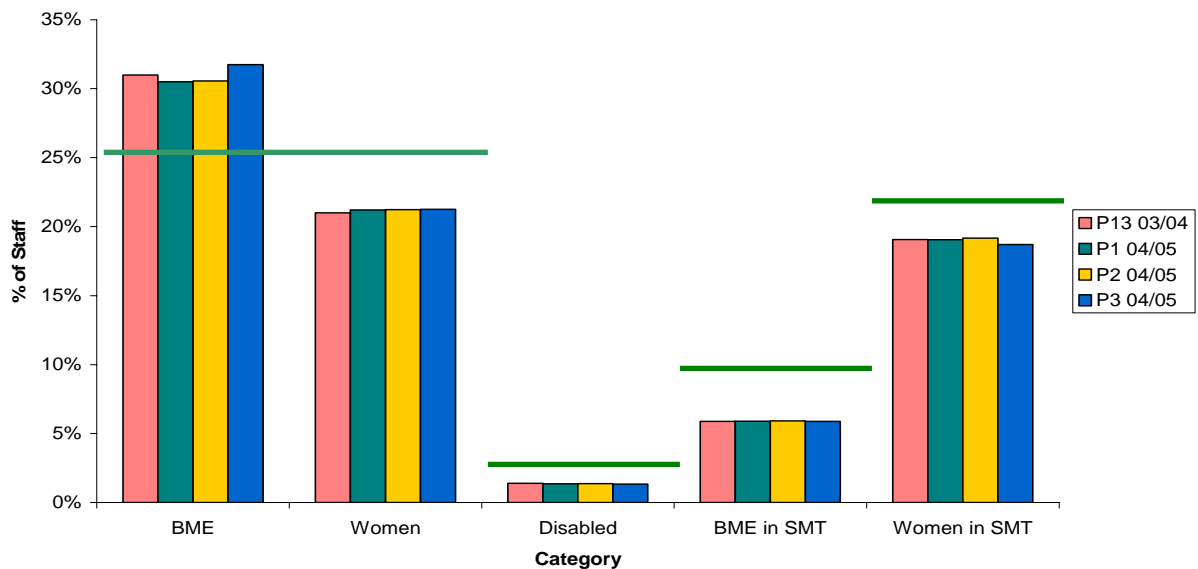
- 7.1 As shown in **Annex 3**, the total Full Time Equivalents (FTE) for TfL staff at 31 March 2004 was 18,953, which was 340 (FTEs) below budget. The main areas with staff levels below budget are in London Underground operations (212) and Surface Transport (151). These were partially offset by higher than budgeted staffing levels in Corporate Services (83).
- 7.2 While customer service staff at London Underground have increased during the first quarter of 2004/05, recruitment is lower than budget by 121 FTE due to the numbers failing the interview and selection process. Human Resources are reviewing practices to determine the cause. Operations support were 90 FTE below budget and these consist of 50 line upgrade staff, who have not been recruited as the upgrade has yet to commence, and 40 PPP modernisation programme and project staff who will only be recruited when necessary.
- 7.3 The variance in Surface Transport follows a major review of Road Network Operations (65 FTE below budget) which had delayed recruitment. Expected recruitment within the Directorate of Traffic Management (44 FTE below budget) has been rephased but is expected to occur before the end of September 2004.
- 7.4 Corporate Services headcount continues to undergo change following the structural reorganisation and is undergoing a phased reduction of FTE throughout the year. The year end forecast is in line with budget and this is expected to be achieved after the completion of the HR Shared Services programmes.
- 7.5 Total TfL staff at 31 March 2005 is forecast to be 19,146, 88 below budget, consisting mainly of London Underground operations staff 123 FTE below budget mainly Operations Support staff the recruitment of which is not currently required.

8 WORKFORCE COMPOSITION

- 8.1 TfL is committed to becoming an exemplary employer and is driving forward an agenda to achieve a workforce that is balanced, reflecting the population profile of London and tackling historical barriers to employment, retention and promotion for people from Black and Minority Ethnic) communities, women and disabled people.

- 8.2 London Underground do not currently report disability status, this data will be added from the second quarter of 2004/05. Currently disability targets are based on non-London Underground staff only. For the purposes of this report Senior Management Team (SMT) is defined as those occupying posts described as Managing Directors, Directors, General Managers and Business Managers (level 4 managers and above). The workforce figure includes all employees on permanent and fixed term contracts, irrespective of their length.
- 8.3 Since publishing its workforce targets earlier this year, TfL are reviewing these targets in light of feedback from the businesses and anticipate returning to the TfL Board with proposed revised targets later in the year. The E&I team and the HR community are working in concert to ensure the 2005/06 targets are realistic, evidenced based, achievable and part of a wider HR strategy that embraces retention, development and an agreed approach to fairness at work.

Workforce Composition



- 8.4 The Percentage of BME staff at 32% remains above the target of 25%, however BME in the SMT at 6% remains below the target of 9%. All other categories remain below target. The overall percentage of women at 21% fell short of the 25% target, women in the SMT at 19% is below the target of 23%.

9 CONTACTS

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OPERATIONAL SCORECARD

| Performance Indicators | | First Quarter | | | Prior Year |
|---|-------|---------------|--------|----------|------------|
| | | Actual | Target | Variance | |
| LONDON UNDERGROUND | | | | | |
| Safety | | | | | |
| Total number of major injuries and fatalities | # | 25 | n/a | n/a | 28 |
| CSS: personal safety and security | Score | 81 | 79 | 2 | 81 |
| Service Volumes / Ridership | | | | | |
| Usage: passenger journeys | M | 225.7 | 227.6 | (1.9) | 209.7 |
| Train kilometres operated | M | 16.6 | 16.6 | 0.0 | 15.2 |
| CSS: crowding | Score | 75 | 68 | 7 | 75 |
| Reliability & Service Quality | | | | | |
| Percentage of scheduled service operated | % | 95.9 | 94.7 | 1.2 | 93.5 |
| Excess journey time – unweighted | Mins | 3.17 | 3.27 | 0.10 | 3.05 |
| CSS: overall satisfaction | Score | 78 | 76 | 2 | 78 |
| CSS: information | Score | 78 | 77 | 1 | 79 |
| Peak Hour Trains cancelled | % | 2.6 | 3.6 | 1.0 | 6.3 |
| LONDON BUSES | | | | | |
| Safety | | | | | |
| Total number of major injuries and fatalities | # | 316 | n/a | n/a | 293 |
| CSS: personal safety and security | Score | 85 | 80 | 5 | 81 |
| Service Volumes | | | | | |
| Usage: passenger journeys | M | 413.2 | 398.0 | 15.2 | 372.7 |
| Bus kilometres operated | M | 105.9 | 102.3 | 3.6 | 94.7 |
| CSS: crowding | Score | 78 | 78 | 0 | 79 |
| Reliability & Service Quality | | | | | |
| Percentage of scheduled service operated | % | 97.8 | 97.4 | 0.4 | 97.5 |
| Excess wait time – high frequency routes | Mins | 1.2 | 1.4 | 0.2 | 1.4 |
| On time performance - low frequency routes | % | 76.9 | 73.5 | 3.4 | 74.3 |
| On time performance - night buses | % | 81.5 | 77.5 | 4.0 | 79.0 |
| CSS: reliability – journey/wait time | Score | 80 | 79 | 1 | 78 |
| CSS: overall satisfaction | Score | 78 | 78 | 0 | 77 |
| CSS: information | Score | 74 | 75 | (1) | 73 |
| Access | | | | | |
| Percentage of 'Low Floor' Buses | % | 92 | 89 | 3 | 83 |

OPERATIONAL SCORECARD

| Performance Indicators | | First Quarter | | | Prior Year |
|--|-------|---------------|--------|----------|------------|
| | | Actual | Target | Variance | |
| LONDON TRAMS | | | | | |
| Usage: passenger journeys | m | 4.4 | n/a | n/a | 4.1 |
| Percentage of scheduled service operated | % | 98.7 | 98.0 | 0.7 | 100.0 |
| CSS: overall satisfaction | Score | 89 | 88 | 1 | 87 |
| PUBLIC CARRIAGE OFFICE | | | | | |
| No. of taxi drivers licensed | 000 | 24.8 | 24.9 | (0.1) | 24.8 |
| No. of private hire drivers licensed | 000 | 7.0 | 7.4 | (0.4) | 0.0 |
| LONDON RIVER SERVICES | | | | | |
| Usage: passenger journeys | M | 0.64 | 0.60 | 0.04 | 0.56 |
| Percentage of scheduled service operated | % | 97.6 | 98.5 | (0.9) | 98.8 |
| VICTORIA COACH SERVICES | | | | | |
| Usage: Number of coach departures | 000 | 51.0 | 48.9 | 2.1 | 43.2 |
| CSS: overall satisfaction | Score | 75 | 72 | 3 | 73 |
| DIAL-A-RIDE | | | | | |
| Total costs per trip | £ | 15.8 | 14.9 | (0.9) | 13.0 |
| CSS: overall satisfaction | Score | 92 | 93 | (1) | 92 |
| ROAD NETWORK OPERATIONS | | | | | |
| Safety | | | | | |
| No. of major injuries and fatalities (TLRN)* | # | 180 | n/a | n/a | 252 |
| No. of major injuries and fatalities (Londonwide)* | # | 744 | n/a | n/a | 835 |
| Service Volumes | | | | | |
| Usage: Cycling on TLRN (index April 2000 =100) | # | 149 | 126 | 23 | 120 |
| Congestion (TLRN) (Mar 01=100) | # | 94.3 | n/a | n/a | 95.3 |
| Reliability and Service Quality | | | | | |
| Street Lights working | % | 95.6 | 98.0 | (2.4) | 97.2 |
| Traffic Signals operating effectively (Londonwide) | % | 97.4 | 97.0 | 0.4 | 96.9 |
| Days of control/closure on sensitive roads | % | 0 | 5 | 5 | 1 |

* Figures shown are for Jan-Feb 2004 and Jan-Feb 2003

OPERATIONAL SCORECARD

| Performance Indicators | | Full Year | | | Prior Year |
|--|-------|-----------|--------|----------|------------|
| | | Actual | Target | Variance | |
| DOCKLANDS LIGHT RAILWAY | | | | | |
| Safety | | | | | |
| RIDDOR reportable injuries to staff/passengers | # | 2 | n/a | n/a | 1 |
| CSS: personal safety and security | Score | 91 | 86 | 5 | 93 |
| Service Volumes | | | | | |
| Usage: Passenger journeys | M | 11.7 | 12.2 | (0.5) | 10.8 |
| Train Kilometres Operated | M | 0.8 | 0.8 | 0.0 | 0.8 |
| Reliability and Service Quality | | | | | |
| Percentage of scheduled service operated | % | 98.1 | 98.0 | 0.1 | 98.1 |
| On-Time Performance – adherence to schedule | % | 96.7 | 96.0 | 0.7 | 96.8 |
| CSS : Overall Satisfaction | Score | 94.4 | 83.5 | 10.9 | 94.1 |
| CSS : Information | Score | 95.2 | 86.0 | 9.2 | 94.8 |
| Access | | | | | |
| % of system accessible | % | 100 | 100 | 0 | 100 |



Target achieved



Performance below target

Notes/Key:

Negative variances are adverse.

Income and Gross Expenditure Summary by Mode

| | Year to Date | | Full Year | |
|----------------------------------|-----------------------------|-----------------------------|----------------|-----------------------------|
| | 1 April to 26 June £m | Variance to Budget £m | Forecast £m | Variance to Budget £m |
| INCOME | | | | |
| London Underground | | | | |
| Traffic Revenue | (280) | 6 | (1,194) | 33 |
| Operations | (11) | | (47) | (1) |
| Central Services | (9) | (1) | (37) | (1) |
| | (299) | 5 | (1,278) | 31 |
| Surface Transport | | | | |
| Bus Network | (194) | (8) | (840) | (10) |
| Other London Buses | (6) | (3) | (21) | (6) |
| Congestion Charging | (44) | (6) | (174) | 5 |
| Road Network Operations | | | (1) | |
| Transport Policing & Enforcement | (4) | (2) | (23) | |
| Other Surface Transport | (9) | 4 | (50) | 5 |
| | (257) | (15) | (1,109) | (6) |
| London Rail | | | | |
| Docklands Light Railway | (10) | 1 | (43) | |
| London Rail Core | (1) | | (4) | (1) |
| | (10) | 1 | (47) | (1) |
| Corporate Directorates | (27) | (11) | (107) | (35) |
| TOTAL INCOME | (594) | (20) | (2,541) | (10) |
| GROSS EXPENDITURE* | | | | |
| London Underground | | | | |
| Operations | 141 | (15) | 641 | (68) |
| Programmes | 331 | (13) | 1,493 | (51) |
| Central Services | 48 | 18 | 201 | (109) |
| | 520 | (11) | 2,336 | (228) |
| Surface Transport | | | | |
| Bus Network | 285 | (4) | 1,319 | (23) |
| Other London Buses | 30 | (5) | 151 | 5 |
| Congestion Charging | 25 | (1) | 142 | 5 |
| Road Network Operations | 57 | () | 318 | (21) |
| Transport Policing & Enforcement | 20 | (1) | 102 | (5) |
| Other | 38 | (1) | 219 | 11 |
| | 455 | (12) | 2,251 | (28) |
| London Rail | | | | |
| Docklands Light Railway | 16 | (3) | 97 | |
| London Rail Core | 5 | (3) | 42 | |
| | 21 | (6) | 139 | |
| Corporate Directorates | 53 | 7 | 184 | 19 |
| TOTAL GROSS EXPENDITURE | 1,049 | (23) | 4,912 | (237) |
| TOTAL NET EXPENDITURE | 455 | (43) | 2,371 | (247) |

* net of capital receipts

Income above budget and expenditure below budget is shown by variances in brackets. Totals are subject to rounding differences.

Gross Expenditure Summary by Mode

| | Year to Date | | Full Year | |
|------------------------------------|-----------------------------|-----------------------------|----------------|-----------------------------|
| | 1 April to 26 June £m | Variance to Budget £m | Forecast £m | Variance to Budget £m |
| OPERATING EXPENDITURE | | | | |
| London Underground | | | | |
| Operations | 137 | (12) | 610 | (46) |
| Programmes | 298 | 2 | 1,275 | (29) |
| Central Services | 60 | 26 | 218 | 12 |
| | 495 | 16 | 2,103 | (63) |
| Surface Transport | | | | |
| Bus Network | 285 | (4) | 1,319 | (23) |
| Other London Buses | 26 | 1 | 119 | 8 |
| Congestion Charging | 25 | (1) | 123 | 5 |
| Road Network Operations | 38 | 3 | 187 | 4 |
| Transport Policing & Enforcement | 20 | | 100 | (5) |
| Other | 32 | 2 | 141 | 9 |
| | 426 | 1 | 1,989 | (2) |
| London Rail | | | | |
| Docklands Light Railway | 15 | (1) | 79 | |
| London Rail Core | 5 | (3) | 42 | |
| | 20 | (4) | 121 | |
| Corporate Directorates | 49 | (2) | 181 | 12 |
| TOTAL OPERATING EXPENDITURE | 989 | 11 | 4,395 | (54) |
| CAPITAL EXPENDITURE* | | | | |
| London Underground | | | | |
| Operations | 4 | (3) | 31 | (22) |
| Programmes | 34 | (15) | 218 | (22) |
| Central Services | (12) | (9) | (17) | (121) |
| | 26 | (27) | 232 | (164) |
| Surface Transport | | | | |
| London Buses | 4 | (6) | 33 | (3) |
| Congestion Charging | 1 | | 19 | |
| Road Network Operations | 19 | (3) | 131 | (25) |
| Transport Policing & Enforcement | | (1) | 3 | |
| Other | | | | |
| | 30 | (15) | 262 | (26) |
| London Rail | | | | |
| Docklands Light Railway | 1 | (2) | 18 | |
| Corporate Directorates | 4 | 9 | 3 | 7 |
| CAPITAL EXPENDITURE* | 60 | (34) | 516 | (183) |
| GROSS EXPENDITURE | 1,049 | (23) | 4,912 | (237) |

* Net of Capital Receipts

Expenditure below budget is shown by variances in brackets. Totals are subject to rounding differences.

Staff Employed

| 31 March 2004 | | 26 June 2004 | | 31 March 2005 | |
|------------------|----------------------------------|---------------|-----------------------|---------------|-----------------------|
| | | Actual | Variance to Budget | Forecast | Variance to Budget |
| | London Underground | | | | |
| 12,765 | Operations | 12,324 | (212) | 12,519 | (123) |
| | Programmes | 506 | (16) | 532 | (5) |
| 643 | Central Services | 543 | (12) | 495 | 23 |
| 13,408 | | 13,373 | (240) | 13,546 | (105) |
| | Surface Transport | | | | |
| 640 | London Buses | 571 | (52) | 623 | |
| 92 | Congestion Charging | 119 | 1 | 118 | |
| 430 | Road Network Operations | 474 | (65) | 539 | |
| 359 | Transport Policing & Enforcement | 374 | (22) | 446 | |
| 64 | Bus Priority | 65 | | 65 | |
| 111 | Director of Traffic Management | 125 | (44) | 173 | |
| 211 | Public Carriage Office | 209 | | 209 | |
| 433 | East Thames Buses | 437 | 6 | 431 | |
| 550 | Dial-a-Ride | 566 | (50) | 616 | |
| 16 | London River Services | 16 | | 16 | |
| 115 | Victoria Coach Station | 117 | (7) | 124 | |
| 377 | Management Support & Strategy | 563 | 82 | 496 | |
| 3,398 | | 3,636 | (151) | 3,856 | |
| | London Rail | | | | |
| 23 | Docklands Light Railway | 31 | | 34 | 3 |
| 31 | Other London Rail | 27 | (5) | 31 | |
| 54 | | 58 | (5) | 65 | 3 |
| | Corporate Directorates | | | | |
| 21 | Office of the Commissioner | 20 | (1) | 21 | |
| 128 | General Counsel | 114 | (21) | 109 | (2) |
| 168 | Group Communications | 179 | (6) | 183 | |
| 660 | Finance & Planning | 643 | 1 | 702 | 17 |
| 837 | Corporate Services | 930 | 83 | 664 | (1) |
| 1,814 | | 1,886 | 56 | 1,679 | 14 |
| 18,674 | Total Staff Employed | 18,953 | (340) | 19,146 | (88) |

Variations below budget are shown in brackets. Totals are subject to rounding differences