

# Operational and Financial Report

Third quarter, 2006/07



Cover Image: The world's first hybrid double decker bus outside City Hall. The bus was displayed at the Bus Expo 2006 in Birmingham from 7 – 9 November and is due to enter service on route 141 from Wood Green to London Bridge in mid-January.

## Transport for London

### Operational and Financial Report

#### Third Quarter, 2006/07

#### Performance

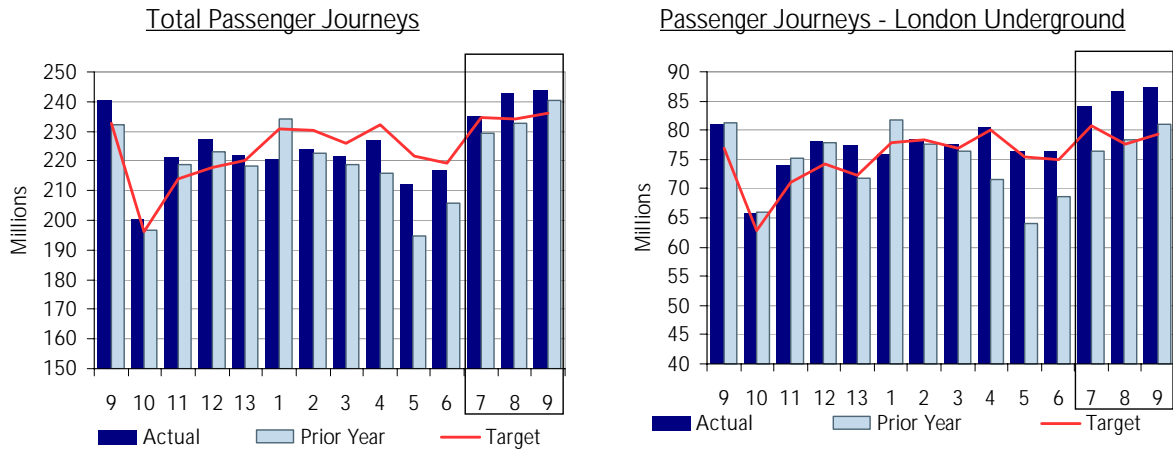
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- 1.1 Transport for London's performance in the third quarter of 2006/07 (17 September – 9 December 2006) was characterised by strong growth in passenger numbers and reasonably steady levels of service provision.
- 1.2 Passenger growth on the Underground outstripped all expectations this quarter, and included the highest ever number of journeys on a single day – an estimated 3.94m on December 8. For the quarter the result of 258m journeys was 20m higher than target and exceeded the result from the same time last year and the first two quarters of this year, reflecting London's buoyant labour market and firm retail sales growth.
- 1.3 While the strong growth in passenger numbers had positive effects in terms of revenue, with fare income reaching record levels in the last week of the quarter, it had an adverse impact on journey times and other operational measures. The performance of trains and stations on the Underground is heavily influenced by demand due to increased station congestion, train dwell times and on-train crowding, and this led to an increase in excess journey time this quarter. Some disruptive train service incidents, particularly signalling issues, also affected service provision – resulting in a lower percentage of schedule and fewer train kilometres operated for the quarter.
- 1.4 In the rest of the business the steady operational performance seen in the first half of the year continued into the third quarter. Measures of operational performance, aside from those affected by the sharp increase in passenger demand on the Underground, were broadly in line with target:
- Passenger numbers on the Bus network have continued to grow steadily from the second quarter and were close to target for the quarter at 442m.
  - The percentage of scheduled services operated on the Bus network remained above 96 per cent, and kilometres operated were broadly in line with second quarter results, though 3 per cent below target.
  - Demand growth on the Docklands Light Rail (DLR) network this quarter was strong, and for the first time ever exceeded 5m passenger journeys in a single period thanks to a new daily record for passenger journeys during the successful World Travel Market exhibition at ExCeL.
  - Kilometres operated on the DLR, at 1,010k, were ahead of target and broadly in line with average levels of service provision seen since the beginning of the year.
- 1.5 In fares trends, Oyster single fare journeys continued to rise over the third quarter as the proportion of local residents using the network returned to similar levels as before summer. By the end of the quarter Oyster Pay as You Go use was up to 22 per cent of all Underground and 13 per cent of all Bus journeys. Cash use fell again this quarter, down to 5.2 per cent of all Underground journeys and 4.4 per cent of all Bus journeys paid for on vehicle.

- 1.6 The financial results at the end of the third quarter also reflect the strong growth in demand with a resultant increase in income, including the record result of more than £30m in fare income in the final week of the quarter, and the continued poor performance of the Infracos, where performance payments were down. Following good progress in delivering the investment programme, net capital expenditure for the year to date was £11m below budget and is forecast to be £3m below budget by year end.
- 1.7 Other highlights and performance issues in the third quarter of 2006/07 included:
- Following extensive work across all of Transport for London, the 2005/06 to 2009/10 Business Plan was approved by the Board. The plan is sound and financially balanced, ensuring that recurring income continues to exceed recurring costs.
  - Oyster and Barclaycard Visa onto one card: Transport for London approved an agreement between Barclaycard and Transys, the consortium behind Oyster, for the development of a new card to place Oyster and Barclaycard Visa on one card.
  - Public-Private Partnership (PPP) Arbiter's Metronet Annual Report: The PPP Arbiter's Report concluded that over the first three years of the London Underground PPP, Metronet has not performed in an economic and efficient manner or in line with Good Industry Practice.
  - British Transport Police officers have become the first foot patrols in the country to file official reports on the move. The trial of handheld computers and printers began in the core policing unit for the London Underground network in October.
  - New Term Maintenance Contracts for the Transport for London Road Network were approved by the Board. These contracts are worth in excess of £100m per year for a term of 6 years with performance related extensions for up to 10 years.
  - After the close of the quarter two £100 million bonds were issued by TfL. The interest rate on the new bond issues were 4.60 per cent for the bond maturing in December 2031 (29 basis points higher than the relevant government gilt) and 4.43 per cent on the bond maturing in December 2042 (34 basis points over the gilt). This represents a continued tightening in the terms of TfL's borrowings compared with the first bond issued at 50 basis points over the gilt and the second at 38 basis points over the gilt. The strong demand from investors for our bonds reflects market confidence in TfL.
- 1.8 A summary of TfL's performance over the quarter against key indicators is provided in Annex One.

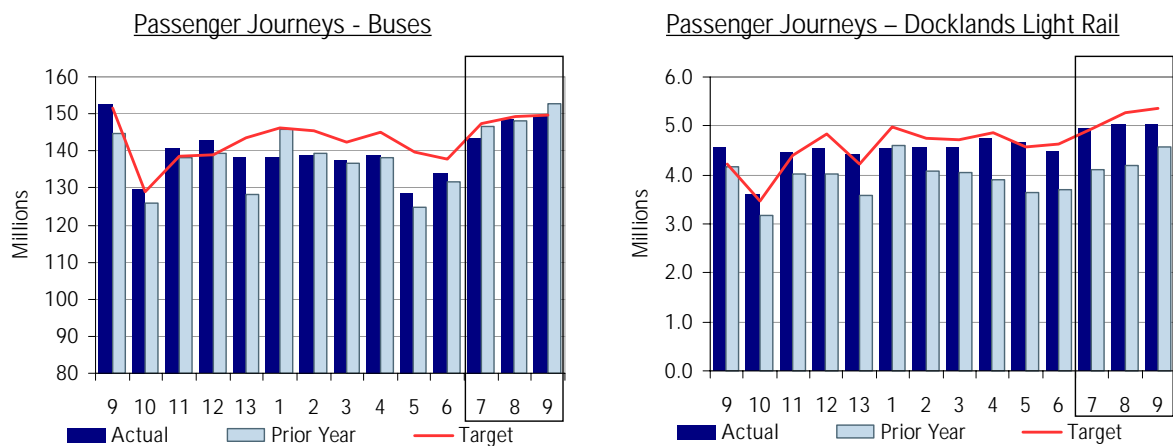
## Service demand

2.1 Passenger journeys grew strongly in the third quarter of 2006/07 to 722m, 17m higher than the target of 705m for the quarter. Passenger numbers on the Underground were significantly ahead of expectations, and passenger numbers on the Bus network increased from the second quarter results to come in much closer to target.



2.2 Passenger journeys on the Underground in the third quarter were at record levels and included the highest ever number of journeys on a single day – an estimated 3.94m on December 8. The result of 258m journeys for the quarter was 20m higher than target and exceeded the result from the same time last year and the first two quarters of this year.

2.3 Underground passenger journey growth in the quarter was 9 per cent year on year. Of this growth, 3 to 4 per cent reflected a full recovery from the effects of the bombings in July 2005. This year’s recovery has been faster and more complete than was expected last year. The remainder of the growth in traffic reflects London’s buoyant labour market and retail economy; the success of Oyster; and some mode switching.



2.4 Bus passenger numbers grew steadily from the second quarter to be broadly in line with target for the third quarter. Recent data from the Greater London Bus Passenger Survey has indicated that travel by the under 16s a year ago, following the introduction of free travel, was less than reported at the time, though travel has since built up to be in line with expectations. On an adjusted basis, underlying growth in the total number of bus passenger journeys in the third quarter of 2006 of around 2 per cent. This growth primarily reflects the continuing build up of

travel by the under 16s over the year and initial estimates of the impact of free travel for 16-17s.

- 2.5 Demand growth on the Docklands Light Rail network this quarter was strong, though not as strong as budgeted. Overall passenger journey numbers for the quarter came to 15m, and for the first time ever exceeded 5m passenger journeys in a single period thanks to a new daily record for passenger journeys during the successful World Travel Market exhibition at ExCeL. The result for the quarter was significantly higher than the same time last year, and the previous quarter.

#### Dial a Ride

- 2.6 The number of trips provided through the Dial a Ride service this quarter was 62,000 below the target of 350,000 trips due to ongoing driver shortages and slower than expected implementation of new scheduling systems. As reported in the second quarter, a recruitment drive is underway to address the shortage of drivers, and the improved scheduling system is expected to be rolled out by the end of 2007.

#### Cycling

- 2.7 Levels of cycling on the Transport for London Road Network fell slightly this quarter in line with expected seasonal fluctuations. Flows are still almost twice what they were when measurement began in March 2000, and are expected to remain well up for the rest of the year. The full year forecast is for levels of cycling on the TLRN over the whole year to average 1.83 times higher than the baseline. This strong result is supported by the successful expansion of the London Cycle Network Plus (LCN+) which is now 180 km longer than it was in 2003.

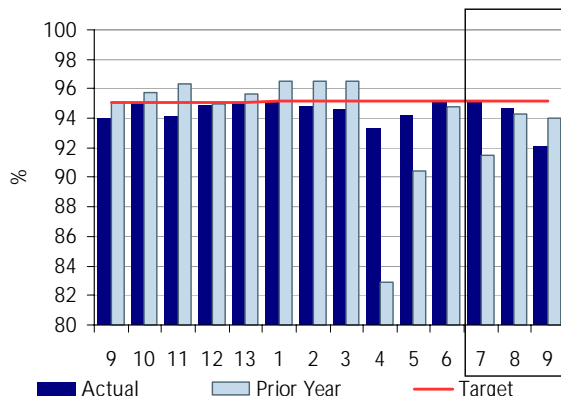
#### Fare Trends

- 2.8 Oyster Pay as You Go (PAYG) use rose over the third quarter, reaching 22 per cent of all Underground journeys and 13 per cent of all bus journeys by the end of the quarter. Cash use in the quarter fell to 5.2 per cent of all Underground journeys, and 4.9 per cent of all bus journeys (4.4 per cent paid for on vehicle).
- 2.9 Market research data indicates that around 60 per cent of bus cash fare payers and around 80 per cent of Underground cash fare payers are from the higher (ABC1) groups. The socioeconomic profile of cash payers on Bus and Underground is now broadly typical of the profile of the users of each mode. On the Tube, the socioeconomic group profile is reasonably homogenous across all ticket types. On bus, the tickets with the highest C2DE use are the One Day and Weekly Bus Passes.
- 2.10 In the third quarter, it is estimated that of every 100 fare paying bus journeys by C2DEs, 9 were on cash fares, 16 on PAYG, 23 a Travelcard, while 51 involved a Bus Pass. In January 2007, Bus Pass prices were either frozen or increased by RPI. The cash fare rose to 200p, while the Oyster bus fare and the cost of a journey using a Bus Saver was set at a flat 100p.
- 2.11 TfL's marketing plans for 2007 aim to increase Oyster use further and to reduce the use of cash. Tactical campaigns will be mounted on those bus routes with high levels of cash usage. Further, following research that has highlighted that some non-English speakers from lower socioeconomic groups find it difficult to understand the detailed benefits of Oyster, information will be produced in a range of languages.
- 2.12 As a result, it is envisaged that cash use by C2DEs will fall to only around 5 or 6 bus fare paying journeys in 100 by the end of 2007.

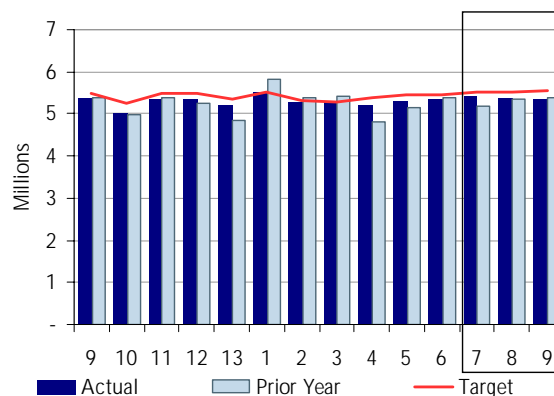
## Service provision

- 3.1 Across the business, service provision levels were broadly consistent with results from the first two quarters, though below target overall.

Scheduled Services Operated – London Underground

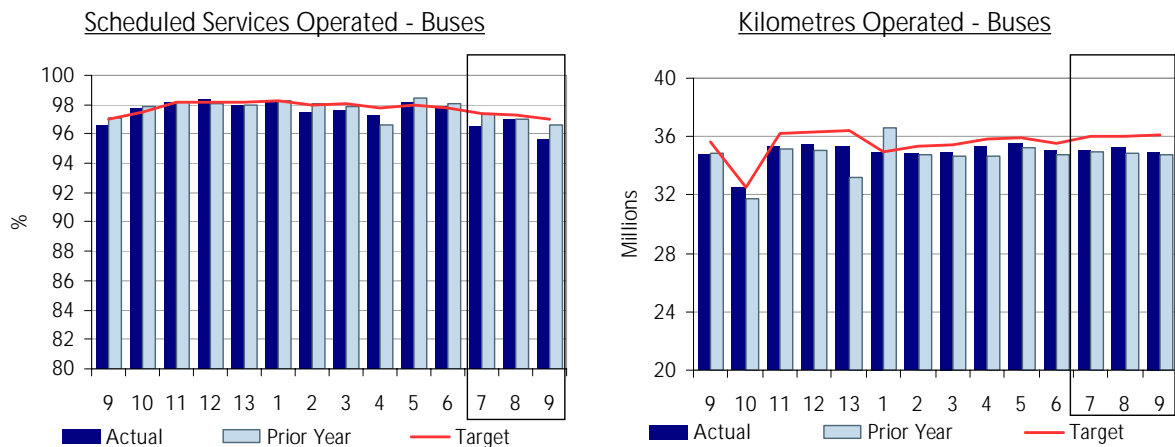


Train Kilometres Operated – London Underground



- 3.2 On the Underground total kilometres operated were little changed on the second quarter, and the percentage of scheduled services operated fell by 0.2 per cent. While the percentage of scheduled services operated was higher than in the same quarter of 2005/06, this was largely due to the impact of the tripcock issue on the Northern line in period 7 of last year when service was suspended from 12 to 15 October.
- 3.3 The trend in terms of signal and points related delays is still worsening, while track related delays appear to be stable. Performance in the last period of the quarter was seriously affected by a failure in the computer signalling system on the Central line following the loading of a new timetable, which disrupted services for four days from 20 November. On the same day an engineering overrun at Tower Hill badly affected services on the Circle and District lines. This coincided with incidents on several other lines and strike action on part of the bus network, causing severe disruption to customer journeys.
- 3.4 The East London line was the best performing line this quarter, operating 99.4 per cent of its schedule over the three periods. Of the major lines, the Victoria was the best performing line in the quarter, with a percentage of schedule operated 1.5 per cent higher than its target of 95.4 per cent, while the Jubilee has been the best performing major line over the year to date averaging 96.7 per cent of schedule. The Northern line continued to suffer disruption due to defective trains and signal failures and remains the worst performing line over the year to date, albeit its performance in the third quarter showed some improvement compared with the first half of the year.

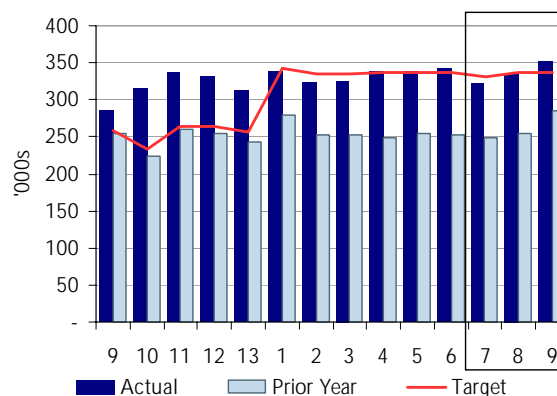
3.5 On the Bus network, levels of service provision this quarter were slightly below target, continuing the steady performance seen since the beginning of the year.



3.6 The percentage of scheduled services operated remained above 96 per cent this quarter, but overall was 0.8 per cent below the target of 97.2 per cent. The percentage of schedule is expected to decline over this quarter due to seasonal variations in road conditions, and this is reflected in the target. Performance over the last five periods has been on average 0.4 per cent lower than the same period last year largely due to the increase in traffic delays discussed below, while the below target performance in the last period of the quarter followed industrial action in November.

3.7 At 105m, kilometres operated were broadly in line with the results from the first and second quarters of this year, though below the target of 108m km for the quarter. The main causes of lost kilometres in the quarter were similar to those from the second quarter of this year. External factors that increased traffic delays, including emergency roadworks and public demonstrations, were responsible for more than three quarters of lost kilometres in the first two periods of the quarter. Losses caused by mechanical faults were low over the course of the quarter, however staff related losses rose sharply in the last period due to industrial action in November.

Train Kilometres Operated – Docklands Light Rail

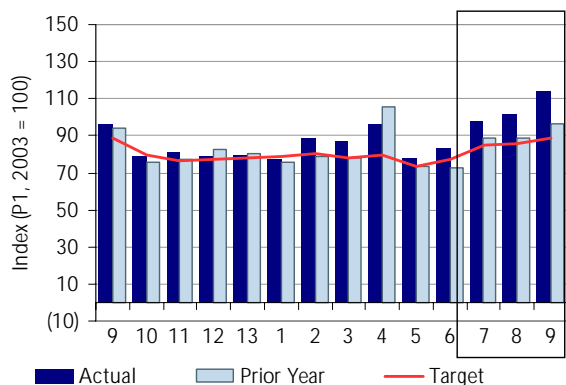


3.8 Continuing the trend seen across the business, levels of service provision on the DLR were also reasonably steady this quarter. Kilometres operated, at 1,010k, were ahead of target for the quarter, and reached record highs in the final period when they reached 353,000km, 17,000 ahead of target.

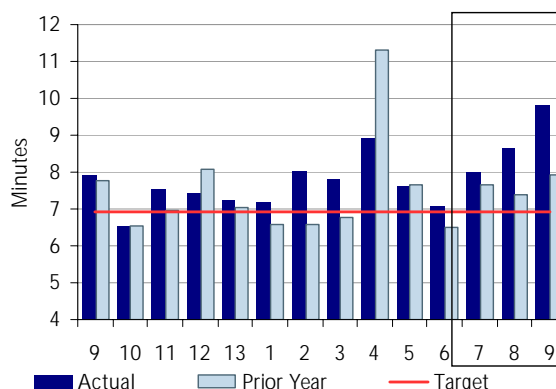
## Service reliability

- 4.1 Following the growth in passenger numbers across the business this quarter, measures of reliability have declined in some areas – particularly those measures that increase when passenger numbers increase such as the Overall Delay Index for all of Transport for London and the Excess Journey Time measure on the Underground.
- 4.2 Other measures that are not affected by increases in passenger numbers were little changed or improved compared to the previous quarter.

Overall Delay- Underground, Buses and Congestion



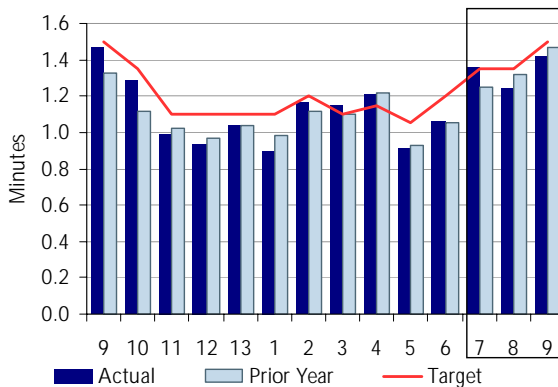
Excess Journey Time – London Underground



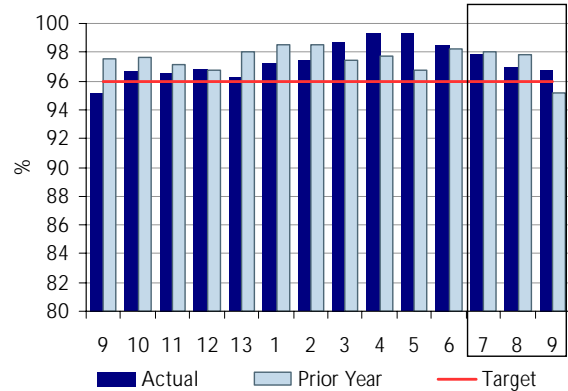
- 4.3 On the Underground excess journey time over the quarter was 1.9 minutes worse than the target of 6.9 minutes. While the growth in demand on the Underground had positive effects on revenue, the associated crowding had negative impacts on journey time. The performance of trains and stations is heavily influenced by demand in the form of increased station congestion, train dwell times and on-train crowding. In addition, the Excess Journey Time measure is weighted by the time spent in crowded conditions to reflect passengers’ added discomfort. The increase this quarter was attributable in large part to this added crowding weighting rather than to a significant worsening in actual journey time. In addition, the high excess journey time in the final period of the quarter reflected a significant increase in the level of disruptions to the train service, most notably the Central line’s signalling problems described in paragraph 3.3 above.
- 4.4 For all of TfL, the increase in the Overall Delay Index to an average of 105 points for the quarter was largely due to the same factors that affected excess journey time on the Underground – a rise in delay times on the Underground compounded by the rise in passenger numbers across all modes.
- 4.5 The Overall Delay Index is a measure of the total delays experienced on the TfL network. It is made up of the total number of passengers and the level of delay experienced by each passenger. Because delays on the Underground increased, and passenger numbers across the network also grew, the sharp rise in the delay index was a compound effect of these increases. This effect was seen most in period 9 when the delay index exceeded 100 points for the first time since period 4 of last year.

4.6 Performance in terms of reliability on the Bus network and the Docklands Light Rail network was more stable compared to the Underground this quarter, and was ahead of target again in both modes.

Excess Wait Time -High Frequency Routes – Buses



On Time Performance – Docklands Light Rail

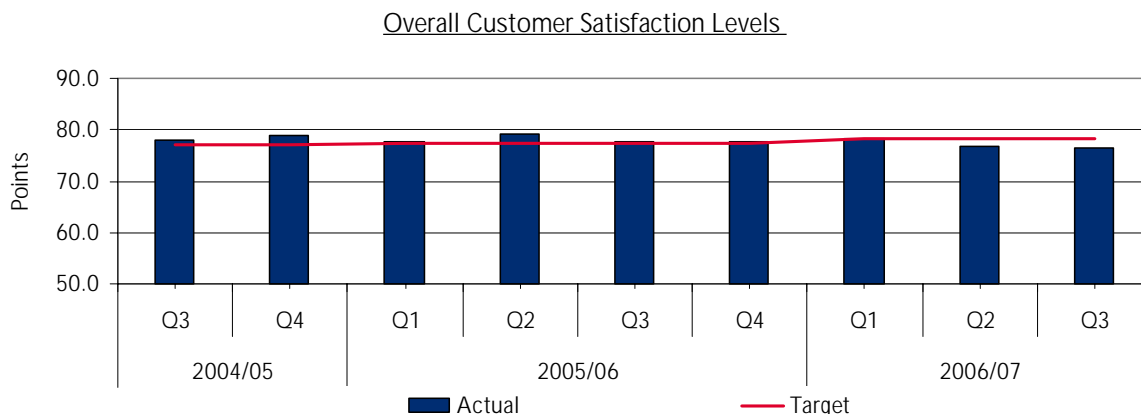


- 4.7 Excess wait time on high frequency bus routes rose this quarter in line with expectations due to the impact of poor weather on operating conditions, but was 0.1 minutes better than the target of 1.4 minutes for the quarter. As has been the case since their introduction, Quality Incentive Contracts are thought to be the most significant element contributing to the better than target performance in this area.
- 4.8 On time performance on the DLR was again better than target – averaging 1.2 per cent higher than the target of 96 per cent for the quarter. This continues the good levels of reliability seen since the re-letting of the franchise.

## Customer

### Customer Satisfaction

- 5.1 Customer satisfaction levels across the Transport for London network this quarter were little changed on second quarter results, down 0.3 points to 76.5 after a slight drop in satisfaction levels on the Bus network.

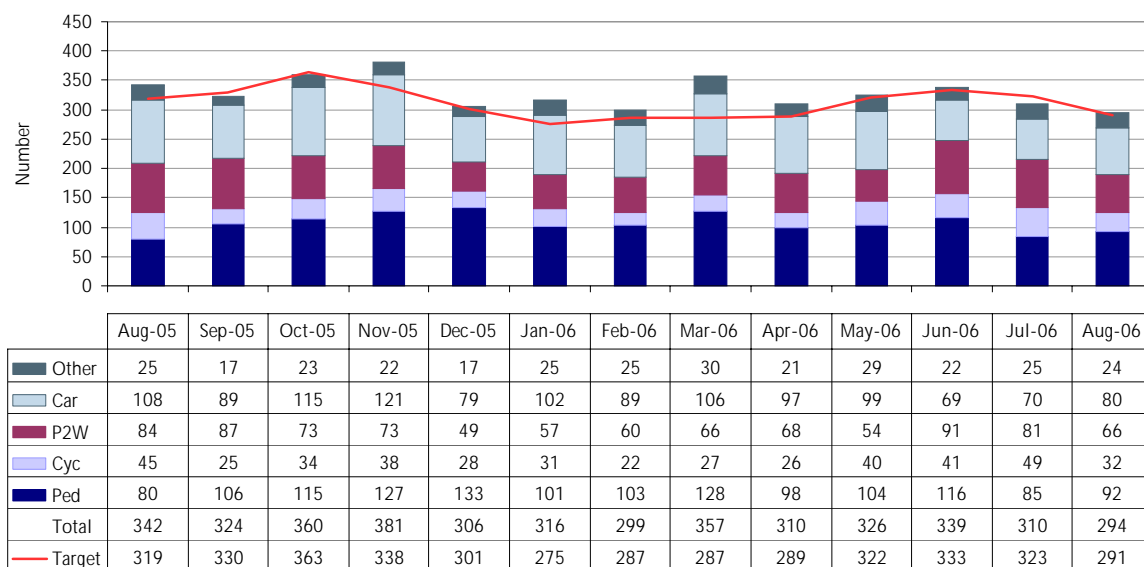


- 5.2 Overall satisfaction levels on the bus network, at 76 points, dropped slightly since last quarter and were two points below the target level of 78. Satisfaction levels related to personal safety and security, reliability, crowding, and information all fell marginally, while satisfaction levels with bus stations and value for money increased by 2 and 3 points respectively.
- 5.3 Customer satisfaction levels on the Underground increased by one point this quarter to 76 points, representing a reversal of the decline seen in the second quarter, though 2 points lower than the same quarter last year. There were significant improvements in the scores for information and staff, offset by a slight decrease in scores for train service partly reflecting the large increase in customer demand seen in the third quarter.
- 5.4 Satisfaction levels on the DLR are still well above target at 96.9 points for the third quarter continuing the trend of high results seen in the past two quarters.

### Safety

5.5 On London Roads the number of killed and seriously injured casualties from June to August 2006 (the latest data available) was 13 per cent lower than the same period last year and 0.5 per cent better than target. For the year to date, the result of 2,551 serious casualties was 272 higher than the result for the same period in 2005, while the year end forecast is 200 higher than the 2005 result. As outlined in the second quarter report, it is believed that these results are partly due to abnormally low results in the period from November 2004 to April 2005. The London Road Safety unit is working closely with the Metropolitan Police Service to determine whether there are any anomalies with the data from this period. However, more recent data shows that long-term trends are still declining in line with expectations to meet the 50 per cent casualty reduction target by 2010.

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



Note: Due to reporting processes and the nature of road traffic accident data results are reported 4 to 5 months in arrears. The most recent data available is for August 2006. Results are also subject to retrospective adjustments.

5.6 The overall number of major injuries and fatalities across the TfL Surface modes is unable to be reported this quarter as there have been issues with the reporting software used to compile incidents data on the bus network. Group Safety Services and Information Management in Surface Transport are addressing these matters and an update on progress will be provided in the next quarterly report.

## Sustainability

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- 6.1 Highlights of TfL initiatives with environmental or social benefits in the third quarter were:
- On 30 October, Mayor Ken Livingstone announced plans to increase the hybrid bus fleet, and also announced the introduction of the world's first hybrid double decker bus. The Bus was displayed at the Bus Expo in November and is due to enter service on route 141 from Wood Green to London Bridge in mid-January.
  - The TfL Board approved plans to set up a Climate Change Fund at its November meeting. The fund, which is £25m over three years, will be operational from April 2007 and will aim to deliver initiatives that contribute to the Mayoral objectives and targets on climate change mitigation that go beyond existing business plans.
  - TfL's Travel Demand Management Unit launched a "Fuel and Fleet Management Guide" in October. The guide provides companies with tools to implement more sustainable transport choices for the management of their fleet vehicles and fuel usage.
  - TfL launched an exhibition to consult Londoners on how a simple, reliable and consistent travel advice system could encourage people to walk more. The exhibition opened in October and will last four months. It is led by the Central London Partnership and funded by TfL, who will use feedback from the consultation to inform the installation of any future pedestrian signage in London.
  - As part of TfL's agenda to ensure supplier diversity (as required by the Sustainable Procurement Policy), requirements were applied to the East London Transit and Road Term Maintenance contracts. In addition, work to secure participation from contractors on the Supplier Relationship Management Frameworks continued: All suppliers agreed to participate and Job Centre Plus agreed to build the supplier diversity approach into their contracting arrangements with suppliers.
- 6.2 In addition, TfL's work to improve sustainability was recognised in several awards:
- TfL's Summer Cycling Campaign, 'You're better off by bike', won "Best Radio Advertisement and Best Outdoor Advertisement Campaign Over £100k" at the first ever national Green Awards.
  - Blackfriars Bridge won the 'Best Cycle Facility 2006' award and was commended for outstanding performance with consultation for the project at the London Cycling Awards from the London Cycling Campaign.
  - The London Construction Consolidation Centre in Bermondsey won an Environmental Improvement Award for its work to reduce the number of trips needed to deliver materials to four building sites in London, at the European Supply Chain Excellence Awards.
  - TfL was awarded accreditation under the Energy Efficiency Accreditation Scheme. The award recognises TfL's commitment to energy efficiency in its Head Office buildings. The award is independently run by the Carbon Trust and audited by the Energy Institute. TfL is one of only 200 organisations from industry, commerce and the public sector who have received an accreditation.

## Section 17 of the Crime and Disorder Act

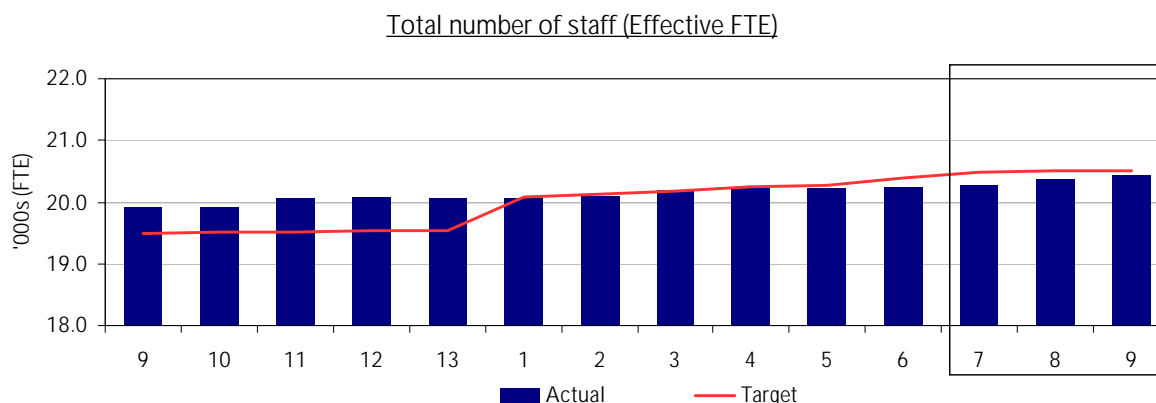
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- 7.1 During the third quarter work continued to further embed the principles of section 17 across the organisation. It is now a requirement that all papers submitted to Streets and Surface Risk, Investment and Strategy Committees (RISC) and the Project Review Group (PRG) address a crime and disorder section. This is an addition to the requirement for all papers submitted to TfL Board, Panel and Committee meetings.
- 7.2 TPED also met with a number of Senior Management Teams across the organisation to further explain the implications and benefits of section 17 for their business areas. The business areas were supportive and are working with TPED to identify any areas that have significant crime and disorder implications. This programme of section 17 presentations will continue over the coming months.
- 7.3 A specific example of the work of TPED with an operational business unit is the recently announced Oyster / Barclaycard Visa partnership project. In this instance the project team contacted TPED seeking advice on how to carry out a crime and disorder risk assessment in relation to the proposal. TPED facilitated a workshop attended by a number of key stakeholders (Oyster, Barclaycard, TranSys, TfL Fraud and Security, Metropolitan Police, British Transport Police, London Underground and TPED) to identify and assess potential risks and mitigation strategies around robbery, theft and fraud. TPED actively encourages business areas to seek this sort of advice and assistance in the early stages of project and policy development.
- 7.4 The development of TfL's Crime and Disorder Reduction Strategy is an integral part of the implementation of Section 17 across the organisation. The Strategy provides the framework for a systematic, coordinated and sustainable approach to improving safety and security on the network. The draft strategy has been approved within TfL and will be released for external consultation in January 2007.

# People

## Staff Numbers

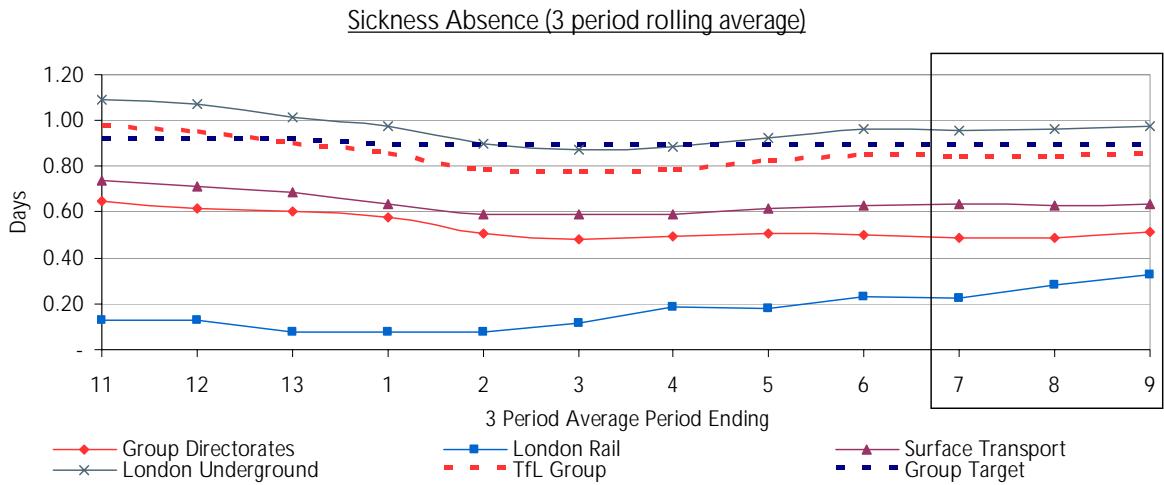
- 8.1 At the end of the third quarter TfL had 20,435 full time equivalent staff (FTE) across the business, 91 FTE below targeted numbers due to below target staff numbers in London Underground, offset by higher numbers in Group Directorates and Surface Transport.



- 8.2 Staff numbers within London Underground were little changed from the second quarter at 13,716 FTE, 469 below the budget of 14,157. The shortfall was greatest in Customer Services, mainly Customer Service Assistants, and in Programmes where new positions remain unfilled. Systematic re-engineering of all high volume recruitment processes is now complete and the intake of Customer Services staff is expected to increase in the fourth quarter.
- 8.3 In Surface Transport, staff numbers at 4,516 were 211 higher than the budget for the year to date of 4,305 FTE. The extra staff were mainly employed on Road Network management projects, IT projects, and in East Thames Buses to operate a bus route formerly run by the Centra company.
- 8.4 Staff numbers in London Rail this quarter were 19 below the target of 204 FTE. The largest shortfall was on the East London Line Extension / North London Railway project due to ongoing difficulties in the recruitment for specialist roles.
- 8.5 Within the Group Directorates, staff numbers at 2,020 were 192 FTE higher than budgeted primarily due to additional staff on the Oyster help desk to ensure that service targets continue to be met, additional staff working on a project to rationalise TfL's customer services activities, and staff in central Human Resources Services to support recruitment activity across the business.

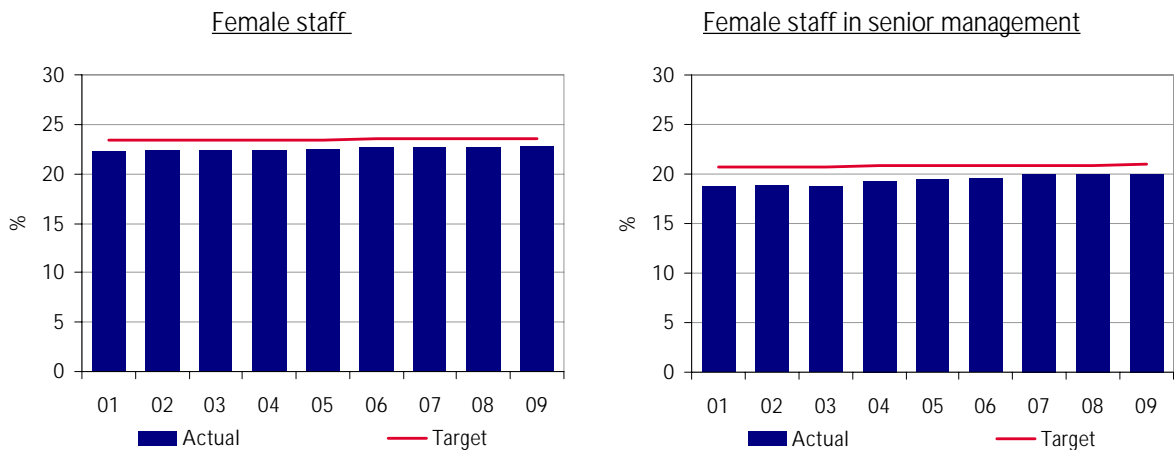
Sickness

8.6 TfL's average sickness absence per employee was stable at 2.57 days per employee for the quarter, 0.1 days better than target.



8.7 Rates of sickness absence remained better than target for the majority of the business, apart from London Underground where rates of absence for operational staff were marginally worse than target. The TfL-wide level of absences was in line with seasonal expectations, and is expected to begin to decline again in the next quarter.

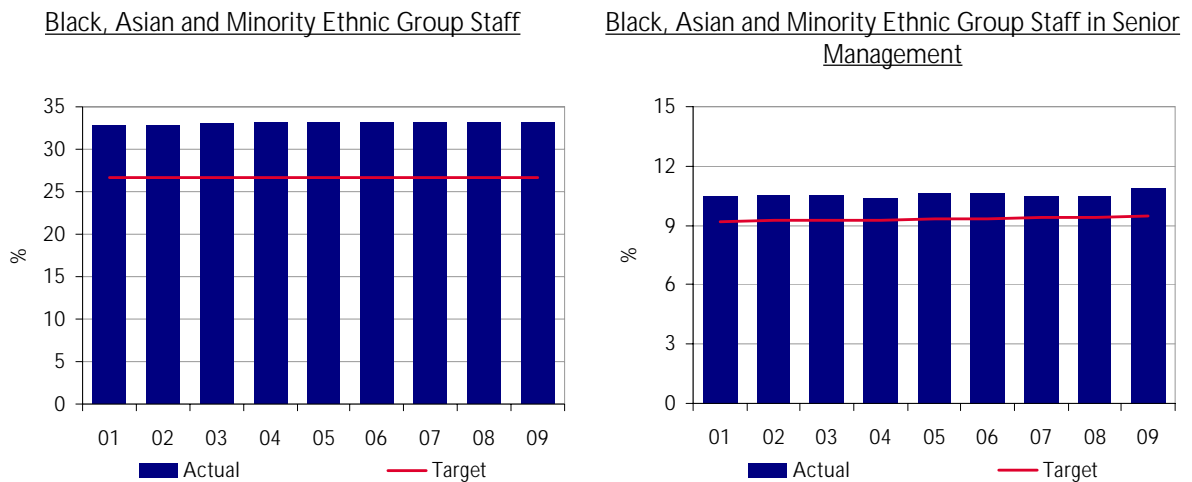
Workforce Composition\*



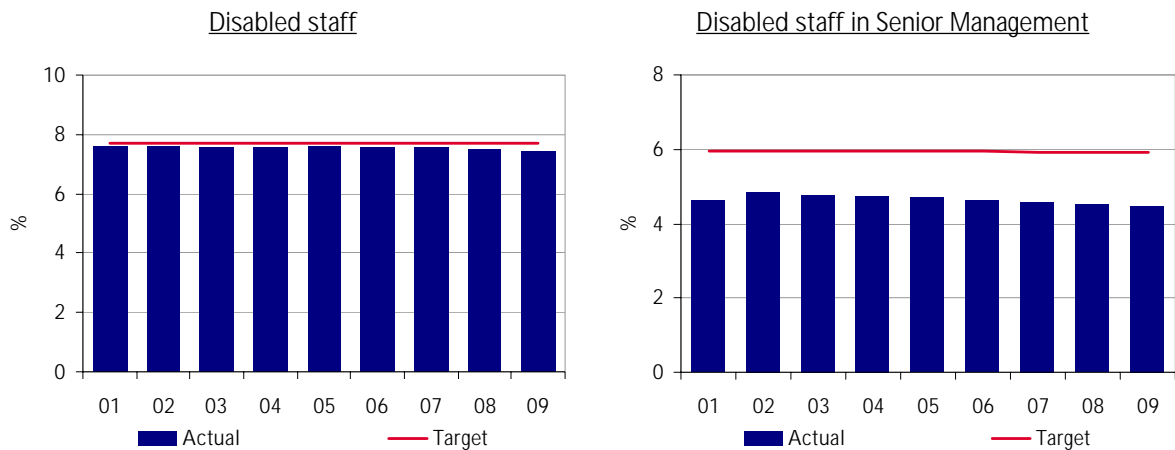
8.8 The percentage of women employed by TfL at 22.8 per cent increased by 0.2 per cent since the end of the second quarter to come in 0.8 per cent below the target of 23.6 per cent. The percentage of women in senior management also improved since the end of the second quarter, up 0.5 per cent from last quarter's result to 20 per cent, only 0.9 per cent below target. As in the second quarter, while the results were behind target, the gradual improvement is encouraging.

\* An error was discovered in relation to certain workforce composition targets as previously reported and has been rectified in this report.

- 8.9 TfL has the ongoing challenge of attracting women into the transport industry, particularly into senior management and specialised job roles. To meet this challenge TfL is currently developing its gender equality scheme and action plan in response to the Gender Equality Duty which comes into effect from April 2007, placing the legal responsibility on TfL to demonstrate that it treats men and women fairly.
- 8.10 Other initiatives across TfL include research examining TfL’s standing as an employer, specifically targeted at equality target groups including women in senior management. This is to explore perceptions of TfL as an employer in order to attract more senior women into the organisation. Further research is underway looking at work-life balance, and the barriers to work-life balance, in order to improve both the recruitment and retention of women.



- 8.11 The percentage of Black, Asian and Minority Ethnic group (BAME) staff across TfL, at 32.9 per cent, was again well above the target of 26.7 per cent. The percentage of BAME staff in senior management at 10.9 per cent was well up on the same quarter last year and 1.5 per cent higher than target. The mentoring programme that began in the second quarter, partly to improve the employment outcomes of BAME staff, has been progressing well. Approximately 47 per cent of participants on the mentoring programme are BAME employees. The programme has had positive qualitative feedback from participants and a review of the mentoring programme is due in March 2007.
- 8.12 In addition, Transport for London launched its first Press Office Internship scheme for aspiring media and public relations professionals from Black, Asian and Minority Ethnic groups during the third quarter. The interns will be recruited for six-month placements in TfL's Press Office, one of the busiest in the UK, covering a city where nearly one-third of the population is from Black, Asian or Minority Ethnic groups. This initiative aims to strengthen opportunities in what has historically been an area under-represented by this group



8.13 The percentage of disabled staff and the percentage of disabled staff in senior management fell by 0.1 per cent this quarter to end 0.2 per cent and 1.5 per cent below target. To increase opportunities for disabled staff within TfL, London Underground has been working closely with Mencap, the United Kingdom’s leading learning disability charity. A number of individuals, supported by volunteer buddies, will start training in January on a work experience programme for disabled people on the Piccadilly Line. Discussions to expand the programme have begun with the Jubilee Line.

## Efficiencies

- 9.1 The efficiencies programme full year target is £170m. This includes £132m of savings sustained from previous years with £38m to be delivered within the 2006/07 financial year.
- 9.2 At the end of the third quarter, the full year forecast is £192m, £22m above target, which is slightly higher than the second quarter forecast of £187m. This has been achieved through greater than expected in-year efficiencies that have more than offset the loss of some recurring efficiencies from previous years.

Efficiency Initiatives £ m	Full Year (Sustained)		Full Year (In Year)		Total	
	Forecast	Var to Budget	Forecast	Var to Budget	Forecast	Var to Budget
Procurement	48	(5)	27	21	75	16
Staff & BIP	23	(1)	1	(1)	24	(2)
Marketing	1	(11)	3	3	4	(8)
Other	8	-	12	7	20	7
<b>Total Back Office</b>	<b>80</b>	<b>(17)</b>	<b>43</b>	<b>30</b>	<b>123</b>	<b>13</b>
Rail	-	-	1	-	1	-
Bus Network	34	4	10	6	44	10
Tube Lines refinancing	-	-	2	-	2	-
LUL Operational Efficiencies	4	-	11	(1)	15	(1)
LUL Communication Infrastructure	-	-	7	-	7	-
<b>Total Operations</b>	<b>38</b>	<b>4</b>	<b>31</b>	<b>5</b>	<b>69</b>	<b>9</b>
<b>Total Cashable (lower than budget)</b>	<b>118</b>	<b>(13)</b>	<b>74</b>	<b>35</b>	<b>192</b>	<b>22</b>

Table may be subject to rounding errors

- 9.3 In-year savings are forecast to out-turn at £74m, £35m over target. This is mainly due to:
- An overall increase of £16m in procurement efficiencies.
  - New marketing efficiencies of £3m due to a refocusing of TfL's marketing strategy which is now based on customer needs rather than operational expectations, and a review of TfL's media buying.
  - A one-off 'other' saving of £3m in respect of reduced insurance costs following annual review.
  - Increased savings through the contracting arrangements relating to the bus network, and additional operational efficiencies as a result of reducing cash on buses.
  - Project efficiencies of £4.3m in respect of the White City development.
- 9.4 Following review, the efficiencies forecast to be sustained from previous years has been reduced by £13m to £118m:
- Procurement has removed £5m from the reporting system where contracts delivering efficiencies have ended.
  - Marketing sustained efficiencies have been reduced by £11m. This is due to higher overall marketing expenditure on public information and awareness campaigns including road safety and ticketing.

- The above reductions are offset by an increase of £4m in bus network contract savings.
- 9.5 All of the initiatives delivering the 2006/07 efficiencies programme are well underway and therefore, there is a relatively high degree of confidence of achieving the year-end forecast of £192m. In addition, there are a number of further initiatives the value and validity of which are being evaluated. If delivered, this will result in the year-end forecast being exceeded.
- 9.6 In addition to the efficiency savings included in the table above, in 2006/07 Group Procurement is programmed to deliver a further £22m of cashable benefits through increased advertising revenue income: £14m in London Underground and £8m in Surface Transport. The effect of both initiatives will deliver £46m of additional advertising revenue per year by 2009/10.

## Financial performance

### Group Highlights

- 10.1 Operating income at the end of the quarter was £44m better than budget, primarily due to higher than expected fares income on the Underground. For the full year this variance is forecast to decrease to £38m above budget. Operating expenditure was £135m lower than budget for the quarter. This variance is forecast to decrease to £119m below budget by year end.
- 10.2 Net capital expenditure at the end of the quarter was £11m (3 per cent) lower than budget after taking into account overprogramming reductions and capital receipts and reimbursements from third parties. Net capital expenditure for the full year after overprogramming is forecast to be £3m lower than budget, reflecting good expectations of project delivery.
- 10.1 Further detail regarding investment activity is available in the Third Quarter Investment Programme Report.

Net Service Expenditure £m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
<b>Operating Budget</b>					
Income	(2,042)	(44)	(2,976)	(2,939)	(38)
Operating Expenditure	3,550	(135)	5,283	5,402	(119)
<b>Net Operating Expenditure</b>	<b>1,508</b>	<b>(179)</b>	<b>2,306</b>	<b>2,463</b>	<b>(157)</b>
<b>Capital Budget</b>					
Capital Expenditure	471	(97)	733	840	(106)
Overprogramming (Group only)	-	48	-	(70)	70
<b>Capital Expenditure after overprogramming</b>	<b>471</b>	<b>(48)</b>	<b>733</b>	<b>770</b>	<b>(36)</b>
Capital Receipts & Reimbursements	(98)	37	(195)	(229)	34
<b>Net Capital Expenditure</b>	<b>374</b>	<b>(11)</b>	<b>538</b>	<b>541</b>	<b>(3)</b>
Interest Income	(45)	(6)	(65)	(53)	(13)
Debt Serving Payments	40	(13)	58	85	(27)
<b>Net Interest Income</b>	<b>(5)</b>	<b>(19)</b>	<b>(7)</b>	<b>32</b>	<b>(39)</b>
Contingency	-	-	26	26	-
<b>Net Service Expenditure</b>	<b>1,877</b>	<b>(210)</b>	<b>2,864</b>	<b>3,062</b>	<b>(199)</b>

Tables may be subject to rounding errors

- 10.2 A modal summary of financial performance is provided in Annex Two.

## Revenue Income

- 10.3 Total income for the year to date, at £2,042m, was £44m better than budget, mainly due to higher than expected fares income on the Underground. Overall income for the full year is forecast to be £38m higher than budget.

Prior Yr YTD	Income £m	Year to Date		Full Year		
		Actual	Variance to Budget	Forecast	Budget	Variance to Budget
(904)	Underground Fare Income	(989)	(52)	(1,423)	(1,372)	(51)
(648)	Bus Network Fare Income	(682)	(4)	(1,004)	(1,004)	-
(175)	Congestion Charging Income	(173)	4	(258)	(260)	2
(208)	Other Income	(197)	8	(292)	(303)	11
(1,934)	<b>Total Income</b>	<b>(2,042)</b>	<b>(44)</b>	<b>(2,976)</b>	<b>(2,939)</b>	<b>(38)</b>

Table may be subject to rounding errors

- 10.4 Fare income on the Underground rose again this quarter to be £52m better than budget for the year to date, driven by the strong passenger growth discussed earlier in the report. This variance is not expected to rise further by year end due to an increased expectation of an adverse Travelcard apportionment adjustment reflecting the continuing change in customer ticket purchasing and usage patterns following the introduction of Oyster, combined with the impact of the January 2007 fare changes.
- 10.5 Bus network fare income was also ahead of budget for the year to date following the growth in passenger numbers in the second half of the year and a different mix of tickets to that expected. For the full year income is forecast to be in line with budget.
- 10.6 Congestion Charging income at £173m was £4m lower than budget, largely unchanged on last year, and is expected to be £2m lower than budget by year end. The impact of Pay Next Day on Congestion Charging income continues to be monitored. When it was first implemented in June 2006 the number of Penalty Charge Notices issued fell by between 15 and 20 per cent. However, recent trends suggest that this effect has now diminished with current reductions now between 10 and 15 per cent.
- 10.7 In other income, £197m for year to date was £8m lower than budget, predominantly a result of lower advertising income due to a later than expected start of the new advertising contract, lower Victoria Coach station ticket sales, lower TPED enforcement income and lower DLR fares income partly offset by higher than expected Bus advertising income. The variance for the full year is forecast to be £11m lower than budget, reflecting the full year impact of the above variances.

## Operating Expenditure

- 10.8 Total operating expenditure at the end of the third quarter was £135m lower than budget. This result was due to lower expenditure in London Underground, and to a lesser extent Surface Transport, offset by higher than budgeted expenditure within the Group Directorates.

10.9 For the full year the variance is forecast to decrease to £119m lower than budget.

Prior Yr YTD	Operating Expenditure £m	Year to Date		Full Year		
		Actual	Variance to Budget	Forecast	Budget	Variance to Budget
1,624	London Underground	1,729	(102)	2,553	2,655	(102)
1,445	Surface Transport	1,573	(35)	2,347	2,388	(41)
63	London Rail	85	0	130	126	3
134	Group Directorates	164	2	253	233	20
<b>3,267</b>	<b>Total Operating Expenditure</b>	<b>3,550</b>	<b>(135)</b>	<b>5,283</b>	<b>5,402</b>	<b>(119)</b>

Table may be subject to rounding errors

- 10.10 Operating expenditure in London Underground was £102m lower than budget for the year to date and is forecast to be £102m below budget for the full year. The variances are largely a consequence of reduced performance and other payments to Infracos, down by £65m against budget for the year to date and by £86m for the full year, the principal causes being late completion of station projects by Metronet and poor availability performance on the Northern, Victoria and Sub Surface lines. There are also savings in insurance, electricity and other costs.
- 10.11 Within Surface Transport expenditure for the year to date was £35m below budget. The majority of this variance is due to efficiencies - reflecting lower than expected contract price increases from re-tendering or route revisions on the bus network. The variance is forecast to increase to £41m lower than budget by year end primarily reflecting the full year effect of contract savings.
- 10.12 Operating expenditure in London Rail was in line with budget at the end of the quarter. However, the outturn at year end is forecast to be £3m higher than budget mainly due to the acceleration of the project programme for Stratford International.
- 10.13 Expenditure within the Group Directorates was £2m higher than budget for the year to date, mainly due to the incorrect budget phasing of Borough partnership projects offset by higher than budget expenditure on IM business improvement initiatives and the Oyster helpdesk to improve service quality. The forecast increase in expenditure to £20m above budget by year end is primarily related to higher than expected expenditure on IM-based service delivery improvement initiatives.

## Capital Expenditure

- 10.14 Net capital expenditure for TfL for the year to date was £374m, just 3 per cent or £11m lower than budget. By year end net capital expenditure is forecast to be broadly in line with budget, reflecting lower than budget capital expenditure combined with lower than expected capital receipts and reimbursements.

Prior Yr YTD	Capital Expenditure £m	Year to Date		Full Year		
		Actual	Variance to Budget	Forecast	Budget	Variance to Budget
233	London Underground *	181	(77)	305	383	(78)
192	Surface Transport *	161	2	227	246	(19)
52	London Rail	114	(17)	172	182	(10)
4	Group Directorates	15	(4)	30	28	2
-	Overprogramming (Group only)	-	48	-	(70)	70
481	Capital Expenditure after overprogramming	471	(48)	733	770	(36)
(107)	Capital Receipts & Reimbursements	(92)	41	(150)	(196)	46
(1)	Property Sales	(5)	(4)	(45)	(33)	(12)
231	Net Capital Expenditure	374	(11)	538	541	(3)

\* Shown after delegated overprogramming

Table may be subject to rounding errors

- 10.15 In London Underground, capital expenditure for the year to date was £77m lower than budget, with this difference forecast to show little change by year end. The primary causes of the year to date result were lower than budget spending on the Channel Tunnel Rail Link works at Kings Cross after delays on phase 2 (offset by lower capital receipts), lower spending on London Underground managed major power works due to the scoping phase being incomplete, and lower spending on station accessibility and congestion relief projects.
- 10.16 Capital expenditure in Surface Transport was £2m higher than budget for the year to date and is forecast to be £19m lower than budget by year end due to delays to Transport for London Road Network improvement projects and re-scheduling of some Congestion Charging projects and East London Transit into 2007/08.
- 10.17 London Rail capital expenditure was £17m below budget for the year to date, with the variance expected to decrease to £10m lower than budget by year end. The shortfall against budget for the year to date was due to lower expenditure on DLR upgrades and the East London Line Extension, the variance is forecast to decrease due to rephasing of East London Line expenditure and expenditure on Olympic railcars that has been brought forward from future years.
- 10.18 Group directorate capital expenditure was £4m below budget for the year to date mainly due to different phasing of the design stage of the London Transport Museum upgrade and delays to the real time integration project. For the full year capital expenditure is forecast to be slightly over budget partly due to unbudgeted accommodation strategy costs.

## Balance sheet

Transport for London Group Balance Sheet at end of Period 9 £m	Variance to Budget
Fixed Assets - lower than budget	24
Debtors and Payments in Advance - higher than budget	(50)
Cash - higher than budget	(367)
Creditors - higher than budget	191
Prudential Loans	-
Deferred Capital Grant - lower than budget	(235)
Provisions - higher than budget	57
<b>Total Net Assets - higher than budget</b>	<b>(380)</b>

- 11.1 Fixed Asset additions are covered in detail in the Investment Programme Report. The lower than budget variance for the year to date includes £29m for delays to LU asset disposals.
- 11.2 The £50m increase in debtors and payments in advance is largely within TfL and is made up of £30m of accrued interest receivable and a £10m prepayment of insurance premium.
- 11.3 The £191m higher creditor balances are largely accounted for within LUL where the ongoing negotiations in respect of Central Line rolling stock and Connect PFI claims have pushed accruals up by £69m and £47m respectively. In addition, the extra PPP fixed assets and changes to the profiling of ISC payments have increased the Finance Lease Creditor balance £92m above budget. Elsewhere across the Group higher accruals (e.g. for Borough works) have been offset lower trade creditors (e.g. Bus Network Operators) and lower payroll creditors.

Transport for London Group Balance Sheet Forecast for the Year End £m	Variance to Budget
Fixed Assets - higher than budget	(197)
Debtors and Payments in Advance - lower than budget	21
Cash - higher than budget	(375)
Creditors - higher than budget	387
Prudential Loans	-
Deferred Capital Grant - lower than budget	(297)
Provisions - higher than budget	83
<b>Total Net Assets - higher than budget</b>	<b>(378)</b>

- 11.4 Fixed asset additions are covered in detail in the Investment Programme Report. The higher than budget result is also affected by a delay in asset disposals of £44m in Street Management.
- 11.5 The movement on debtors includes £9m relating to property sales to Ealing Council. (Note: these were concluded at the end of last year, after the budget had been set, thus affecting the opening balance sheet). Creditors are £387m over budget, of which £318m relates to the PPP Finance Lease creditor in respect of higher fixed assets of £264m and £55m is for related interest charges. LU is also forecasting higher year end creditors for delays in negotiations on the Central Line rolling stock (£69m) and Connect PFI (£16m). The remaining reduction of £16m is spread across the other modal companies, representing small variances to trade creditors and accruals.

- 11.6 The quarter 3 forecast includes a review of likely year-end provision requirements, resulting in an increase over budget of £83m.

## Cash summary

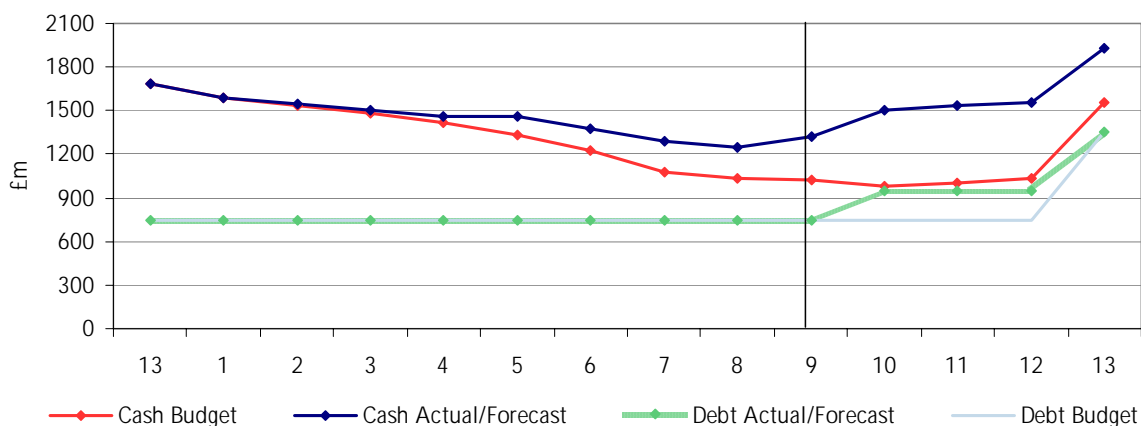
### Cash Balances

- 12.1 Net cash at 9 December 2006 amounted to £572m comprising £1,318m cash balances less outstanding debt of £746m.

### Cash Balances and Debt

- 12.2 Year-end net cash is forecast at £578m comprising £1,928m cash balances (budget £1,553m) less debt of £1,350m (budget £1,350m), representing an increase on budget of £375m. The £604m planned borrowing for this year comprises £200m raised from the third tranche of bonds issued under the medium term note programme in December, £64m in March from the committed European Investment Bank credit line and £340m to be raised before the end of the financial year, likely to be from the Public Works Loan Board.
- 12.3 The graph below shows the actual/forecast cash balances and debt compared to budget at each period end throughout the year.

Cash and Debt Balances 2006/07



### Performance

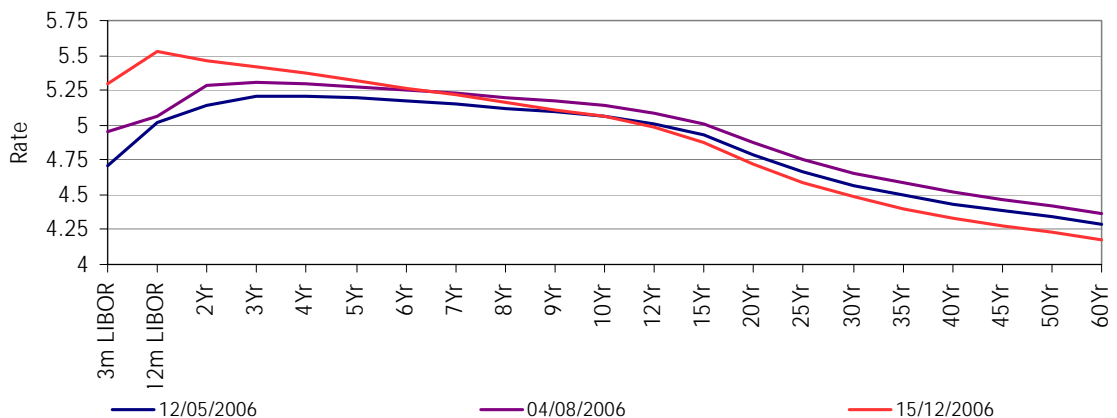
- 12.4 Performance against the earnings benchmark (the average of 3 month’s London Interbank Offered Rate (LIBOR) minus 15 basis points) is tabled below. TfL has dropped below this benchmark in the last three periods, within a range of 2 – 10 basis points. This was caused by a lag behind recent interest rate rises as funds invested to longer maturities do not benefit from the increase in rates. We should expect to see performance relative to benchmark improve once those investments mature and are reinvested (average investment maturity is 3-4 months). The average yield for the year to date is 4.68 per cent, 3 basis points above benchmark.

12.5 Results for the last three periods are noted in the table below:

Treasury Management Yield % Period End:	Period 7	Period 8	Period 9	Year to Date Actual	Year to Date Budget
Benchmark	4.76%	4.87%	4.96%	4.65%	
Average Rate of Return	4.74%	4.80%	4.86%	4.68%	4.59%
Variance to Benchmark (lower) / higher	(0.02)	(0.07)	(0.10)	0.03	
Interest Earned, Period	£4.7m	£4.5m	£4.5m		
Interest Earned, Year to Date	£36.1m	£40.6m	£45.1m	£45.1m	£38.7m

12.6 The yield curve shows an increase in rates up to maturities of 12 months, perhaps pricing in an expectation of further interest rate increases. Beyond that point, rates decline as the demand for long-dated investments remains very strong. This means there is currently no benefit for investing longer than 12 months which is in line with TfL's current investment strategy.

Yield Curve: Week ending 12 May 2006 to 15 December 2006



## Annex One: Performance summary

2006/07 Key Performance Indicator	Unit	Quarter 3				Full Year			
		Actual	Target	Var	PY	F'cast	Target	Var	PY
<b>SERVICE DEMAND</b>									
Passenger Journeys - TfL Group	m	721.7	704.9	16.8	702.2	2,969.3	2,945.4	23.9	2,865.5
Passenger Journeys - LUL	m	258.1	237.8	20.3	235.8	1,033.9	980.0	53.9	971.1
Passenger Journeys - Buses	m	441.5	445.9	(4.4)	447.4	1,870.0	1,876.0	(6.0)	1,815.7
Passenger Journeys - DLR	m	15.0	15.6	(0.6)	12.9	61.6	64.2	(2.6)	53.9
Passenger Journeys - Trams	m	6.1	No Target	-	5.3	**	No Target	-	20.8
Coach Departures - Victoria Coach Station	'000s	42.0	44.8	(2.8)	44.2	195.0	195.0	-	198.6
Passenger Journeys (excl multi stop) - River Services	'000s	381	300	81.0	315	1,996	1,900	96.0	1,849
Passenger Journeys (multi stop) - River Services	'000s	159	116	42.7	125	608	500	108.0	524
Total Trips - Dial a Ride	'000s	288	350	(62)	296	1,234	1,519	(285)	1,234
Cycle usage on TLRN (Index = 100) - Road Network	Index	191.2	191.4	(0.2)	179	183	185	(2.0)	172
Traffic into Central London - Road Network	Index	101	No Target	-	n/a	**	No Target	-	n/a
<b>SERVICE PROVISION (SUPPLY)</b>									
% Scheduled Services Operated - LUL	%	94.0	95.2	(1.2)	93.3	94.6	95.2	(0.6)	93.6
% Trains Operated in Peak Hours - LUL	%	96.7	96.7	0.0	95.5	**	96.7	-	95.2
Train Kilometres Operated - LUL	m	16.2	16.6	(0.4)	15.9	70.1	70.9	(0.8)	68.8
% Scheduled Services Operated - Buses	%	96.4	97.2	(0.8)	97.0	97.5	97.8	(0.3)	97.7
Bus Kilometres Operated - Buses	m	105.3	108.1	(2.8)	104.7	458.1	465.6	(7.5)	454.1
% Scheduled Services Operated - DLR	%	99.2	98.0	1.2	98.7	98.8	98.0	0.8	98.7
Train Kilometres Operated - DLR	'000s	1,010	1,006	4	791	4,336	4,350	(14)	3,629
% Scheduled Services Operated - Trams	%	97.7	98.0	(0.3)	98.2	**	98.0	-	97.4
% Scheduled Services Operated - River Services	%	98.7	98.5	0.2	97.9	96.9	98.5	(1.7)	98.3
No. of Taxi Drivers Licensed - PCO	#	24.66	24.70	(0.04)	24.7	24.8	24.7	0.1	24.7
No. of Private Hire Drivers Licensed - PCO	#	34.6	34.0	0.6	24.2	36.0	36.0	-	28.8
<b>RELIABILITY</b>									
Overall Delay (Index) - TfL Group	#	104.5	86.4	18.1	91.2	**	81.1	-	82.8
Excess Journey Time (Weighted) - LUL	Mins	8.8	6.9	1.9	7.65	**	6.92	-	7.47
Peak Train Cancellations, Due to ONAs - LUL	%	0.1	0.6	(0.5)	0.3	**	0.6	-	0.2
PPP Availability, Lost Customer Hours - LUL	m	4.45	3.64	0.81	4.14	**	15.84	-	13.76
Excess Wait Time, High Freq Routes - Buses	Mins	1.3	1.4	(0.1)	1.3	1.1	1.2	(0.1)	1.1
On Time Performance, Low Freq Routes - Buses	%	75.0	74.2	0.8	73.6	77.4	76.9	0.5	77.2
On Time Performance, Night buses - Buses	%	85.0	81.5	3.5	83.5	84.1	81.9	2.2	83.6
On Time Performance - DLR	%	97.2	96.0	1.2	97.0	97.3	96.0	1.3	97.3
Traffic Signals Operating Effectively - Road Network	%	99.1	98.4	0.7	98.8	**	98.4	-	98.6
Congestion Level in Central London - Road Network	Mins/km	2.2	No Target	-	1.8	**	No Target	-	1.8
<b>SAFETY</b>									
Major Injuries & Fatalities - London Underground	#	48	No Target	-	35	**	No Target	-	129
Major Injuries & Fatalities - Buses	#	n/a	No Target	-	656	709	No Target	-	1,927
Major Injuries & Fatalities - DLR	#	1	No Target	-	4	**	No Target	-	16
KSI, Total Londonwide - Road Network ++	#	943	948	(5)	1082	3,850	3,588	262	3,650
KSI, Total TLRN - Road Network ++	#	296	266	30	307	1,130	996	134	1,024
KSI, Powered 2-Wheel Riders - Road Network ++	#	238	226	12	276	**	788	-	845
KSI, Children - Road Network ++	#	107	110	(3)	108	**	359	-	355

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

n/a No data available

\*\* Not forecasted

++ Due to the reporting process and nature of road traffic accident data, it will always be reported 4 to 5 months in arrears. Results for the second quarter are the sum of June, July and August 2006, with August being the most recently reported data available.

Table may be subject to rounding errors

## Annex One: Performance summary (continued)

2006/07 Key Performance Indicator	Unit	Quarter 3				Full Year			
		Actual	Target	Var	PY	F'cast	Target	Var	PY
<b>CUSTOMER SATISFACTION</b>									
Overall Customer Satisfaction - TfL Group	Score	76.5	78.3	(1.8)	79.0	**	78.3	-	77.7
Customer Satisfaction - LUL									
Overall	Score	76	78	(2)	78	**	78	-	78
Crowding	Score	71	68	3	73	**	68	-	74
Safety & Security	Score	80	80	-	81	**	80	-	81
Information	Score	79	78	1	80	**	78	-	79
Customer Satisfaction - Buses									
Overall	Score	76	78	(2)	79	78	78	-	78
Crowding	Score	76	78	(2)	80	**	78	-	78
Safety & Security	Score	80	82	(2)	n/a	**	82	-	n/a
Information	Score	73	75	(2)	75	75	75	-	74
Reliability Journey Waiting Time	Score	78	80	(2)	82	80	80	-	81
Customer Satisfaction - DLR									
Overall	Score	97	90	7	95	90	90	-	95
Information	Score	97	90	7	95	90	90	-	96
Safety & Security	Score	95	90	5	88	90	90	-	91
Overall Customer Satisfaction - Trams	Score	83	86	(3)	86	**	86	-	85
Overall Customer Satisfaction - Dial-A-Ride	Score	91	93	(2)	80	93	93	-	89
Overall Customer Satisfaction - Victoria Coach Station	Score	79	78	1	77	76	78	(2)	79
<b>FINANCIAL EFFICIENCY</b>									
Cost per passenger Kilometre - LUL	pence/km	26.7	27.4	(0.6)	24.0	27.0	29.1	(2.1)	26.2
Income per passenger Kilometre - LUL	pence/km	(19.2)	(20.0)	0.8	(19.1)	(19.9)	(20.8)	0.9	(18.9)
Cost per passenger Kilometre - Buses	pence/km	23.0	23.8	(0.8)	21.2	23.4	24.4	(1.0)	24.9
Income per passenger Kilometre - Buses	pence/km	(14.1)	(14.6)	0.5	(13.0)	(14.4)	(15.1)	0.7	14.0
Cost per Trip - Dial-A-Ride	£	22.5	16.7	5.8	18.7	22.2	16.7	5.5	19.1
() Variance is above budget for income and below budget for costs									
<b>PEOPLE</b>									
Number of Staff - TfL Group	FTE	20,435	20,518	(83)	19,908	**	20,490	-	20,069
Sickness Absence per Employee (better than target)									
TfL Group	Days	2.57	2.67	(0.10)	3.13	**	11.6	-	12.6
LUL	Days	2.93	2.85	0.08	3.39	**	12.4	-	13.7
Surface Transport	Days	1.91	2.37	(0.46)	2.69	**	10.3	-	11.0
London Rail	Days	0.98	1.74	(0.76)	0.36	**	7.5	-	2.4
Group Directorates	Days	1.54	1.74	(0.20)	2.27	**	7.6	-	9.1
% of Women Staff - TfL Group	%	22.8	23.6	(0.8)	22.1	n/a	23.7	-	22.3
% of BAME Staff - TfL Group	%	33.1	26.7	6.4	n/a	n/a	27.0	-	n/a
% of Disabled Staff - TfL Group	%	7.4	7.7	(0.3)	n/a	n/a	7.7	-	n/a
% of Women Staff in Senior Mgt - TfL Group	%	20.0	20.9	(0.9)	20.2	n/a	21.1	-	20.4
% of BAME Staff in Senior Mgt - TfL Group	%	10.9	9.5	1.4	8.1	n/a	9.6	-	8.9
% of Disabled Staff in Senior Mgt - TfL Group	%	4.5	5.9	(1.5)	n/a	n/a	5.9	-	n/a

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

FTE = Full Time Equivalent

n/a No data available

\*\* Not forecasted

Table may be subject to rounding errors.

An error was discovered in relation to certain workforce composition targets as previously reported and has been rectified in this report.

## Annex Two: Modal summary of financial performance

Net Service Expenditure £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
<b>Income</b>						
London Underground	(1,058)	(1,011)	(48)	(1,527)	(1,477)	(50)
Surface Transport	(932)	(937)	5	(1,372)	(1,386)	14
London Rail	(38)	(40)	2	(56)	(58)	3
Group Directorates	(14)	(10)	(3)	(22)	(17)	(5)
	<i>(2,042)</i>	<i>(1,998)</i>	<i>(44)</i>	<i>(2,976)</i>	<i>(2,939)</i>	<i>(38)</i>
<b>Operating Expenditure</b>						
London Underground	1,729	1,831	(102)	2,553	2,655	(102)
Surface Transport	1,573	1,607	(35)	2,347	2,388	(41)
London Rail	85	85	-	130	126	3
Group Directorates	164	162	2	253	233	20
	<i>3,550</i>	<i>3,686</i>	<i>(135)</i>	<i>5,283</i>	<i>5,402</i>	<i>(119)</i>
<b>Net Operating Expenditure</b>	<b>1,508</b>	<b>1,688</b>	<b>(179)</b>	<b>2,306</b>	<b>2,463</b>	<b>(157)</b>
<b>Capital Expenditure</b>						
London Underground	181	258	(77)	305	383	(78)
Surface Transport	161	159	2	227	246	(19)
London Rail	114	132	(17)	172	182	(10)
Group Directorates	15	20	(4)	30	28	2
	<i>471</i>	<i>568</i>	<i>(97)</i>	<i>733</i>	<i>840</i>	<i>(106)</i>
<b>Capital Receipts &amp; Reimbursements</b>						
London Underground	(86)	(124)	38	(178)	(209)	30
Surface Transport	(7)	(4)	(3)	(7)	(6)	(1)
London Rail	(1)	(1)	(1)	(4)	(3)	(0)
Group Directorates	(4)	(7)	3	(6)	(11)	4
	<i>(98)</i>	<i>(135)</i>	<i>37</i>	<i>(195)</i>	<i>(229)</i>	<i>34</i>
Overprogramming	-	(48)	48	-	(70)	70
<b>Net Capital Expenditure</b>	<b>374</b>	<b>384</b>	<b>(11)</b>	<b>538</b>	<b>541</b>	<b>(3)</b>
<b>Group Items</b>						
Interest Income	(45)	(39)	(6)	(65)	(53)	(13)
Debt Servicing Payments	40	53	(13)	58	85	(27)
Contingency	-	-	-	26	26	-
<b>Net Service Expenditure</b>	<b>1,877</b>	<b>2,087</b>	<b>(210)</b>	<b>2,864</b>	<b>3,062</b>	<b>(199)</b>

(-) Variance is an above budget for income and below budget for expenditure.

Table may be subject to rounding errors

## Annex Three: Balance sheet

Balance Sheet £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
<b>Fixed Assets</b>						
Tangible Assets	14,926	14,950	24	15,461	15,264	(197)
<b>Current Assets</b>						
Stocks	5	5	-	5	5	-
Debtors	246	244	(2)	234	268	34
Payments in Advance	148	100	(48)	126	113	(13)
Cash at Bank and in Hand	1,318	951	(367)	1,928	1,553	(375)
<b>Current Liabilities</b>						
Revenue	(912)	(788)	124	(895)	(830)	65
Receipts in Advance	(145)	(177)	(32)	(206)	(182)	24
Capital	(134)	(126)	8	(137)	(157)	(20)
<b>Long Term Liabilities</b>						
Balances with Infracos	(1,994)	(1,902)	92	(2,433)	(2,114)	319
Prudential Loans	(746)	(746)	-	(1,350)	(1,350)	-
Creditors Due after One Year	(382)	(383)	(1)	(382)	(383)	(1)
Capital Grants	(7,096)	(7,331)	(235)	(6,648)	(6,945)	(297)
Pension Provision	(770)	(770)	-	(770)	(770)	-
Other Provisions	(316)	(259)	57	(308)	(225)	83
<b>Total Net Assets</b>	<b>4,148</b>	<b>3,768</b>	<b>(380)</b>	<b>4,625</b>	<b>4,247</b>	<b>(378)</b>
<b>Capital and Reserves</b>						
Earmarked Reserves	716	362	(354)	1,379	1,069	310
Pension Reserves	(770)	(770)	-	(770)	(770)	-
General Fund	150	150	-	150	150	-
Other Reserves	4,052	4,026	(26)	3,866	3,798	68
<b>Total Capital Employed</b>	<b>4,148</b>	<b>3,768</b>	<b>(380)</b>	<b>4,625</b>	<b>4,247</b>	<b>(378)</b>

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

**Annex Four: Cash summary**

Cash Summary £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Net Revenue Expenditure	(1,503)	(1,703)	(200)	(2,299)	(2,521)	(222)
Working Capital Movements	(20)	(166)	(146)	109	(17)	(126)
<b>Cash Spend on Operating Activities</b>	<b>(1,523)</b>	<b>(1,869)</b>	<b>(346)</b>	<b>(2,190)</b>	<b>(2,538)</b>	<b>(348)</b>
Net Capital Expenditure	(471)	(520)	(49)	(759)	(770)	(11)
Working Capital Movements	8	-	(8)	(20)	(69)	(49)
<b>Cash Spend on Capital Activities</b>	<b>(463)</b>	<b>(520)</b>	<b>(57)</b>	<b>(779)</b>	<b>(839)</b>	<b>(60)</b>
<b>Funded by:</b>						
Transport Grant	1,511	1510	(1)	2399	2398	(1)
Precept Funding	8	8	-	12	12	-
Prudential Borrowing				604	604	
Third Party Contributions	98	135	37	195	229	34
<b>Total Funding</b>	<b>1,617</b>	<b>1,653</b>	<b>36</b>	<b>3,210</b>	<b>3,243</b>	<b>33</b>
<b>Net Movement in Cash</b>	<b>(369)</b>	<b>(736)</b>	<b>(367)</b>	<b>241</b>	<b>(134)</b>	<b>(375)</b>

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

**Annex Five: Cash balances**

Approved Investments and Cash £m Period End	Period 7 17 Sept – 14 Oct	Period 8 15 Oct – 11 Nov	Period 9 12 Nov – 9 Dec
Approved Investments and Cash			
Budget	1,074	1,038	1,021
Cash Balances	1,292	1,252	1,318
Increase/(Decrease)	218	214	297
Net Cash Balances comprise			
Investments	1,234	1,195	1,262
Investments – Guernsey	35	33	34
Cash & Credits in Transit	23	24	22
Investment Profile			
Up to 1 month	69	76	83
1-2 months	16	16	16
2-3 months	65	30	50
3-4 months	48	99	79
4-5 months	-	-	60
5-6 months	57	70	105
>6 months	979	904	869

Table may be subject to rounding errors