

# TRANSPORT FOR LONDON

## STAFF SUMMARY

### BOARD

**SUBJECT: TfL OPERATIONAL AND FINANCIAL REPORT – 3RD QUARTER**

**MEETING DATE: 8 February 2006**

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#### **1. PURPOSE**

- 1.1 To inform the Board of TfL's financial position and highlight related performance issues arising during the third quarter of 2005/06 (18 September 2005 to 10 December 2005).

#### **2 KEY HIGHLIGHTS**

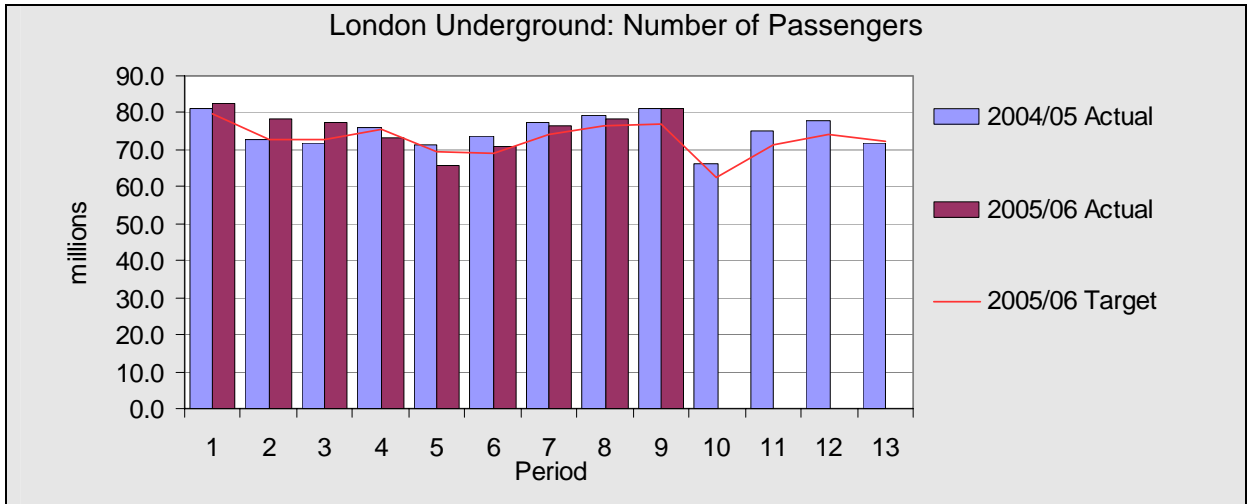
2.1 The principal highlights arising over the third quarter of 2005/06 are as follows:

- Passenger demand in the third quarter continued to show signs of sustained recovery and growth. Total journeys were 4% above budget for the third quarter led by strong demand for bus services following the introduction of free travel for under 16's in September.
- Income was 3% better than budget for the third quarter and is now 2% better year to date with strong results across most activities, except for bus network income which continued to remain below budget.
- Service delivery performance deteriorated slightly in the quarter due primarily to the tripcock problems on the Northern Line and closures of Battersea Bridge and Limehouse Link Tunnel.
- The DLR London City Airport extension commenced operation 13 days ahead of schedule on the 2 December, followed by a formal opening on the 6 December. Initial ridership numbers show nearly 27,000 passengers for the first nine days.
- The last Routemaster in standard service (two heritage routes will continue to operate) was withdrawn on 9 December 2005 replaced by modern, accessible buses. With the exception of the heritage routes, the entire bus network is now fully accessible.
- TfL's gross margin at the end of the third quarter at £1,345m which was £94m better than budget. Income was £44m above budget while operating expenditure was £64m below budget. Net capital expenditure at the end of the quarter of £339m was £40m below budget, after taking into account the budgeted overprogramming reduction.

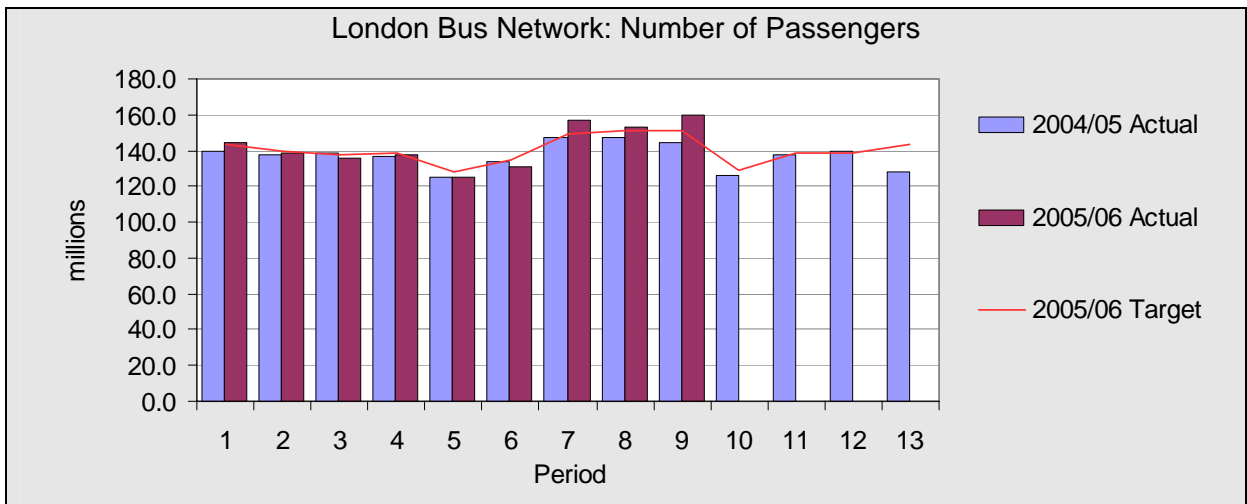
### 3 DELIVERY

#### Passenger Demand

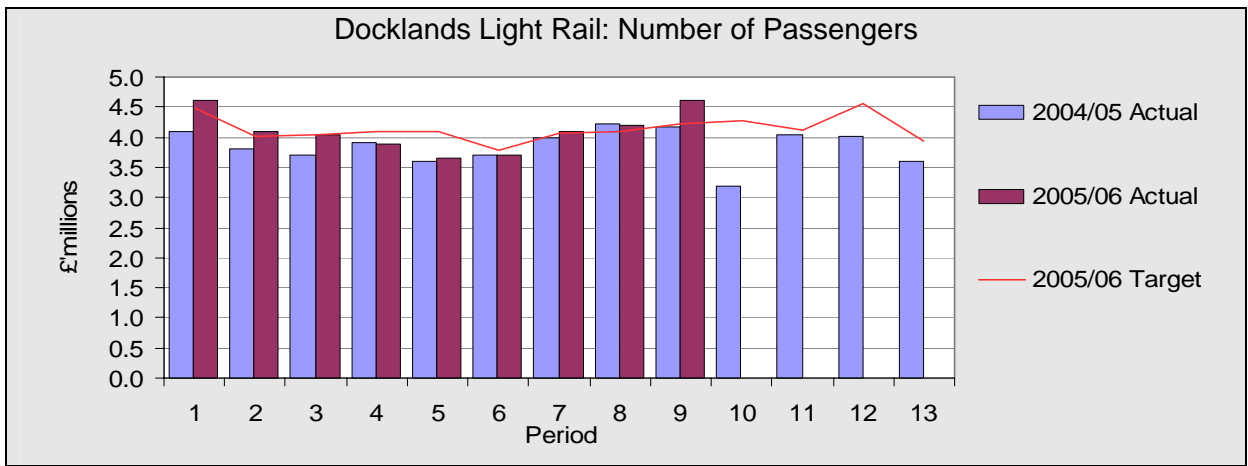
3.1 Overall passenger demand across the TfL network showed signs of strengthening during the third quarter. Total passenger journeys were up 4% against budget. Overall trends saw weekday demand return to near pre-July 7<sup>th</sup> levels, while weekend demand remained subdued.



3.2 Passenger journeys on the London Underground during the third quarter at 236m were ahead of budget, but down marginally on the same quarter last year. Following a review of the calculations there has been a retrospective reduction of 8m to the previously reported passenger journeys for the first two quarters of the year. Even so, the full year forecast of 954 million is some 7 million above the full year budget.



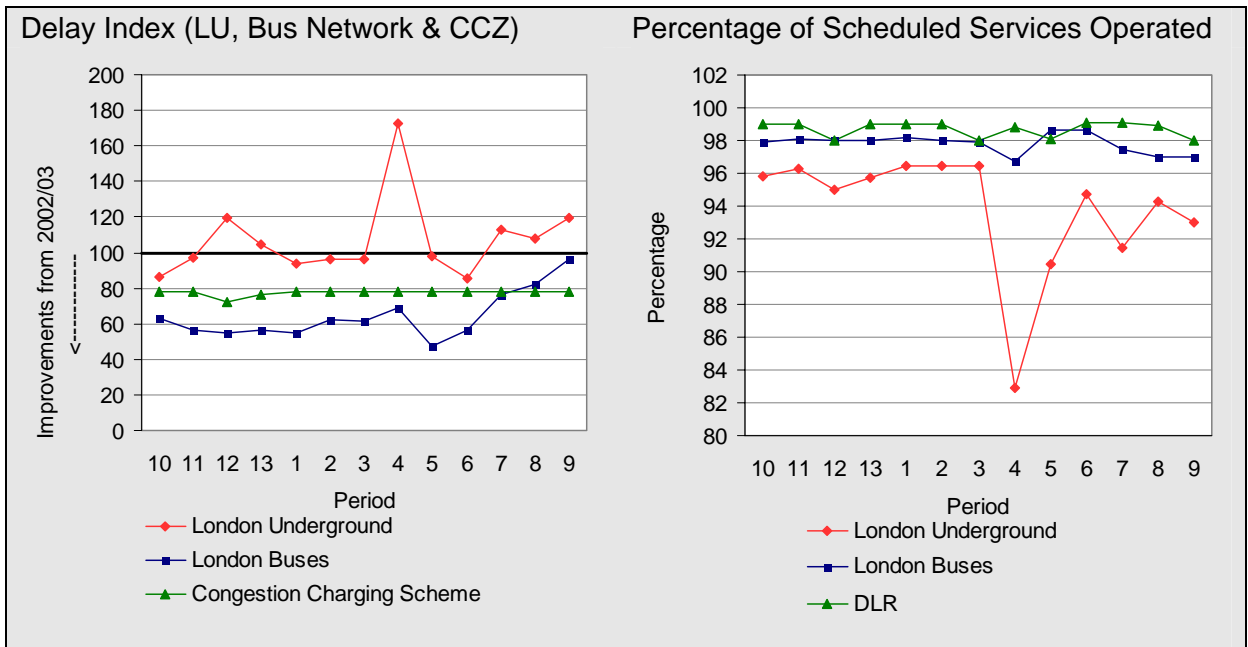
3.3 Passenger journeys on the bus network during the third quarter showed renewed levels of growth following a subdued second quarter. Passenger journeys at the end of the quarter were some 6% higher than the previous year and 3% above budget. This includes increases due to free travel for under-16's, which had seen around 200,000 Child Oyster photocards issued by the end of the third quarter.



3.4 Demand on the DLR during the third quarter, continued to recover and was 4% higher than both budget and last year reflecting recovery from the incidents of 7 and 21 July. The London City Airport extension commenced operation on 2 December, 13 days ahead of schedule. The initial response to the new service has been good with nearly 27,000 passengers recorded in the first nine days.

**Service delivery**

3.5 The delay index on the London Underground and bus networks trended unfavourably upwards during the third quarter, while the London-wide congestion flow rate (CCS delay index) remained largely unchanged. The Percentage of Scheduled Services Operated also declined over the quarter. This decline was most notable on London Underground, but was also seen on the bus network.



3.6 On London Underground, both the Kilometres Operated and Excess Journey Time (factors impacting the delay index) were below budget for the quarter. Network performance was considerably impacted early on in the quarter following a recurring tripcock problem on Northern line rolling stock which culminated in total suspension of services on the line from the evening of 12 October though to late on 15 October. Although this issue was resolved, rolling stock availability and reliability has remained poor and the line has also suffered from staff shortages and signal failures.

In addition, performance on the District line continued to be impacted by stock shortages, signal failures and ongoing industrial action at Acton Town over the issue of remote booking on and off.

- 3.7 Delay on the bus network, while still showing significant improvement compared to budgeted levels set at 2002/03, increased over the quarter. This was primarily a result of increases in excess wait time on high frequency routes impacted by the temporary closure of the Limehouse Link tunnel and disruption caused by closure of Battersea Bridge.
- 3.8 On the DLR, service reliability and departure scores over the quarter remained well above target.
- 3.9 A summary of TfL's performance over the quarter against key indicators is provided in **Annex 1**.

#### **Other operational issues**

- 3.10 Other operational issues of note during the quarter are as follows:
- Within London Buses, further engine bay fires on buses during the quarter have resulted in discussions now being undertaken with bus operators to agree an accelerated programme for fitment of engine bay fire-suppression systems on all buses.
  - Following the Limehouse Link tunnel fire in the eastbound bore on 30 October, contractors were able to complete sufficient repairs to enable the tunnel to re-open safely ahead of schedule on the 15 November. As a consequence of the incident a review is being undertaken of all TLRN tunnels for adequacy of provisions to protect, as reasonably practicable, both the asset and human life.
  - In October, the Mayor announced that cycling journeys on the TLRN have doubled from 59,000 in 2000 to 119,000 in 2005, achieving the 2010 target for increased level of use. Subsequently targets are under review.
  - On DLR, re-franchising progressed during the quarter with the reappointment of Serco as the preferred bidder on 22 November 2005 which will start in April 2006.

## **4 CUSTOMER IMPACTS**

- 4.1 TfL's third quarter Customer Satisfaction Score (CCS) overall evaluation was down slightly on last quarter to 78. This primarily reflects London Underground's overall score returning to 78, in line with target, after the record high of 79 seen in the previous quarter. While information scores have improved, both platform and train crowding scores have worsened, returning to more normal levels after being better than usual in the second quarter when the system was significantly less crowded following the bombings. Overall satisfaction levels on London Buses and the DLR remained unchanged and above targeted levels.
- 4.2 In terms of customer safety on London Underground, there has been a total of 83 customer major injuries on the network year to date, an average of 9 incidents per period which is broadly in line with the target of a maximum 113 in the year. The

majority of injuries during the third quarter resulted from falls on stairs and escalators.

- 4.3 The number of Killed and Seriously Injured on London Roads over the quarter was 33% worse than in the previous quarter. However, the number of incidents remained 11% better compared to the same quarter last year. The total number of KSI casualties for the year remains in line with meeting the proposed 50% casualty reduction target by 2010.

## 5 FINANCIAL REVIEW – THIRD QUARTER AND FULL YEAR 2005/06

- 5.1 Income from TfL's operations at the end of the third quarter of £1,957m was £44m above budget, an increase on the second quarter variance of £27m. Forecast income for the full year at £2,778m is £49m above budget.
- 5.2 Operating expenditure<sup>1</sup> at the end of the third quarter of £3,302m was £64m below budget, compared to a second quarter variance of £31m. Forecast operating expenditure of £4,918m was slightly higher than in the previous quarter.
- 5.3 The resulting gross margin position at the end of the third quarter of £1,345m was £94m better than budget.

£'millions	Year to Date Q3		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
<b>Operating Budget</b>				
Income	(1,957)	(44)	(2,778)	(49)
Operating expenditure	3,302	(64)	4,918	(55)
Overprogramming (operating)	-	14	-	20
<b>Gross margin</b>	<b>1,345</b>	<b>(94)</b>	<b>2,140</b>	<b>(85)</b>
<b>Capital Budget</b>				
Capital expenditure	460	(153)	777	(201)
Capital receipts/reimbursements	(114)	10	(172)	12
Property sales	(7)	2	(13)	-
Overprogramming (capital)	-	101	(5)	135
<b>Net capital expenditure</b>	<b>339</b>	<b>(40)</b>	<b>586</b>	<b>(54)</b>
Contingency	-	-	-	(26)
<b>Net expenditure</b>	<b>1,684</b>	<b>(134)</b>	<b>2,727</b>	<b>(164)</b>

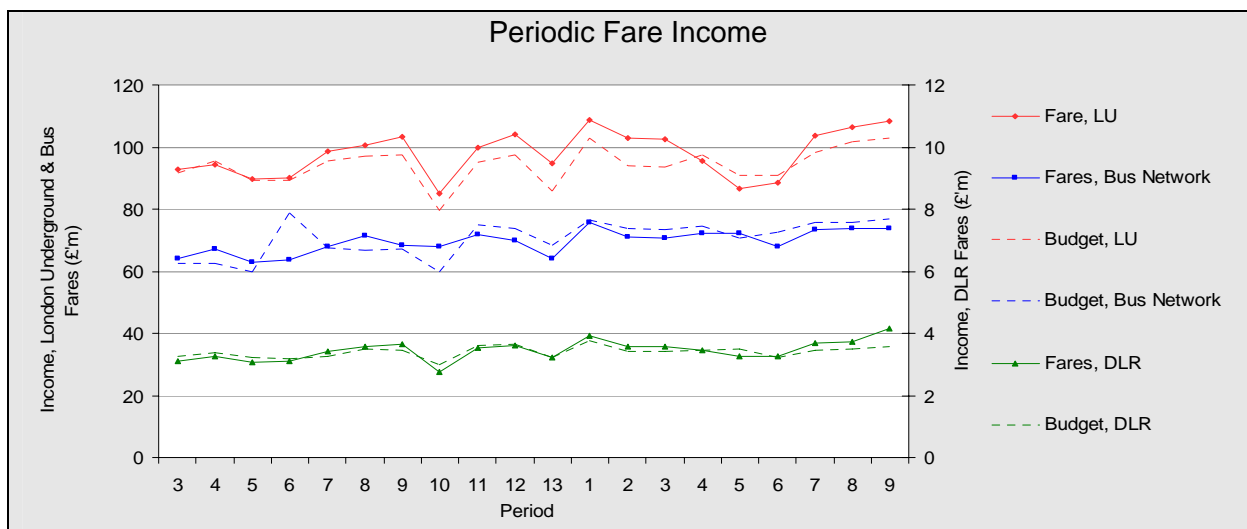
## 6 INCOME

- 6.1 TfL's total income year to date was £44m better than budget having recovered strongly from the incidents of 7 and 21 July. Forecast income for the full year is expected to be £49m better than budget, a £10m increase on the previous quarter primarily from increased London Underground advertising related income and improved TfL property sales.

<sup>(1)</sup> Note that TfL's operating expenditure results includes expenditure which relates to works carried out by PPP, PFI contractors, Boroughs and Bus Operators, which are of a capital nature (i.e. renewal or upgrading of assets)

Income (£m)	Year to Date Q3		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
Underground Traffic Income	(904)	(31)	(1,285)	(30)
Bus Network Income	(648)	23	(941)	-
Congestion Charging Income	(175)	(24)	(229)	(13)
Other	(231)	(11)	(323)	(6)
<b>Total</b>	<b>(1,957)</b>	<b>(44)</b>	<b>(2,778)</b>	<b>(49)</b>

- 6.2 Traffic income on the Underground strengthened in the third quarter and was better than budget. By ticket product there was continued strong growth in Ordinary and Prepay revenue – Prepay revenue broke the £3m per week mark for the first time during the quarter. Peak Travelcards have remained below pre-July levels with recovery over the quarter remaining subdued. Use of One & Three Day Off-Peak Travelcards, predominantly by discretionary users has also been slow to recover since July, possibly as a result of the ongoing effect of the price rise applied in January 2005 and the transfer to Prepay.
- 6.3 Bus network income of £648m at the end of the third quarter was £23m (or 3%) below budget. At the end of the quarter the number of Prepay tickets was 3.5%, up from 1% at the same time last year. The percentage of passengers paying by cash is now only 7.7%. There are additional costs incurred in handling cash in terms of security, collection and potential assaults on staff. The September 2005 quarterly fare evasion survey has indicated that open boarding routes continue to show fare evasion rates of 7.1% which is in line with the previous two quarters. The introduction of free travel for under 16's and the withdrawal of child ticketing products have seen a significant reduction in fare evasion rates on one person operated routes (3.1% down to 1.7%).
- 6.4 There remains some uncertainty on the impact of the innovative January 2006 fares package on the full year forecast. As a result, fare income forecasts are unchanged from the previous quarter.



- 6.5 Congestion Charging income remained ahead of budget primarily from better than estimated yield per Penalty Change Notices (PCN) issued and an improvement in the percentage of recoveries.

- 6.6 PCO income was £3m above budget reflecting increased churn rates within the market and ongoing effects from changes in the licensing fee structure in April 2005.

## 7 OPERATING EXPENDITURE

- 7.1 TfL's total operating expenditure year to date, after overprogramming, was £50m under budget. However there is expected to be an increase in expenditure towards the end of the year, with the full year result expected to be only £35m under budget.

Operating Expenditure (£m)	Year to Date Q3		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	1,627	(81)	2,434	(40)
Surface Transport	1,452	17	2,112	(5)
London Rail	80	3	128	12
Group Directorates	143	(4)	243	(22)
Overprogramming (Operating)	-	14	-	20
<b>Total</b>	<b>3,302</b>	<b>(50)</b>	<b>4,918</b>	<b>(35)</b>

- 7.2 London Underground's operating expenditure was £81m below budget. This reflects lower than budgeted performance payments to Infracos (£16.1m BCV, £3.8m JNP and £4.7m SSL), reduced PFI contractor expenses in the current year, reduced Connect enabling works due to rephasing and savings in central expenses including rates, insurance and commissions. This has been offset by an increase in risk expense due to charges relating to the 7 July incidents and a provision for Metronet pension costs. The variance from budget is forecast to halve by year-end. The variance from budget is forecast to decrease to £40m by year-end. PPP and PFI cost reductions achieved during the year include one-off savings that are not expected to be repeated, while the impact of higher energy costs, phasing differences on corporate expenses and risk forecasts are expected to materialise.
- 7.3 Operating expenditure in Surface Transport was £17m above budget. This result reflects accelerated expenditure for Borough Principal Road maintenance, additional expenditure on unbudgeted accommodation within Streets related to increased staffing levels. Efficiency savings have been achieved on the bus network through continued retendering of contracts and performance related QIC payments. Delays in updating the communication system for the A13 DBFO<sup>2</sup> have resulted in the later commencement of usage based payments. There is also lower than budgeted expenditure on CCS operations due to savings achieved on ongoing operational expenses. Full year expenditure is forecast to be £5m lower than budget. The £22m forecast movement in the final quarter reflects anticipated reductions in bus network operations costs.
- 7.4 Year to date operating expenditure on London Rail was £3m over budget as a result of re-classification of capital expenditure to operating expenditure on National Rail security projects where the assets are being purchased, operated and maintained by the train operating companies (TOCs). Full year expenditure is forecast to be £12m above budget.

<sup>(2)</sup> Accounted for as operational expenditure

- 7.5 Group Directorates were £4m below budget. This is primarily within Group Services where the variance has been caused by timing differences between actual and budgeted spend on property related costs. Full year expenditure is expected to be £22m less than budget primarily relating to group interest payable. The value and timing of Prudential borrowing draw-downs has resulted in lower than budgeted interest costs.

## 8 CAPITAL EXPENDITURE

Capital Expenditure (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	213	(64)	335	(41)
Surface Transport	192	(44)	346	(92)
London Rail	52	(12)	83	(10)
Group Directorates	4	(33)	12	(58)
<b>Gross Capital Expenditure</b>	<b>460</b>	<b>(153)</b>	<b>777</b>	<b>(201)</b>
Capital receipts/reimbursements	(114)	10	(172)	12
Property sales	(7)	2	(13)	-
Overprogramming (Capital)	-	101	(5)	135
<b>Net Capital Expenditure</b>	<b>339</b>	<b>(40)</b>	<b>586</b>	<b>(54)</b>

- 8.1 Net capital expenditure year to date at £339m was £40m below budget. For further detail on capital expenditure please refer to the **Investment Programme Report**.

## 9 BALANCE SHEET

TfL Group Balance Sheet at the end of Period 9 (£m)	Variance to Budget
Fixed Assets (lower than budget)	(99)
Debtors and payments in advance (higher than budget)	220
Creditors (lower than budget)	(152)
Cash (i.e. a decrease in cash)	(65)
Prudential loans (lower than budget)	196
Provisions and deferred grant (higher than budget)	284
<b>Total Net Assets</b>	<b>384</b>

- 9.1 Net working capital balances, excluding provisions and deferred income), are £68m higher than budget, although, as can be seen above, the gross movements show an increase over budget of £220m in debtors and prepayments and an increase in creditors of £152m.
- 9.2 Underground's variances include an increase of £53m in the finance lease creditor balance. This is largely as a result of rephasing following the cancellation of TIMIS. This is partially offset by higher debtors of £73m. Costs on the Connect PFI project are being held in debtors and will be released to the Profit and Loss Account as the assets it is delivering come into service, which was budgeted in the current year. However this has been rescheduled to future years and has contributed to a higher debtor position than originally budgeted.

- 9.3 London Buses net working capital position shows a net creditor of £97m compared to a budgeted net creditor of £69m. This is largely due to lower than budgeted capital and revenue expenditure, a Quality Improvement Contracts payment which was paid one period earlier than budgeted, and revised payment profiles.
- 9.4 Higher group working capital balances and lower borrowings were partially offset by lower than budget net expenditure, resulting in a reduction in cash balances of £65m below budget, down to £1,107m.
- 9.5 In period 9 the percentage of invoices paid within 30 days fell slightly to 86% from 88% in period 6. As a result this brought the cumulative figure to 85%, above the Best Value Performance Indicator target for Accounts Payable of 84%.

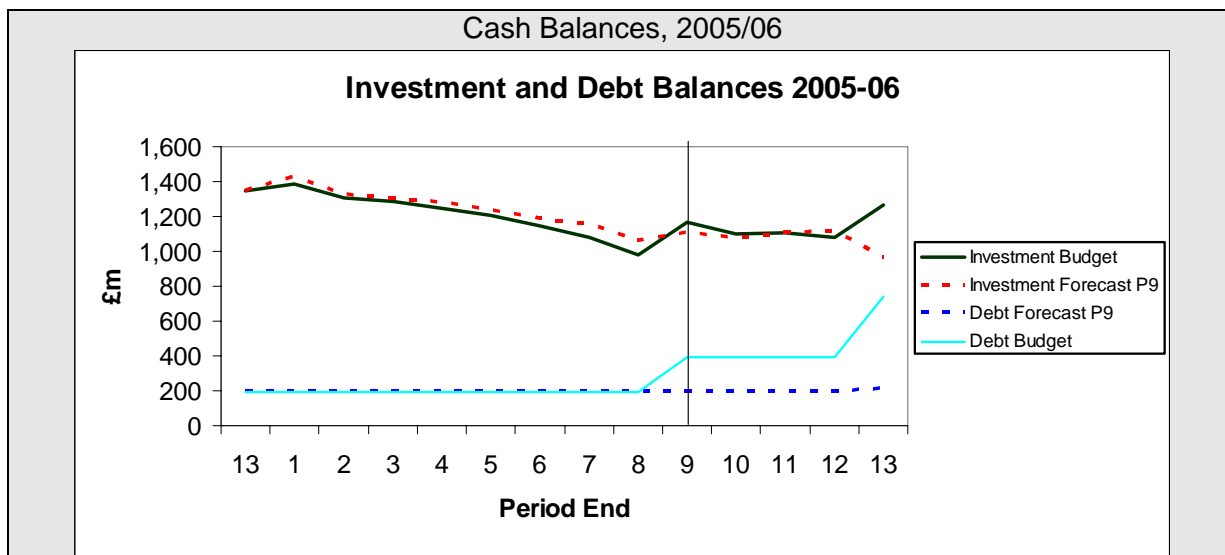
### Forecast Position

TfL Group Balance Sheet Year End Forecast (£m)	Variance To Budget
Fixed Assets	158
Debtors and payments in advance	131
Creditors	(753)
Cash (i.e. a decrease in cash)	(302)
Prudential loans (lower than budget)	524
Provisions and deferred grant	(371)
<b>Total Net Assets</b>	<b>(613)</b>

- 9.6 The full year balance sheet contains material variances caused by the current assumptions for Prudential borrowing. This is covered in more detail in section 10.1.
- 9.7 The variance for fixed assets includes £400m in respect of Underground. The original budget was prepared in the summer of 2003, in the very early stages of the PPP contracts. The budget included very conservative estimates of the amount of capital spend that would be delivered under the contracts. The experience is now that higher amounts of expenditure are being incurred on capital projects. This variance, and the corresponding variance in the finance lease creditor arise therefore largely out of improvements in information flows and better accounting estimates.

## 10 CASH

- 10.1 Cash balances of £1,107m at 10 December are £65m lower than budget mainly due to not borrowing a second tranche of £196m from bond holders less lower than budgeted external payments offset by lower than budgeted external receipts in London Underground. Refer to Annex 4 for periodic cash balance over the quarter.
- 10.2 Budgeted cash balances at 31 March 2006 are £1,269m on the assumption that TfL will borrow £550m by the end of the financial year. The period 9 forecast is £967m on the assumption that only £18m (European Investment Bank) out of the budgeted £550m will be borrowed. This reflects higher cash receipts in addition to lower payments in London Underground. Lower than previously forecast cash payments are also anticipated in London Buses. The graph below shows the budget investment balances and debt compared to period 9 forecast at each period end throughout the year.



10.3 Performance against the earnings benchmark of average 3 month's LIBOR minus 15 basis points is tabled below. TfL continues to perform above this benchmark, currently within a range of 12 – 14 basis points. The average yield for the year to date is 4.79%, 8 basis points above benchmark.

Treasury Management Yield (%)	Period 7	Period 8	Period 9	Year
Period end	15 Oct	12 Nov	10 Dec	Budget
Benchmark	4.46	4.44	4.45	-
Average Rate of Return	4.60	4.58	4.57	5.00
Excess over Benchmark	0.14	0.14	0.12	-
Interest Earned	£4.0m	£3.8m	£3.6m	-
Interest year to date	£32.1m	£35.9m	£39.5m	£62m

10.4 The Base rate was budgeted at 5%. Rather than rise to 5% it fell to 4.5% in August. The current consensus is that interest rates will not move either way for the time being and is reflected in a flat yield curve. Forecast interest income has dropped progressively through the year reflecting lower than budgeted rates. The latest forecast is £52m and compares to budget of £62m.

10.5 Note that no cash flow has been included in this report due to difficulties with the new SAP system for producing consolidated financial data. Cash forecasts are however produced independently of this on a receipts and payments basis and support cash balanced stated in the balance sheet.

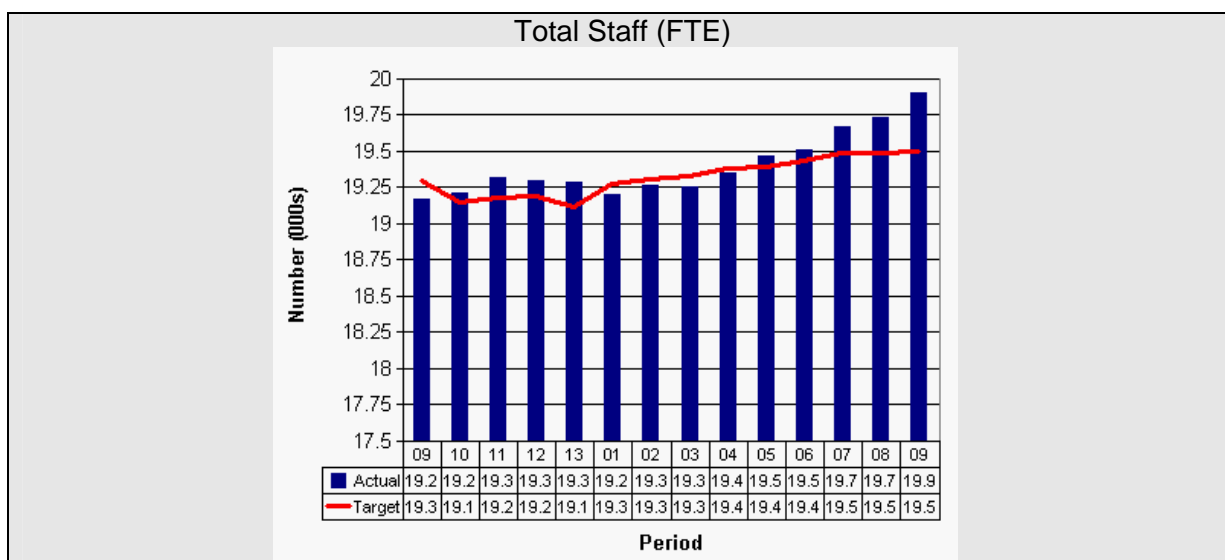
## 11 STAFF

### Staff numbers

11.1 Total Staff FTE exceeded budget throughout the quarter finishing at 19,908, some 350 (1.8%) above the 2005/06 budget figure. The largest single component of this was British Transport Police (BTP) in London Underground, which was 135 above budget reflecting additional levels following the events of 7 and 21 July, for which costs are being contained with London Underground's overall budget. There was also some 150 additional staff in Surface Transport, primarily to address capacity

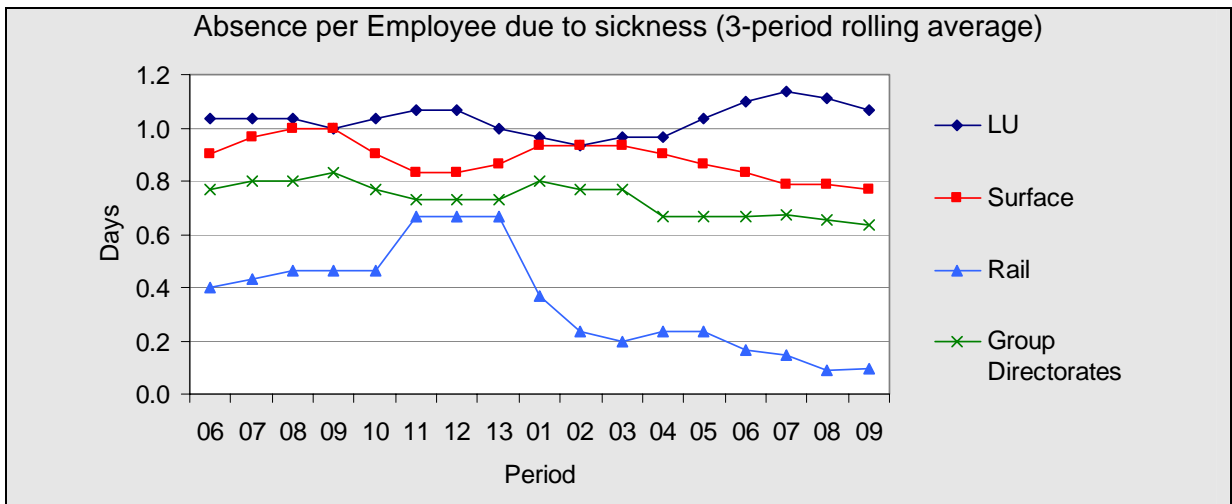
issues in the Streets domain. Current staffing levels are under review following the business planning process, which saw financial provisions for increased staffing levels within the plan. The period 9 total, whilst over the current approved budget for 2005/06, was some 300 below proposed levels for 2006/07.

- 11.2 Overall the year to date staffing cost across the TfL Group at period 9 was £692m, moderately (1.3%) above the budgeted figure of £683m.



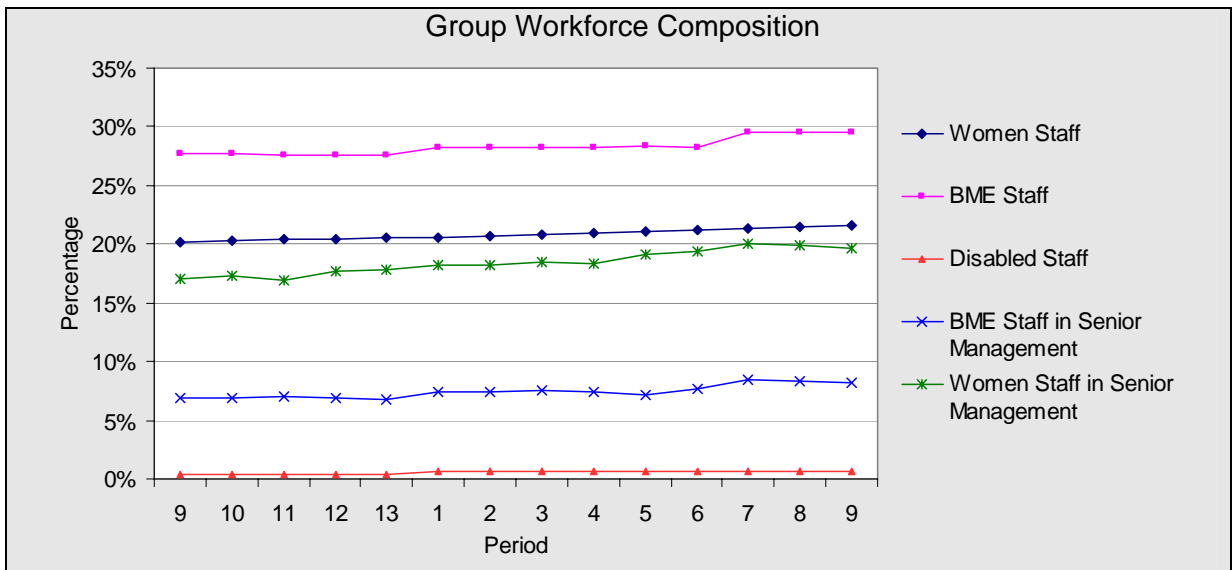
## Sickness

- 11.3 This quarter sickness absence per employee is down 0.04 days down on the end of the second quarter. This is essentially driven by a recovery in London Underground Operations over the quarter (reversing upward trends in the first half of the year), combined with continuing falling trends in Surface and London Rail. Increased focus on attendance issues in London Underground and staff welfare pilots across the TfL Group are contributory factors.
- 11.4 This equates to 12.54 days of absence per employee on an annualised basis, against a target of 11.9 days. Within this sickness, non-operational staff was close to target at 8.3 days compared to the target of 7.5 days while operational staff sickness was at 16.5 days against a target of 13.8.
- 11.5 Overall TfL sickness levels are higher than the public sector average (10.3 days), including that of the health sector (11.6 days). Benchmarking sickness levels for TfL staff is difficult, not least since the unique nature (and safety issues) of the operating environment within London Underground make comparisons challenging. For non-operational staff TfL is broadly comparable with the GLA (7.3 days 2004/05) and ahead of other largely non-operational Passenger Transport Authorities/Executives (PTA/E) such as West Midlands (8.6 and West Yorkshire 8.9, 2004/05). When compared to PTA/Es with large operational components the overall TfL sickness is comparable (e.g. Nexus – Tyne and Wear, 14.9 days, 2004/5). However operational sickness is still worse than the London Fire Brigade (10.9 days 2004/05), and Metropolitan Police Officers (7.4 days 2004/05).



### Workforce Composition

11.6 Although (with the exception of % disabled staff) there have been marginal increases across the board since the end of third quarter, levels have lagged behind target in all areas except that of % BME Staff which has comfortably exceeded its budget for the entire quarter due to high BME employment rates in London Underground. However, between them, London Underground and Surface Transport need to recruit over 600 women before year end to meet the Women Staff full year target. A total of 43 FTE must be hired in order to meet full year target for disabled staff.



## 12 EFFICIENCIES

12.1 The efficiencies programme full year target is £148m. This includes £74m of savings sustained from previous years and £74m to be delivered within this current financial year. The table below presents in-year savings. At the end of period 9, £55m of in-year efficiencies had been delivered, with the full year forecast standing at £124m, £50m above target.

Initiative (£m)	Year to Date	Full Year		
	In year Actual	In year Forecast	In year Target	Variance Forecast to Target
Procurement	6	39	28	11
Staff & BIP	8	12	12	-
Other	4	6	1	5
<b>Total Back Office</b>	<b>18</b>	<b>57</b>	<b>41</b>	<b>16</b>
Bus Network	9	20	-	20
Tube lines refinancing	1	2	2	-
LUL Other Efficiencies	-	1	4	(3)
LUL Communications Infrastructure	27	44	27	17
<b>Total Operational</b>	<b>37</b>	<b>67</b>	<b>33</b>	<b>34</b>
<b>CASHABLE TOTAL</b>	<b>55</b>	<b>124</b>	<b>74</b>	<b>50</b>

12.2 The overall full year procurement savings target is £58m, of which £30m is sustained from previous years. Of the in-year target of £28m, £6m has been delivered to date. However, although a further £39m of procurement efficiencies have been identified, experience has shown that up to 15% of those identified are not realised. Therefore, the year end forecast for in year efficiencies is £39m which includes the £6m delivered to date.

12.3 The full year variance of £50m reflects:

- An increase in procurement related efficiencies identified by Surface Transport exceeding target by £13m, reflecting minor shortfalls in other areas, resulting in the net variance of £11m.
- Forecast bus contract savings of £20m against a target of zero, due to continuing favourable operating conditions partly enabled by the declining usage of cash on buses.
- Increased savings in London Underground as a result of additional rebates being agreed with the Infracos in respect of PPP completion accounts and special projects (£3m), and the operational communications project – TIMIS (£17m).

12.4 These increases more than offset the lower than forecast London Underground other efficiencies (£3m).

## ANNEX 1: PERFORMANCE SUMMARY

Performance Indicators		Third Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
<b>TfL GROUP</b>									
Total passenger journeys	Millions	736.6	715.3	21.3	712.4	2886.1	2850.2	36.0	2842.8
Operating cost per passenger journey	£	1.57	1.61	(0.04)	1.47	n/a	1.75		1.23
Reliability of service (Delay Index)	#	97.8	86.4	11.4	122.0	80.0	80.0	-	79.8
CSS: Overall Satisfaction	Score	78	78	0.4	78	78	78	-	79
Major Fatalities and Injuries	#	393	n/a		215	n/a	n/a		898
Number of Staff	#	19,908	19,558	350	18,551	n/a	19,533		19,340
Percentage of Women Staff	%	21.5	24.3	(2.8)	21.1	n/a	24.3		21.0
Absence per Employee	Days	12.5	11.9	0.6	11.2	n/a	11.9		12.48
<b>LONDON UNDERGROUND</b>									
Passenger Journeys	Millions	235.8	227.4	8.4	238.1	953.7	947.0	6.7	975.9
Train Kilometres Operated	Millions	15.9	16.4	(0.5)	16.2	69.9	70.8	(0.9)	69.4
Percentage of Scheduled Service Operated	%	93.3	95.0	(1.7)	95.4	94.1	95.1	(1.0)	95.3
Peak Hour Trains Cancelled due to ONA	%	0.3	0.6	(0.3)	0.1	n/a	0.6		0.1
Excess Journey Time - Unweighted	Minutes	3.37	3.25	0.12	3.40	n/a	3.25		3.23
CSS: Overall Satisfaction	Score	78	78	-	76	n/a	78		78
Lost Customer Hours	M Hours	5.27	3.70	1.57	2.61	n/a	16.20		14.08
<b>LONDON BUSES</b>									
Passenger Journeys	Millions	464.7	452.4	12.3	438.8	1,853.4	1,824.3	29.1	1,793.4
Bus Kilometres Operated	Millions	104.7	106.8	(2.1)	104.5	455.7	461.2	(5.5)	449.6
Percentage of Scheduled Service Operated	%	97.0	97.3	(0.3)	97.2	97.8	97.8	-	97.7
Excess Wait Time - High Frequency Routes	Mins	1.4	1.4	(0.0)	1.3	1.2	1.2	-	1.1
On Time Performance - Low Frequency Routes	%	73.6	74.2	(0.6)	74.2	76.7	77.0	(0.3)	77.1
On Time Performance - Night Buses	%	83.5	81.5	2.0	81.5	82.8	82.0	0.8	81.9
CSS: Overall Satisfaction	Score	78	78	-	78	n/a	78		77
Percentage of 'Low Floor' Buses	%	98	97	1	94	100	100	-	95
<b>LONDON TRAMS</b>									
Passenger Journeys*	Millions	5.3	n/a		4.4	n/a	21.1		19.3
Percentage of Scheduled Service Operated	%	98.2	98.0	0.2	98.8	n/a	98.0		95.4
CSS: Overall Satisfaction	Score	87	86	1	87	n/a	88		86
<b>PUBLIC CARRIAGE OFFICE</b>									
Number of Taxi Drivers Licensed	'000	23.5	23.6	(0.1)	23.4	24.7	24.7	-	24.7
Number of Private Hire Drivers Licensed	'000	23.1	24.6	(1.5)	11.8	30.0	30.0	-	16.3

### Notes/Key:

Target achieved/ exceeded
  Less than 5% worse than target
  More than 5% worse than target

\* Passenger journey targets are estimated, due to the service being provided by a third party  
 n/a = KPI data not available / not measured.

## ANNEX 1: PERFORMANCE SUMMARY (CONTINUED)

Performance Indicators		Third Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
<b>LONDON RIVER SERVICES</b>									
Passenger Journeys (Multi stop)	'000	125	75	50	81.9	456	350	106	372
Passenger Journeys (Excluding Multi Stop)	'000	315	270	45	276	1,879	1,750	129	1,887
Percentage of Scheduled Service Operated	%	97.9	98.3	(0.4)	97.3	98.1	98.5	(0.4)	98.5
<b>VICTORIA COACH STATION</b>									
Number of Coach Departures	'000	44.1	51.8	(7.7)	48.3	178.1	226.6	(48.5)	215.3
CSS: Overall Satisfaction	Score	81	72	9	81	76	72	4	75
<b>DIAL-A-RIDE</b>									
Total Costs per Trip	£	18.6	13.07	5.5	14.8	18.7	13.9	4.8	17.0
CSS: Overall Satisfaction	Score	93	93	-	92	93	93	-	95
<b>ROAD NETWORK</b>									
No. of Major Injuries and Fatalities (TLRN)	#	272	n/a		303	n/a	1,058		1,093
No. of Major Injuries and Fatalities (Londonwide)	#	1,014	n/a		1,134	n/a	4,031		4,169
Cycling on TLRN (Index April 2000 = 100)	#	179	n/a		141	n/a	150		142
Journey Time Reliability (TLRN)**	%	n/a	n/a		n/a	n/a	19.7		18.7
Traffic Signals Operating Effectively (Londonwide)	%	98.8	n/a		n/a	n/a	97.0		97.3
<b>DOCKLANDS LIGHT RAILWAY</b>									
Passenger Journeys	Millions	12.9	12.4	0.5	12.4	53.8	53.8	-	50.1
Train Kilometres Operated	Millions	0.8	0.8	0.0	0.8	3.4	3.4	-	3.3
Percentage of Scheduled Service Operated	%	98.7	98.0	0.7	98.5	98.0	98.0	-	98.5
On-Time Performance - Adherence to Schedule	%	98.0	96.0	2.0	97.0	96.0	96.0	-	97.1
CSS: Overall Satisfaction	Score	95	83	12	95	84	84	-	95
Percentage of System Accessible	%	100	100	-	100	100	100	-	100

### Notes/Key:

Target achieved/ exceeded
  Less than 5% worse than target
  More than 5% worse than target

\*\* Measured annually

n/a = Data not available/not measured

## ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
<b>OPERATING BUDGET</b>					
<b>LONDON UNDERGROUND</b>					
Income	(970)	(36)	(1,379)	(1,344)	(35)
Operating expenditure	1,627	(81)	2,434	2,474	(40)
<b>Gross margin</b>	<b>657</b>	<b>(116)</b>	<b>1,055</b>	<b>1,130</b>	<b>(75)</b>
<b>SURFACE TRANSPORT</b>					
Income	(899)	(6)	(1,272)	(1,258)	(13)
Operating expenditure	1,452	17	2,112	2,117	(5)
<b>Gross margin</b>	<b>553</b>	<b>11</b>	<b>841</b>	<b>859</b>	<b>(18)</b>
<b>LONDON RAIL</b>					
Income	(34)	(1)	(49)	(48)	-
Operating expenditure	80	3	128	117	12
<b>Gross margin</b>	<b>46</b>	<b>2</b>	<b>80</b>	<b>68</b>	<b>11</b>
<b>GROUP DIRECTORATES</b>					
Income	(54)	(1)	(78)	(78)	-
Operating expenditure	143	(4)	243	265	(22)
<b>Gross margin</b>	<b>90</b>	<b>(5)</b>	<b>165</b>	<b>187</b>	<b>(23)</b>
<b>TOTAL</b>					
Income	(1,957)	(44)	(2,778)	(2,729)	(49)
Operating expenditure	3,302	(64)	4,918	4,973	(55)
Overprogramming (operating)	-	14	-	(20)	20
<b>Gross margin</b>	<b>1,345</b>	<b>(94)</b>	<b>2,140</b>	<b>2,225</b>	<b>(85)</b>

( ) variance is an above budget for income, and below budget for operating expenditure  
Table may be subject to rounding accuracy.

## ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE (CONTINUED)

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
<b>CAPITAL BUDGET</b>					
<b>London Underground</b>					
Capital expenditure	213	(64)	335	376	(41)
Capital receipts/reimbursements	(98)	(1)	(145)	(142)	(3)
Property sales	(7)	2	(13)	(13)	-
<b>Total Capital Expenditure</b>	<b>108</b>	<b>(63)</b>	<b>177</b>	<b>221</b>	<b>(43)</b>
<b>Surface Transport</b>					
Capital expenditure	192	(44)	346	438	(92)
Capital receipts/reimbursements	(10)	(3)	(15)	(12)	(3)
<b>Total Capital Expenditure</b>	<b>182</b>	<b>(46)</b>	<b>331</b>	<b>426</b>	<b>(95)</b>
<b>London Rail</b>					
Capital expenditure	52	(12)	83	93	(10)
Capital receipts/reimbursements	(2)	(2)	(2)	-	(2)
<b>Total Capital Expenditure</b>	<b>50</b>	<b>(15)</b>	<b>81</b>	<b>93</b>	<b>(12)</b>
<b>Group Directorates</b>					
Capital expenditure	4	(33)	12	70	(58)
Capital receipts/reimbursements	(4)	15	(10)	(30)	19
<b>Total Capital Expenditure</b>	<b>-</b>	<b>(17)</b>	<b>2</b>	<b>40</b>	<b>(38)</b>
<b>Total</b>					
Capital expenditure	460	(153)	777	977	(201)
Capital receipts/reimbursements	(114)	10	(172)	(184)	12
Property sales	(7)	2	(13)	(13)	-
Overprogramming (capital)	-	101	(5)	(140)	135
<b>Net Capital Expenditure</b>	<b>339</b>	<b>(40)</b>	<b>586</b>	<b>640</b>	<b>(54)</b>

( ) variance is a below budget for capital expenditure but not for capital receipts/reimbursements  
Table may be subject to rounding accuracy.

<b>NET EXPENDITURE</b>					
London Underground	765	(180)	1,232	1,351	(118)
Surface Transport	735	(35)	1,171	1,285	(114)
London Rail	96	(12)	161	162	(1)
Group Directorates	89	(22)	167	228	(61)
Central Overprogramming	-	115	(5)	(160)	155
Contingency	-	-	-	26	(26)
<b>Net Service Expenditure</b>	<b>1,684</b>	<b>(134)</b>	<b>2,727</b>	<b>2,891</b>	<b>(164)</b>

### ANNEX 3: BALANCE SHEET

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
<b>Fixed assets</b>					
Tangible assets	13,387	(99)	14,091	13,933	158
<b>Current assets</b>					
Stocks	4	(1)	4	5	(1)
Debtors	339	133	358	200	158
Payments in advance	150	87	33	60	(27)
Cash at bank and in hand	1,107	(65)	967	1,269	(302)
	<b>1,600</b>	<b>154</b>	<b>1,362</b>	<b>1,534</b>	<b>(172)</b>
<b>Current liabilities</b>					
Revenue	(805)	(24)	(1,089)	(861)	(228)
Receipts in advance	(145)	(94)	(160)	(155)	(5)
Capital	(155)	20	(296)	(223)	(73)
	<b>(1,105)</b>	<b>(98)</b>	<b>(1,545)</b>	<b>(1,239)</b>	<b>(306)</b>
<b>Long term liabilities</b>					
Balances with Infracos	(1,131)	(53)	(1,637)	(1,178)	(459)
Prudential loans	(196)	196	(214)	(738)	524
Creditors due after one year	(229)		(364)	(378)	14
Capital grants	(6,634)	382	(6,932)	(6,605)	(327)
Pension liabilities	(1,004)	-	(1,004)	(1,004)	-
Provisions for liabilities and charges	(267)	(98)	(213)	(169)	(44)
<b>Total net assets</b>	<b>4,421</b>	<b>384</b>	<b>3,544</b>	<b>4,157</b>	<b>(613)</b>
<b>Capital reserves</b>					
Reserves	3,716	384	2,839	3,452	(613)
Earmarked reserves	539	-	539	539	-
General fund	166	-	166	166	-
<b>Total capital employed</b>	<b>4,421</b>	<b>384</b>	<b>3,544</b>	<b>4,157</b>	<b>(613)</b>

## ANNEX 4: CASH BALANCES

Approved Investments and Cash £'m	Period 7	Period 8	Period 9
Period end	15 Oct	12 Nov	10 Dec
Budget	1,077	980	974
Cash Balances	1,155	1,061	1,107
<b>Variance</b>	<b>78</b>	<b>81</b>	<b>133</b>

<b>Net Cash Balances comprise:</b>			
Investments	1,100	1,009	1,057
Investments-Guernsey	31	32	32
Cash & Credits in Transit	24	20	18

Investment Profile			
Up to 1 Month	129	120	76
1-2 Months	115	101	88
2-3 Months	299	294	251
3-4 Months	101	56	100
4-5 Months	40	-	40
5-6 Months	112	120	190
>6 Months	304	318	312
<b>Total</b>	<b>129</b>	<b>120</b>	<b>76</b>