Transport for London

Operational and Financial Report

Second quarter, 2006/07

MAYOR OF LONDON

Transport for London

Cover Image: The Tour of Britain in full flight outside Buckingham Palace, 20 September 2006

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Operational and Financial Report

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Performance highlights

1.1 Key highlights and performance issues in the second quarter of 2006/07 were as follows:

- Overall passenger demand continues to grow year on year, although direct comparisons with the second quarter of 2005/06 are not possible due to the tragic events of July last year. The growth in demand was led by passenger journeys on the Underground that were ahead of target.
- Service provision this quarter improved compared to the first quarter and the previous year, and was close to target across the business overall. Reliability and service provision on the Docklands Light Rail (DLR) were at record high levels.
- Transport for London scooped a number of awards at the National Rail Awards in September. The Central Line was awarded “Best London Suburban Operator” and the Network Recovery Team was awarded the “Judges Award for Dedication to Duty” in recognition of the excellent teamwork in the response to, and recovery from, the 7 July bombings.
- The 2006 Tour of Britain (see cover image), sponsored by TfL, arrived in London on Sunday 3 September, with large crowds attending to watch the final 20 laps around St James’ Park. TfL staff worked closely with the Metropolitan Police to safely escort the riders from the start in Greenwich to the finish. The experience gained in the course of the event will be invaluable when the Tour de France starts in London in July 2007
- From the beginning of September around 130,000 16 and 17-year-olds living in London, and in full-time education or unwaged training, became eligible for a 16 to 17-year-old Oyster photocard, offering them free travel on London's buses and Croydon Tramlink.
- Oyster cards became available for overseas visitors to buy before they arrive in England. The cards are on sale in India, Hong Kong, Singapore, Spain, Portugal and the USA, and will be available in 12 more countries by March 2007.
- As part of a strategy to consolidate accommodation, TfL completed an agreement to lease 190,000 square feet of “The Shard”, scheduled for occupation in 2011, on 5 August and on 11 August signed an agreement to take an overriding lease of the Palestra building, scheduled for occupation from December 2007.
- A mentoring programme to help staff progress through the organisation began in July 2006 with significant participation from Black, Asian and Minority Ethnic (BAME) staff. One aim of the programme is to increase the number of BAME staff in senior management which currently stands at 10.6 per cent.

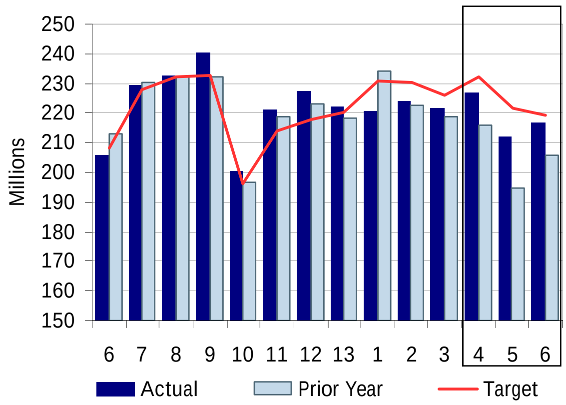
1.2 A summary of TfL’s performance over the quarter against key indicators is provided in Annex One.

Service demand

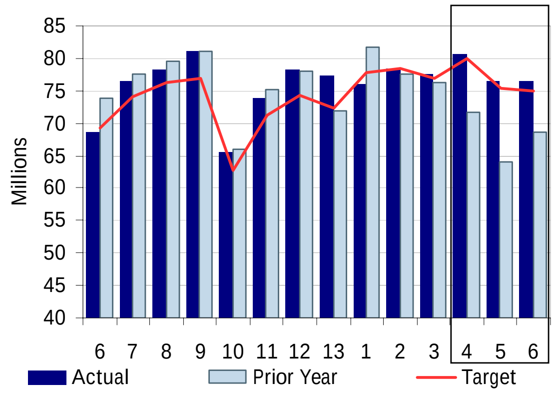
2.1 There were 656m passenger journeys on the TfL network in the second quarter of 2006/07, a performance improvement compared to the first quarter. Although performance improved, there was a shortfall of 17m journeys compared to target, primarily a result of lower journey numbers on the bus network.

2.2 Unusually low passenger journey numbers in the second quarter of 2005/06 as a result of the July 2005 bombing attacks mean direct comparisons with the previous year are not possible. However, since the events of July 2005 there has been a sustained recovery in ridership across the network.

Total Passenger Journeys

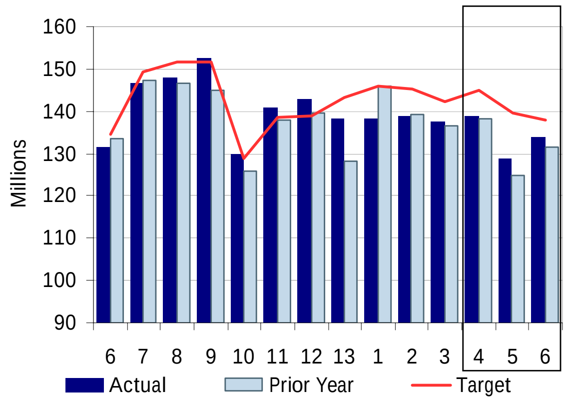


Passenger Journeys, LUL

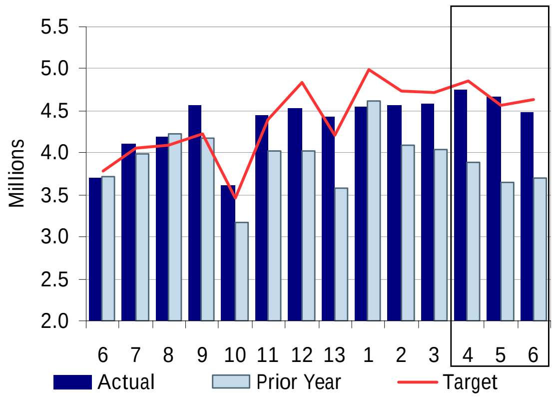


2.3 On the Underground there were 234m passenger journeys in the second quarter, 3m more than target. These high levels of demand are expected to continue, with passenger journeys forecast to exceed 1 billion for the first time by the end of the year.

Passenger Journeys, Buses



Passenger Journeys, DLR



2.4 Passenger numbers on the Bus network recovered strongly at the end of the quarter to end at 402m, down five per cent against target. A re-examination of the effects of the under 16 free travel initiative using the Greater London Bus Passenger Survey (GLBPS) has indicated that the target had overestimated the increase in demand due to the policy. This overestimation is the primary reason for the shortfall against target, and the effect is expected to continue for the rest of the year. After adjusting for this overestimation, the year to date result is slightly ahead of target.

2.5 There were 14m passenger journeys on the DLR this past quarter, only marginally lower than targeted levels. Stronger than target demand on the Lewisham line and the Airport extension was offset by weaker demand on the remaining section of the network resulting in the 0.2m shortfall in journeys. These trends are forecast to continue, with strong performance on the London City Airport Extension offset by lower than target performance on the other lines leading to a year end shortfall of 0.9m journeys compared to target.

Dial a Ride

2.6 The number of trips provided through the Dial a Ride service this quarter was 84,000 below the target of 350,000 trips due to driver shortages and slower than expected implementation of new scheduling systems. A recruitment drive is underway to address the shortage of drivers, and the improved scheduling system is expected to be in place by the end of 2007. An update on progress in this area will be provided in the next quarterly report.

Cycling & Walking

2.7 Levels of cycling on the TLRN are continuing to grow, with flows now twice what they were when the baseline was measured in March 2000. The full year forecast is for levels of cycling to remain high on the TLRN, though not as high as in the previous quarter due to seasonal patterns.

2.8 During the second quarter a number of walking improvement schemes on both the TLRN and borough roads were completed. One example of such, Streetscene Improvements at Coventry Street, Westminster, involved upgrading pavements, installing pedestrian crossings, and removing traffic through road closures to make the environment a better place for walking.

2.9 To determine the best location for future programmes, a number of walking studies on the TLRN were also completed during the quarter. The Central London Pedestrian Study assessed pedestrian flow and behaviour, and Pedestrian Environment Review System audits of the pedestrian environment were completed to assess where there is a need for improvement. Data from these studies will be used to target future investment in walking improvement schemes.

Fare Trends

2.10 Oyster single fare journeys rose steadily this quarter and by the end accounted for 19 per cent of all Underground journeys and 13 per cent of all Bus journeys. Across all types of travel, Oyster use appears to have levelled off at 60 per cent of all journeys. This plateau is related to the holiday period when the proportion of local residents using the transport system naturally declines. As visitors become more aware of the benefits of Oyster, particularly now that overseas distribution has begun, this effect is expected to weaken.

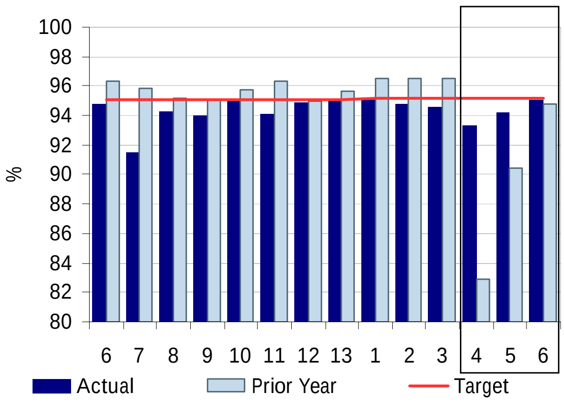
2.11 In other fare categories, Travelcard sales, both day and season, are significantly up on the same quarter last year, while bus pass sales are continuing to fall.

2.12 The use of cash on the Bus and Underground, which was falling, appeared to stabilise during the quarter for the reasons noted in 2.10 above, and made up 5.5 per cent of all on-bus fares and 6.3 per cent of all Underground fares by the end of the quarter. As the seasonal effects of higher tourists and fewer commuters decline, cash use as a percentage of all fares is forecast to continue to decline. In addition, the 2007 fares package recently announced by the Mayor is also expected to further encourage more passengers to switch to Oyster Pay as You Go to benefit from the lower single journey fares.

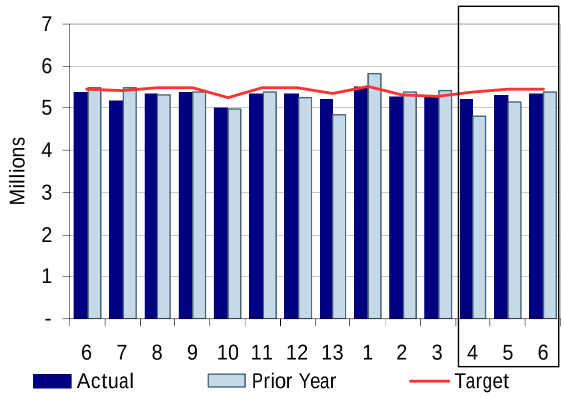
Service provision

3.1 Across the business, service provision levels were very close to target this quarter and consistent with first quarter results.

% Scheduled Services Operated - LUL



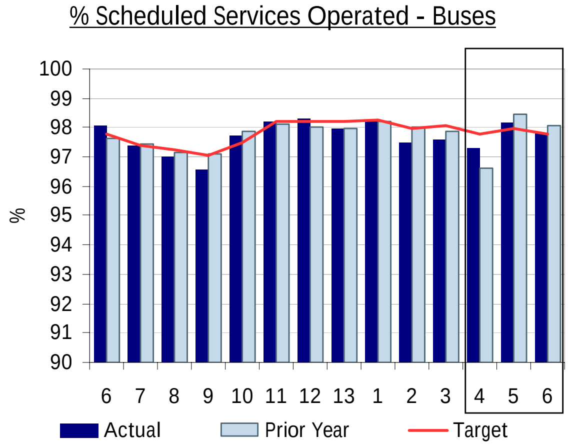
Train Kilometres Operated - LUL

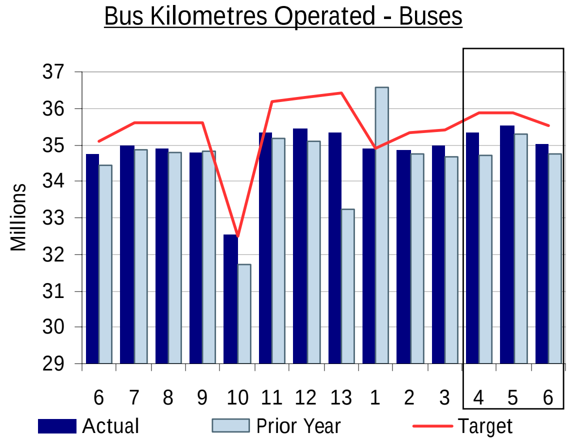


3.2 Train kilometres operated on the Underground, at 15.9m, and the percentage of scheduled services operated this quarter, at 94.2 per cent, were below target overall. While scheduled services operated were much higher than the previous year, as discussed in 2.2, this is principally related to the impact of the events of July 2005 on services in the second quarter of 2005/06.

3.3 High temperatures at the beginning of the quarter, as in the first quarter, caused disruptions to service with some temporary speed restrictions still necessary due to Metronet's earlier failure to undertake the necessary preparatory maintenance work. Signal problems were the other significant factor that led to performance shortfalls, particularly on the Northern and Victoria lines. Peak hour train cancellations due to signal failure reached a ten year high in period five at 270, and although this measure fell to 152 in period six, this was still somewhat higher than recent years' averages. These failure trends are being reviewed by London Underground engineers and their Infraco counterparts at regular Asset Performance Review Meetings.

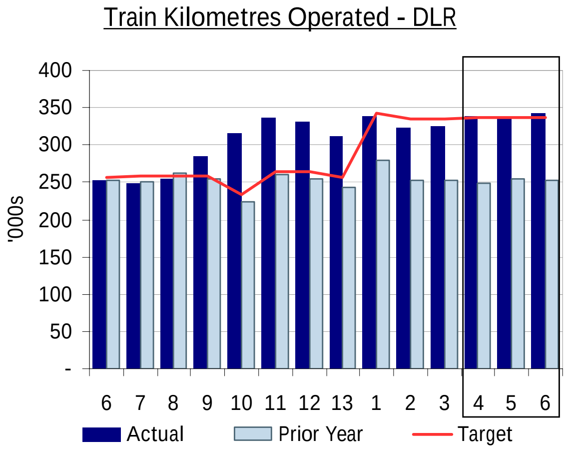
3.4 The Central line remained the best performing line this quarter, operating 97.7 per cent of its scheduled services for the year to date, 2.1 per cent higher than target. In contrast, difficulties on the Northern line continued this quarter with intermittent staff shortages in addition to the signalling issues mentioned above depressing performance.





3.5 The percentage of scheduled services operated on the bus network improved this quarter to 97.8 per cent, only 0.1 per cent below the target of 97.9 per cent due to lower than target performance in period four. At 106m, kilometres operated were higher than last year, though slightly below the target of 107m kilometres.

3.6 The main causes of service losses in the quarter were traffic delays (including a number of traffic accidents causing road closures), localised flooding in July, emergency roadworks in places, and public demonstrations. Losses due to staffing were exceptionally low over the quarter, despite the late summer period usually being one of the worst for staff shortage. Kilometres lost for mechanical reasons were better than the previous quarter, and declined over the course of the quarter as the weather cooled.

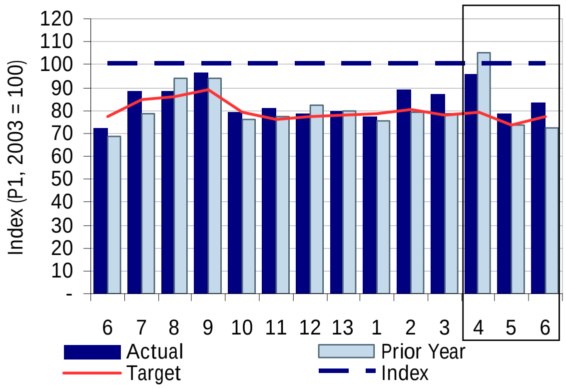


3.7 DLR performance continued to improve this quarter. Kilometres operated were 8m better than the target of 1,011m, and due to the opening of the London City Airport extension were well ahead of the prior year's second quarter result of 754m kilometres operated.

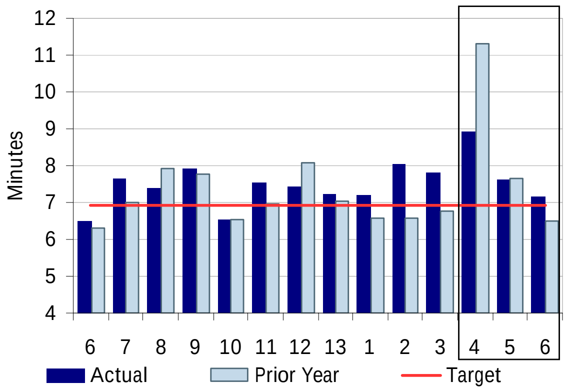
Service reliability

4.1 The overall delay index (Period 1, 2003 = 100) improved compared to target during the quarter, but on average was 2.2 points worse than the same period last year, and 9.2 points down on target. The most significant contributing factor was higher than target excess journey time on the Underground.

Overall Delay (LUL, Buses and CCS)

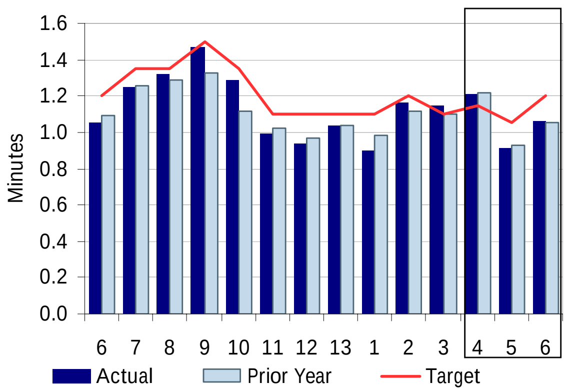


Excess Journey Time - LUL

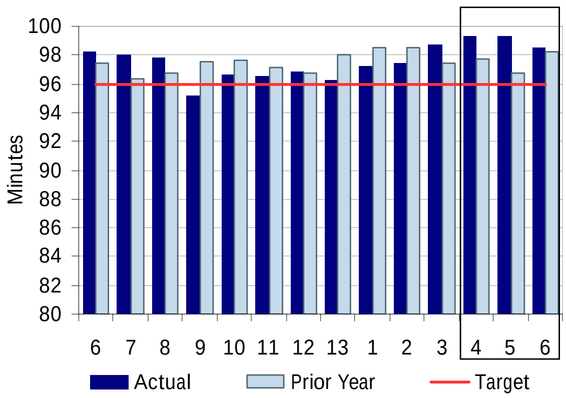


4.2 On the Underground excess journey time was almost 1 minute worse than the target of 6.92 minutes, but as the quarter progressed excess journey time fell, and by the final period of the quarter more than half of Underground lines performed within their targets. The key factors were high levels of fleet failure and unplanned closures. The signal failures discussed under service provision above also contributed to the result.

Excess Wait Time (HFR) – Buses



On Time Performance - DLR



4.3 Excess wait time on high frequency bus routes (HFR) fell compared to the first quarter and was slightly better than the target for the quarter at 1.1 minutes. The ongoing expansion of Quality Incentive Contracts was the most significant element that contributed to the good performance in this area.

4.4 On time performance on the DLR was again excellent, the result of 99 per cent exceeded both target and the prior year's result. Of particular note was the performance in the middle of the quarter with record high levels of reliability in period five when 99.3 per cent of services ran to schedule against a target of 96 per cent.

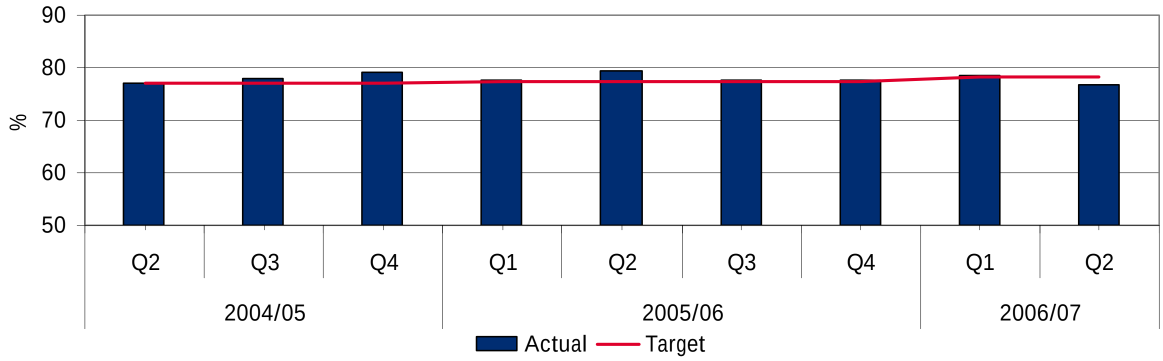
4.5 Congestion within the central London charging zone increased this quarter to 2.1 minutes per kilometre, possibly reflecting in part the temporary closure of the Strand Underpass from Waterloo Bridge. Following a discussion of congestion trends in the Congestion Charging Fourth Annual Monitoring Report, investigations are continuing into the factors affecting traffic conditions within London.

Customer

Customer Satisfaction

5.1 After an extended period of sustained high performance, overall customer satisfaction levels fell slightly this quarter to 76.8 points, following falls in customer satisfaction levels on the Underground and London Buses.

Overall Customer Satisfaction Levels (TFL Group)



5.2 London Underground has seen consistently high customer satisfaction survey results over the past two years, scoring 78 out of 100 or more for each of the past seven quarters, reflecting improved operational performance and improvements in information and staff helpfulness. This quarter's result followed earlier seasonal patterns and declined, but by more than in past years, down three points to 75. It is believed this result was due to the effects of record high temperatures over the summer combined with speed restrictions following Metronet's failure to complete the necessary maintenance actions.

5.3 On London Buses, overall satisfaction levels for safety and security and crowding levels were high at 81 and 78 points respectively. However, overall satisfaction levels dipped 1 point to 77, under target but in line with results from the second half of 2005/06.

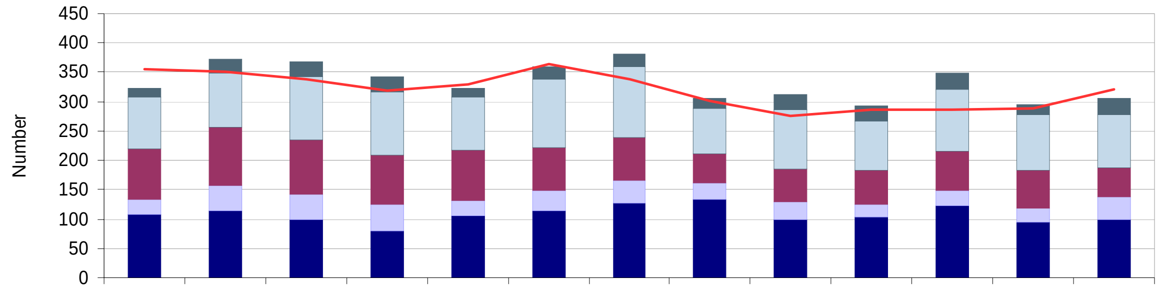
5.4 DLR customer satisfaction increased again this quarter to 96.9 points, above both the quarterly target and the same quarter last year.

Safety

5.5 On London Roads the number of killed and seriously injured casualties from March to May 2006 (the latest data available) fell over the course of the period to be better than expected by May. However, due to unusually high casualty numbers in March the result of 950 casualties across the three months was worse than the target of 898. The spike in March was due to pedestrian incidents that were some 27 per cent higher than the average for the other four months of the year.

5.6 For the year to date, the result of 1,554 serious casualties was 357 higher than the result for the same period in 2005. It is believed that this result is partly due to abnormally low results in the period 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. Despite this, long-term trends are still declining and the 50 per cent casualty reduction target is expected to be met by 2010.

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



	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06
Other	17	23	25	25	17	23	22	17	25	24	29	18	28
Car	88	92	109	108	89	115	121	79	101	86	104	95	91
P2W	85	100	92	84	87	73	73	49	56	58	67	64	49
Cyc	27	42	42	45	25	34	38	28	31	20	27	24	40
Ped	107	115	100	80	106	115	127	133	99	104	122	94	98
Total	324	372	368	342	324	360	381	306	312	292	349	295	306
Target	355	351	339	319	330	363	338	301	275	287	287	289	322

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 May 2006. Results are also subject to retrospective adjustments.

5.7 The overall number of major injuries and fatalities across the TfL modes is unable to be reported this quarter as there have been implementation issues with the new system for collecting and recording major fatality and injury data on the Bus network. Group Safety Services and Group Information Management in Surface Transport are in the process of addressing these issues, and subsequent quarterly data will be reported as planned.

Delivery of pan-TfL priorities

Sustainability

6.1 A Group-level sustainability unit with three staff became operational in September. This small unit sits in Group Health Safety and Environment in General Counsel and will provide support on sustainability matters across the business, in a way similar to that currently employed in the areas of Health, Safety and the Environment, and Resilience. The sustainability unit will be responsible for co-ordination on key aspects of sustainability across TfL including climate change, the environment, demand management, walking and cycling. Activities will include performance monitoring and reporting, responding to consultation processes, and ensuring sustainability considerations are incorporated in business planning and business case development.

6.2 Highlights of TfL initiatives with environmental or social benefits in the second quarter were:

- TfL continued to pursue several initiatives to accelerate carbon emission reduction across London's transport sector, including a plan for a climate change fund to finance some of the work. The fund would aim to deliver initiatives that contribute to the Mayoral objectives and targets on climate change mitigation but that are not yet sufficiently developed to be included in individual business plans.
- For the year to date, London Underground stations were well ahead of their energy reduction targets. By the end of the quarter total savings were 26.2 per cent, 3.7 per cent higher than the target of 22.5 per cent for 2006/07. This substantial reduction corresponds to a saving of 13.4 per cent in real terms since 2000/01.
- In September, TfL launched a cycle training programme for school students ("Bikeability") and the "Share the Road" campaign, aimed at instilling mutual respect in road users.
- Smarter Travel Sutton, TfL's flagship travel demand management project in partnership with the London Borough of Sutton, was launched in September supported by £5m investment from TfL over three years. The project will aim to assess the impact of heavily concentrated soft travel demand management measures in schools, workplaces and households.

Section 17 of the Crime and Disorder Act

6.3 As discussed in the first quarter report, the TfL Board agreed to voluntarily adopt Section 17 of the Crime and Disorder Act on 24 May 2006. This decision reflects TfL's commitment to improve safety and security on the transport network and across London. TfL already makes a considerable contribution to community safety through its significant investment in transport policing and the work of the Transport Policing and Enforcement Directorate (TPED).

6.4 TfL's implementation of Section 17 will be incremental. TPED expects that it will take up to 18 months before Section 17 is fully implemented across the organisation. The implementation of Section 17 provisions across TfL has so far included:

- An extensive audit of crime and disorder across TfL's services and identification of priorities;
- Development of TfL's first Crime and Disorder Strategy to be presented to the TfL Board on 7 December 2006;

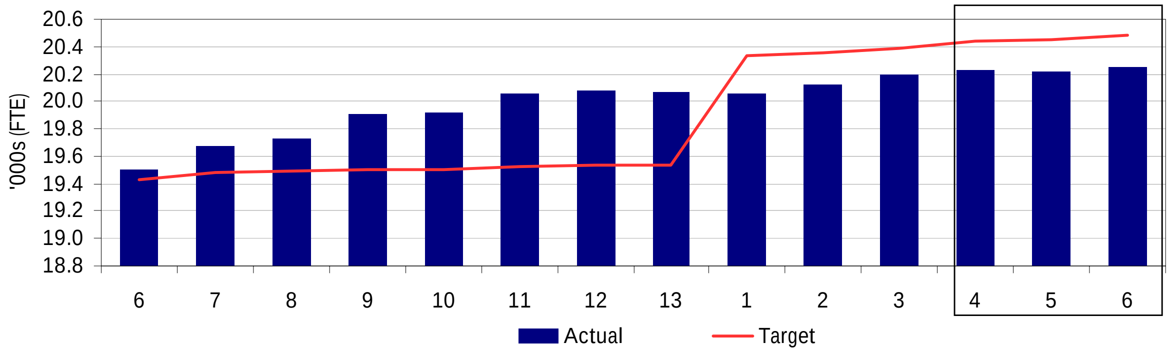
- Crime and disorder impact assessments in policy development: From September 2006, all papers and reports submitted to the TfL Board, committees or panels must demonstrate that due consideration has been given to the impact of the activity / policy on crime and disorder.
- Specialist advice to support policy analysts: The Crime and Disorder Partnership team in the Transport Policing and Enforcement Directorate are now available to assist staff undertaking crime and disorder impact assessments. Administrative processes are being developed to track such requests for advice and associated feedback to ensure TfL is meeting its requirements under the Act, and to minimise any risks of legal challenge when section 17 becomes a statutory requirement.

People

Staff Numbers

7.1 At the end of the second quarter TfL had 20,250 full time equivalent staff (FTE) across the business, 237 FTE below targeted numbers. This was a result of below target staff numbers in London Underground, offset by higher numbers in Group Directorates and Surface Transport.

Total number of staff (Effective FTE)



7.2 Staff numbers within London Underground were 473 below budget this quarter at 13,666. The shortfall was greatest in Customer Services, mainly in Customer Service Assistants and in Programmes where new positions remain unfilled. A recruitment drive is underway to fill these vacancies.

7.3 In Surface Transport, staff numbers at 4,438 were 153 more than budget due to higher numbers in Road Network management projects and extra staff on East Thames Buses to operate a bus route formerly run by the now defunct Centra company.

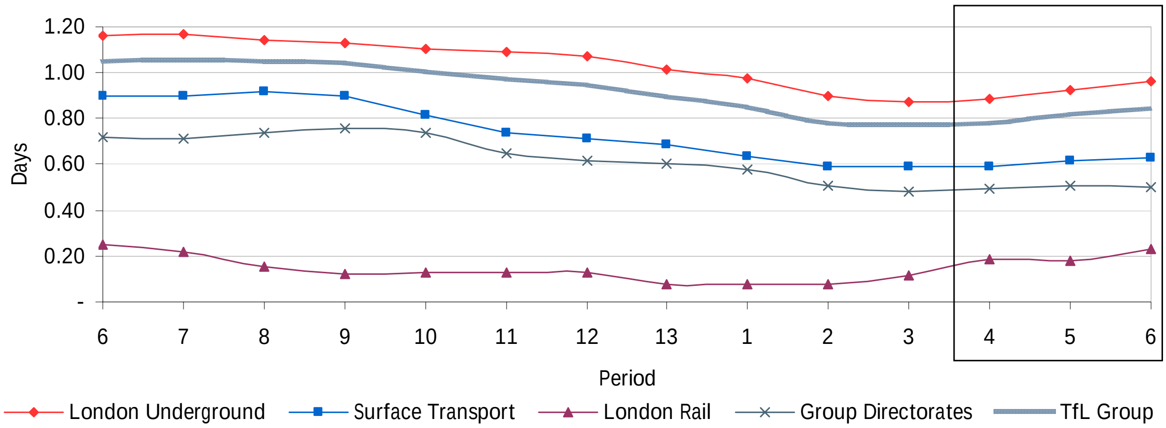
7.4 Staff numbers in London Rail this quarter were 21 below the target of 195. The biggest challenge facing London Rail in filling these vacancies is its ability to attract quality candidates into engineering positions.

7.5 Within the Group Directorates, staff numbers were 170 FTE higher than budgeted primarily due to additional staff on the Oyster help desk to ensure that service targets continue to be met, and some unbudgeted staff in Group IM to mitigate service delivery issues.

Sickness

7.6 TfL's average sickness absence per employee over the past quarter was 2.54 days, 0.13 days better than target. Rates of sickness absence remained better than target for the majority of the business, apart from London Underground which was only marginally worse than target (0.03 days). Although there was a slight upturn in moving average trends over the past quarter this was in line with expected seasonal patterns and the longer-term trends show an encouraging decline across all of TfL.

Sickness Absence (3 period rolling average)



Workforce Composition

7.7 The percentage of women employed by TfL at 22.6 per cent has increased by 0.3 per cent since last quarter. Similarly, the percentage of women in senior management at 19.5 per cent has increased by 0.7 per cent on last quarter. Although both results were behind the stretching targets set, the continuing positive increase is encouraging.

7.8 There are a number of initiatives in place to further improve the above results. Facilities at bus depots and London Underground stations are being improved; improvements are being made to enhance the recruitment and retention of women Revenue Protection Inspectors; flexible rostering systems are being developed within East Thames Buses to improve work-life balance for all employees; London Rail are working with Group Equality and Inclusion to attract applicants from diverse backgrounds; and Group Directorates are working on action plans focused on attracting and retaining women.

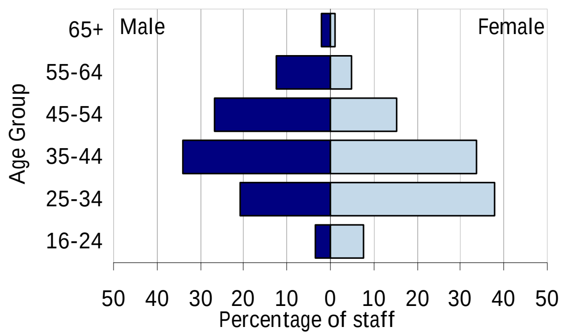
7.9 The percentage of Black, Asian and Minority Ethnic group (BAME) staff across TfL at 32.9 per cent remained well above target. The percentage of BAME staff in senior management at 10.6 per cent was well up on the same quarter last year, but is unchanged on the first quarter of this year and below the target of 12.2 per cent. To improve the representation of BAME staff in Senior Management a mentoring programme for all TfL employees (with 48 per cent BAME participation) is underway to help staff progress through the organisation.

7.10 The percentage of disabled staff and the percentage of disabled staff in senior management were 0.2 per cent and 0.4 per cent below target this quarter. Representation of disabled people in senior management roles has remained static throughout this financial year and represents a shortfall of two disabled staff members in senior management compared to target (assuming no turnover of existing disabled senior managers). Ensuring that disabled people are aware of senior opportunities in TfL has been identified as a key activity and will form an integral part of our attraction strategy for senior roles. In addition, the mentoring programme discussed above currently has nine disabled mentees out of a total of122.

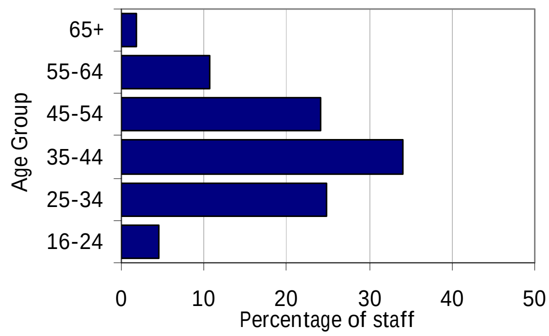
Employment Equality (Age) Regulations

7.11 The Employment Equality (Age) Regulations came into force on 1 October 2006 to protect workers from unlawful discrimination on the basis of age. It is now illegal for employers to discriminate against employees, trainees or job seekers because of their age. Further, employers are required to ensure that all workers, regardless of age, have the same rights in terms of training and promotion.

Age distribution: All staff by gender



Age distribution: All staff



7.12 A brief review of the age distribution of staff in TfL demonstrates that we have a diverse and balanced workforce. 83 per cent of staff are in the 25 – 54 age group, and the organisation has slightly higher numbers of staff under the age of 44 than over 45. As can be seen in the above graph, across the organisation female staff are relatively younger than male staff. The higher proportion of older male staff is due to Transport being an historically male dominated profession, while the higher proportion of younger female staff reflects recent efforts by TfL to attract female staff.

7.13 This age distribution varies across TfL, with Group Directorates having the greatest proportion of staff under the age of 44, and London Underground having the highest proportion of staff over the age of 45.

7.14 Before the regulations came into force TfL reviewed all HR processes, policies and procedures in consultation with recognised trade unions to ensure they complied with the regulations. Human Resources staff received briefings on the new policies and the impact of age regulations, including the process to request to work past the age of 65. Further communication on the age regulations is planned for roll out during October and November.

Efficiencies

8.1 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.

8.2 At the end of period 6, the full year forecast is £187m, £17m above target, up from £175m in the first quarter. 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	Full Year (Sustained)		Full Year (In Year)		Total	
£ m	Forecast	Var to Budget	Forecast	Var to Budget	Forecast	Var to Budget
Procurement	48	(5)	24	18	72	13
Staff & BIP	24	(1)	2	1	26	-
Marketing	1	(11)	3	3	4	(8)
Other	8	-	8	3	16	3
Total Back Office	81	(17)	37	25	118	8
Rail	-	-	1	-	1	-
Bus Network	34	4	10	6	44	10
Tube Lines refinancing	-	-	2	-	2	-
LUL Operational Efficiencies	4	-	11	-	15	(1)
LUL Communication Infrastructure	-	-	7	-	7	-
Total Operations	38	4	31	6	69	9
Total Cashable (lower than budget)	119	(13)	68	31	187	17

Tables may be subject to rounding errors

8.3 In-year savings are forecast to come to £68m, £31m higher than target. This is mainly due to:

- An overall increase of £13m 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; and
- Increased savings through the contracting arrangements relating to the bus network, and additional operational efficiencies as a result of reducing cash on buses

8.4 Following review, the efficiencies forecast to be sustained from previous years has been reduced by £16m:

- Procurement has removed £5m from the reporting system where contracts delivering efficiencies have ended; and
- Sustained efficiencies in marketing have reduced by £11m due to higher expenditure on public information and awareness campaigns including road safety and ticketing.

8.5 In addition to the claimable efficiencies, Group Procurement expects to deliver a further £8m of cashable benefits through increased revenue income. TfL does not presently permit additional revenue to be counted towards its efficiency target.

Financial performance

Group Highlights

9.1 Operating income at the end of the quarter was £27m better than budget, primarily due to higher than expected fares income on the Underground. For the full year this variance is forecast to remain relatively unchanged at £28m better than budget. Operating expenditure was £144m lower than budget for the quarter. This variance is forecast to decrease to £132m lower than budget by year end.

9.2 Net capital expenditure at the end of the quarter was £22m lower than budget after taking into account overprogramming reductions and capital receipts and reimbursements from third parties. Forecast net capital expenditure for the full year after overprogramming is forecast to be £8m over budget, reflecting good forecasts of project delivery. Further detail regarding investment activity is available in the quarterly Investment Programme Report.

9.3 Net interest income at the end of the quarter was £7m better than budget and is forecast to increase to £33m better than budget by year end. This favourable position reflects both higher interest earned and lower interest payments as a result of the value and timing of borrowing.

Net Service Expenditure	Year to Date		Full Year		
£m	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Operating Budget					
Income	(1,336)	(27)	(2,967)	(2,939)	(28)
Operating Expenditure	2,287	(144)	5,269	5,402	(132)
Net Operating Expenditure	951	(171)	2,303	2,463	(160)
Capital Budget					
Capital Expenditure	293	(81)	734	840	(106)
Capital Receipts & Reimbursements	(62)	27	(185)	(229)	44
Overprogramming	-	32	-	(70)	70
Net Capital Expenditure	231	(22)	549	541	8
Interest Income	(31)	(3)	(59)	(53)	(6)
Debt Serving Payments	27	(4)	58	85	(27)
Net Interest Income	*(4)*	*(7)*	*(1)*	*32*	*(33)*
Contingency	-	-	26	26	-
Net Service Expenditure	1,177	(200)	2,876	3,062	(186)

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

Revenue Income

9.5 Total income for the first half year at £1,336m was £27m better than budget, up 6 per cent on the same period last year, driven by higher London Underground income. Overall income for the full year is forecast to remain largely unchanged compared to budget, at £28m higher than budget by year end.

Prior Yr YTD	Income £m	Year to Date		Full Year		
		Actual	Variance to Budget	Forecast	Budget	Variance to Budget
(585)	Underground Fares Income	(641)	(30)	(1,417)	(1,372)	(45)
(427)	Bus Network Fares Income	(450)	(2)	(1,004)	(1,004)	-
(115)	Congestion Charging Income	(114)	3	(258)	(260)	2
(138)	Other Income	(131)	2	(288)	(303)	15
(1,265)	Total Income	(1,336)	(27)	(2,967)	(2,939)	(28)

Table may be subject to rounding errors

9.6 Fares income on the Underground rose again this quarter to be £30m better than budget for the year to date, driven by strengthening passenger demand across the network. This favourable variance is expected to increase to £45m by the end of the year in line with higher passenger numbers.

9.7 Bus network fare income was in line with budget and up 5 per cent on the same period last year despite passenger numbers over the past two quarters falling below target. Because the drop in demand largely reflected lower than anticipated growth in under 16s free travel, it did not affect fares income. In addition, the number of passengers using cash fares, which are more expensive than Oyster single fares, was slightly higher than anticipated. For the full year fares income is forecast to remain in line with the budget of £1,004m.

9.8 Conversely, congestion charging income at £114m was down £3m against budget and was largely unchanged on last year. The effect of the introduction of Pay Next Day on congestion charging income is twofold. On the one hand, enforcement income has reduced by 15 per cent as expected, although the effect of Pay Next Day on the number of penalty charge notices appears to be diminishing over time. On the other hand, charge income has increased as both penalty charge income and standard charges switch to Pay Next Day. This will continue to be monitored over the next quarter.

9.9 In other income, £131m for year to date was £2m lower than budget, predominantly a result of lower advertising income, depressed Victoria Coach station ticket sales and lower DLR fares income. The variance for the full year is forecast to increase to £15m worse than budget, with over half of this relating to different phasing of revenue from the new advertising contract than was anticipated at the time the budget was set and lower Transport Policing enforcement income.

Operating Expenditure

9.10 Total operating expenditure at the end of the second quarter was £144m 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.

9.11 For the full year the variance is forecast to decrease to be £132m lower than budget. The estimated outturn is a combination of lower forecast expenditure within London

Underground and Surface Transport offset by some increases in expenditure in the Group Directorates (Group Services and Finance & Planning)

Prior Yr YTD	Operating Expenditure £m	Year to Date		Full Year		
		Actual	Variance to Budget	Forecast	Budget	Variance to Budget
1,089	London Underground	1,114	(102)	2,541	2,655	(114)
946	Surface Transport	1,023	(27)	2,336	2,388	(52)
42	London Rail	55	(1)	134	126	8
85	Group Directorates	95	(13)	258	233	25
2,162	Total Operating Expenditure	2,287	(144)	5,269	5,402	(132)

Table may be subject to rounding errors

9.12 Year to date expenditure in London Underground was £102m lower than budget. The result reflected reduced performance and other payments to Infracos, down £48m against budget, non-materialisation of risk resulting in a favourable variance of £33m, and savings in insurance and other costs. These variances are also reflected in the full year result, which is forecast to be £114m below budget.

9.13 Within Surface Transport expenditure for the year to date was £27m below budget. The majority of this variance, £19m, reflected lower than expected contract price increases from re-tendering or route revisions on the bus network reflecting in part the on-going realisation of operating efficiencies from Oyster card and Congestion Charging. The variance is forecast to increase to £52m better than budget by year end due to further lower expenditure on the bus network and the rephasing of expenditure on Congestion Charging projects.

9.14 Operating expenditure in London Rail was broadly in line with budget at the end of the quarter. However, the outturn at year end is forecast to be £8m higher than budget due to higher than anticipated spending on Stratford international, DLR administration, and higher London Rail Concession costs, partially offset by lower expenditure on North London Railway station improvement projects.

9.15 Expenditure within the Group Directorates was £13m lower than budget for the first half of the year, mainly reflecting the phasing of spend on Borough partnership projects. The forecast increase in expenditure to £25m above budget is due to higher costs associated with the IM service delivery contracts, additional accommodation strategy costs, major projects modelling costs partially arising from recent Public Inquiries, and Oyster call centre staff to raise customer service levels.

Capital Expenditure

9.16 Capital expenditure, before group overprogramming, for the first half of the year was £293m, £81m lower than budget, with lower expenditure predominantly in London Underground. Net capital expenditure for the year to date, after group overprogramming and receipts and reimbursements, was £231m, £22m lower than budget.

9.17 At year end net capital expenditure is forecast to be £8m higher than budget. However, this outturn assumes delays of £63m that are yet to be identified in any one project. If project delivery continues to be better than expected the final result may be slightly higher.

Prior Yr YTD	Capital Expenditure £m	Year to Date Actual	Year to Date Variance to Budget	Full Year Forecast	Full Year Budget	Full Year Variance to Budget
136	London Underground *	109	(62)	296	383	(87)
97	Surface Transport *	98	4	227	246	(20)
35	London Rail	76	(21)	170	182	(12)
3	Group Directorates	10	(3)	41	28	13
271	Capital Expenditure	293	(81)	734	840	(106)
(49)	Receipts & Reimbursements	(58)	31	(151)	(196)	45
-	Property Sales	(4)	(4)	(34)	(33)	(1)
-	Overprogramming (Group Level)	-	32	-	(70)	70
222	Net Capital Expenditure	231	(22)	549	541	8

* Shown after delegated overprogramming
Table may be subject to rounding errors

9.18 In London Underground, capital expenditure after overprogramming for the year to date was £62m lower than budget; with this difference forecast to widen to £87m lower than budget by year end. The primary causes of the year to date result were lower than budget spending on the Channel Tunnel Rail Link (CTRL) 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 congestion relief projects. The variance at year end is forecast to increase due to lower expenditure on station accessibility and congestion relief projects, slightly offset by accelerated expenditure on major power works.

9.19 Capital expenditure after overprogramming in Surface Transport was £4m higher than budget for the year to date and is forecast to be £20m lower than budget by year end. For the year to date, although some Surface Transport capital projects such as TLRN improvements were behind budget, these were offset by other projects that were on schedule and an overprogramming reduction of £23m, leading to the position of £4m higher than budget after overprogramming. The full year result is £20m lower than budget and assumes £43m of slippage in project delivery that is yet to be identified in any one project.

9.20 London Rail capital expenditure was £21m below budget for the year to date, though this variance is expected to narrow to £12m lower than budget by year end. The shortfall against budget for the first half of the year was due to lower expenditure on DLR upgrades and the East London Line Extension. Expenditure will be higher than budget in the second half of the year due to a rephasing of East London Line expenditure, and expenditure on Olympic railcars that has been brought forward from future years.

9.21 Group directorate capital expenditure was £3m below budget for the year to date, and is forecast to increase to £13m higher than budget at year end partly due to higher than budget expenditure on the Customer Services Integration Project.

Balance sheet

Transport for London Group Balance Sheet at end of Period 6 £m	Variance to Budget
Fixed Assets (lower than budget)	99
Debtors and Payments in Advance (higher than budget)	(137)
Cash (higher than budget)	(150)
Creditors (higher than budget)	68
Prudential Loans	-
Deferred Capital Grant (lower than budget)	(59)
Provisions (lower than budget)	(12)
Total Net Assets (higher than budget)	(191)

10.1 Fixed asset additions are covered in detail in the Investment Programme Report. There are no major variances for disposals.

10.2 Year to date debtor balances are higher than budget. Included in the corporate centre is an additional £30m for accrued interest (on investments which have not yet matured) and £18m for insurance, rent and rates prepayments. Also included is an amount of £32m representing a prepayment for railcars for London Rail. Debtor balances in London Underground are £33m higher than budget due to the delay in finalising the settlement with the Infracos of the Working Capital Debtor adjustment under the Share Purchase Agreement.

10.3 Creditor balances of £68m higher than budget include a £54m higher than budget accrual in the corporate centre mainly from Borough expenditure where there has been a later than expected receipt of invoices. In addition creditors in London Underground are higher than anticipated due to the later than expected resolution of the Connect PFI delay and disruption claim. These are partially offset by lower than budgeted creditors in London Buses reflecting lower bus network contract costs.

Transport for London Group Balance Sheet Forecast for the Year End £m	Variance to Budget
Fixed Assets (lower than budget)	53
Debtors and Payments in Advance (higher than budget)	(40)
Cash (higher than budget)	(264)
Creditors (higher than budget)	178
Prudential Loans	-
Deferred Capital Grant (lower than budget)	(227)
Provisions (higher than budget)	12
Total Net Assets (higher than budget)	(287)

10.4 The second quarter forecast closing balance sheet reflects the trends seen to date, with lower fixed assets, higher than budget debtors, and higher year end creditor balances. Total forecast working capital is higher than budget, representing a cash inflow. In addition, net service expenditure is below budget. Consequently year end cash balances are expected to be some £264m above budget.

Cash summary

Cash Balances

11.1 Cash balances have consistently been close to budget. Refer to Annex Five for periodic cash balances over the quarter.

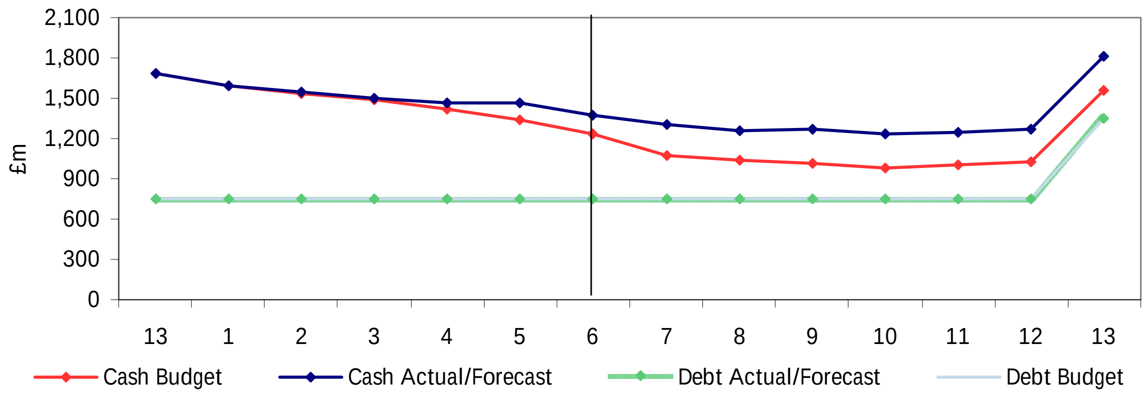
Cash Balances and Debt

11.2 Net cash at 16 September 2006 amounted to £634m comprising £1,380m cash balances less outstanding debt of £746m. This is a reduction of £307m compared to last year end.

11.3 Year-end net cash is forecast at £467m comprising £1,817m cash balances against a budget of £1,553m, less debt of £1,350m – equal to the budget of £1,350m. Of the forecast/budgeted £604m debt increase, £540m is to be raised from sources yet to be determined and £64m in March from the committed EIB credit line.

11.4 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

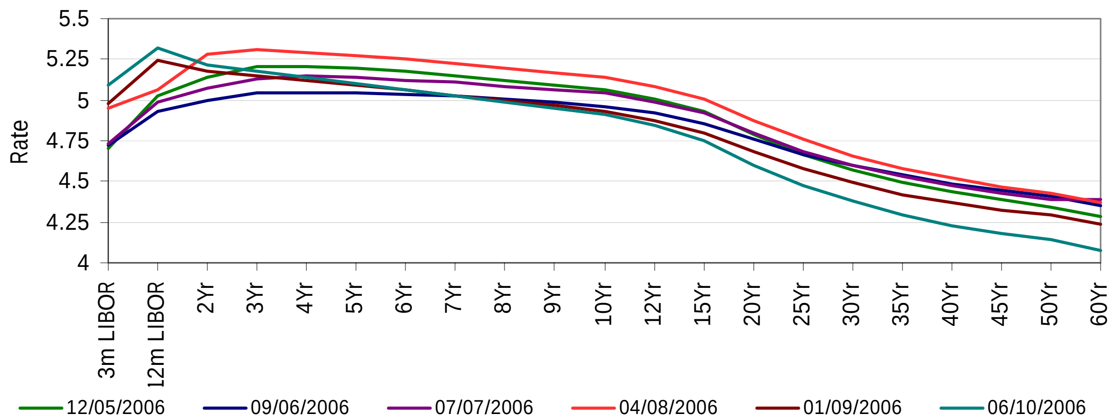
11.5 Performance against the earnings benchmark (the average of 3 month's LIBOR minus 15 basis points) is tabled below. TfL has performed above this benchmark in the last three periods, within a range of 4 – 7 basis points. The average yield for the year to date is 4.62%, 8 basis points above benchmark.

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

Treasury Management Yield % Period End:	Period 4	Period 5	Period 6	Year to Date Actual	Year to Date Budget
Benchmark	4.55	4.59	4.66	4.54	
Average Rate of Return	4.62	4.65	4.70	4.62	4.59
Excess over Benchmark	0.07	0.06	0.04	0.08	
Interest Earned, Period	£5.1m	£5.1m	£4.8m		
Interest Earned, Year to Date	£21.5m	£26.6m	£31.4m	£31.4m	£28.5m

11.7 The yield curve reflects the 2 August Base Rate increase of 25 basis points, peaking at the 12 months point and dropping steeply thereafter to a low of 4.08% for 60 year money. This indicates the market's continuing uncertainty of the direction of future rates. Where rates are above the benchmark and short-term liquidity allows, TfL is investing up the curve for periods of less than 364 days. Investment beyond 12 months yields no increase and risks losing the benefit of future rate increases.

Yield Curve: Week ending 12 May 2006 to week ending 6 October 2006



Annex One: Performance summary

2006/07 Key Performance Indicator	Unit	Quarter 2 Actual	Quarter 2 Target	Quarter 2 Var	Quarter 2 PY	Full Year F'cast	Full Year Target	Full Year Var	Full Year PY
SERVICE DEMAND									
Passenger Journeys - TfL Group	m	656.0	673.2	(17.3)	616.1	2,965.8	2,945.4	20.4	2,865.5
Passenger Journeys - LUL	m	233.6	230.3	3.3	204.4	1,020.5	980.0	40.5	971.1
Passenger Journeys - Buses	m	401.6	422.3	(20.7)	394.8	1,859.0	1,876.0	(17.0)	1,815.7
Passenger Journeys - DLR	m	13.9	14.1	(0.2)	11.2	61.0	64.2	(3.2)	53.9
Passenger Journeys - Trams	m	5.6	5.0	0.6	4.5	21.5	22.6	(1.1)	20.8
Passenger Journeys - Victoria Coach Station	'000s	45.4	46.4	(0.9)	47.8	195.0	195.0	-	198.6
Passenger Journeys (excl multi stop) - River Services	'000s	814	805	9.2	678	1,936	1,900	35.5	1,849
Passenger Journeys (multi stop) - River Services	'000s	185	130	54.9	170	561	500	60.7	524
Total Trips - Dial a Ride	'000s	266	350	(83.8)	281	1,273	1,519	(246.5)	1,234
Cycle usage on TLRN (Index = 100) - Road Network	Index	200	201	(1.0)	204	180	185	(5.0)	172
Traffic into Central London - Road Network	Index	98	No Target	-	n/a	**	No Target	-	n/a
SERVICE PROVISION (SUPPLY)									
% Scheduled Services Operated - LUL	%	94.2	95.2	(1.0)	89.4	94.9	95.2	(0.3)	93.6
% Trains Operated in Peak Hours - LUL	%	96.8	96.7	0.0	90.4	**	96.7	-	95.2
Train Kilometres Operated - LUL	m	15.9	16.3	(0.4)	15.3	70.5	70.9	(0.4)	68.8
% Scheduled Services Operated - Buses	%	97.8	97.9	(0.1)	97.7	97.5	97.8	(0.3)	97.7
Bus Kilometres Operated - Buses	m	105.9	107.3	(1.4)	104.7	459.1	465.6	(6.5)	454.1
% Scheduled Services Operated - DLR	%	98.6	98.0	0.6	98.7	98.0	98.0	-	98.7
Train Kilometres Operated - DLR	'000s	1,019	1,011	7.6	756	4,350	4,350	-	3,629
% Scheduled Services Operated - Trams	%	98.7	98.0	0.7	95.8	98.0	98.0	-	97.4
% Scheduled Services Operated - River Services	%	97.8	98.5	(0.8)	97.5	99.0	98.5	0.5	98.3
No. of Taxi Drivers Licensed - PCO	#	24.7	24.7	(0.0)	24.7	24.8	24.7	0.1	24.7
No. of Private Hire Drivers Licensed - PCO	#	33.6	36.0	(2.4)	21.3	36.0	36.0	-	28.8
RELIABILITY									
Overall Delay (Index) - TfL Group	#	86.0	76.8	9.2	83.8	**	81.1	-	83.1
Excess Journey Time (Weighted) - LUL	Mins	7.9	6.9	1.0	8.49	**	6.92	-	7.47
Peak Train Cancellations, Due to ONAs - LUL	%	0.2	0.6	(0.4)	0.2	**	0.6	-	0.2
PPP Availability, Lost Customer Hours - LUL	m	3.1	3.7	(0.6)	4.04	**	15.84	-	14.89
Excess Wait Time, High Freq Routes - Buses	Mins	1.1	1.1	(0.1)	1.1	1.1	1.2	(0.1)	1.1
On Time Performance, Low Freq Routes - Buses	%	79.6	79.2	0.4	79.1	77.2	76.9	0.3	77.2
On Time Performance, Night buses - Buses	%	82.8	80.8	2.0	83.7	83.4	81.9	1.5	83.6
On Time Performance - DLR	%	99.0	96.0	3.0	97.6	96.0	96.0	-	97.3
Traffic Signals Operating Effectively - Road Network	%	99.0	98.4	0.6	98.5	**	98.4	-	98.6
Congestion Level in Central London - Road Network	Mins/km	2.1	No Target	-	1.8	**	No Target	-	1.8
SAFETY									
Major Injuries & Fatalities - London Underground	#	36	No Target	-	23	**	No Target	-	129
Major Injuries & Fatalities - Buses	#	n/a	No Target	-	441	**	No Target	-	1,927
Major Injuries & Fatalities - DLR	#	3	No Target	-	2	**	No Target	-	16
KSI, Total Londonwide - Road Network ++	#	950	898	52	788	3,700	3,588	112	3,650
KSI, Total TLRN - Road Network ++	#	260	245	15	220	1,025	996	29	1,024
KSI, Powered 2-Wheel Riders - Road Network ++	#	180	192	(12)	188	820	788	32	845
KSI, Children - Road Network ++	#	86	98	(12)	100	340	359	(19)	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

Table may be subject to rounding errors

Annex One: Performance summary (continued)

2006/07 Key Performance Indicator	Unit	Quarter 2 Actual	Target	Var	PY	Full Year F'cast	Target	Var	PY
CUSTOMER SATISFACTION									
Overall Customer Satisfaction - TfL Group	Score	76.8	78.3	(1.6)	79.3	**	78.3	-	77.7
Customer Satisfaction - LUL									
Overall	Score	75	78	(3)	79	**	78	-	78
Crowding	Score	71	68	3	77	**	68	-	74
Safety & Security	Score	80	80	-	80	**	80	-	81
Information	Score	77	78	(1)	78	**	78	-	79
Customer Satisfaction - Buses									
Overall	Score	77	78	(1)	79	78	78	-	77
Crowding	Score	78	78	-	80	78	78	-	77
Safety & Security	Score	81	82	(1)	n/a	82	82	-	n/a
Information	Score	74	75	(1)	75	75	75	-	73
Reliability Journey Waiting Time	Score	79	80	(1)	82	80	80	-	79
Customer Satisfaction - DLR									
Overall	Score	97	90	7	95	90	90	-	96
Information	Score	96	90	6	95	90	90	-	96
Safety & Security	Score	94	90	4	88	90	90	-	95
Overall Customer Satisfaction - Trams	Score	83	86	(3)	86	86	86	-	80
Overall Customer Satisfaction - Dial-A-Ride	Score	93	93	-	80	93	93	-	92
Overall Customer Satisfaction - Victoria Coach Station	Score	76	75	1	77	75	75	-	77
FINANCIAL EFFICIENCY									
Cost per passenger Kilometre - LUL	pence/km	26.1	27.8	(1.7)	29.0	25.7	29.1	(3.4)	26.2
Income per passenger Kilometre - LUL	pence/km	(20.0)	(19.5)	(0.6)	(18.7)	(20.1)	(20.8)	0.7	(18.9)
Cost per passenger Kilometre - Buses	pence/km	24.4	24.7	(0.3)	23.6	23.7	24.4	(0.7)	24.9
Income per passenger Kilometre - Buses	pence/km	(15.0)	(14.7)	(0.3)	(14.3)	(14.5)	(15.1)	0.6	14.0
Cost per Trip - Dial-A-Ride	£	23.2	16.7	6.5	19.1	21.2	16.7	4.5	19.1
( ) Variance is above budget for income and below budget for costs									
PEOPLE									
Number of Staff - TfL Group	FTE	20,250	20,487	(237)	19,505	**	20,492	-	20,069
Sickness Absence per Employee (better than target)									
TfL Group	Days	2.5	2.7	(0.1)	3.14	**	11.6	-	12.6
LUL	Days	2.9	2.9	0.03	3.26	**	12.4	-	13.7
Surface Transport	Days	1.9	2.4	(0.5)	2.70	**	10.3	-	11.0
London Rail	Days	0.7	1.7	(1.1)	0.65	**	7.5	-	2.4
Group Directorates	Days	1.5	1.7	(0.2)	2.16	**	7.6	-	9.1
% of Women Staff - TfL Group	%	22.6	23.9	(1.3)	21.3	n/a	23.9	-	22.3
% of BAME Staff - TfL Group	%	32.9	27.0	5.9	n/a	n/a	27.0	-	n/a
% of Disabled Staff - TfL Group	%	7.6	7.8	(0.2)	n/a	n/a	7.8	-	n/a
% of Women Staff in Senior Mgt - TfL Group	%	19.5	27.3	(7.8)	19.3	n/a	27.3	-	20.4
% of BAME Staff in Senior Mgt - TfL Group	%	10.6	12.2	(1.6)	7.5	n/a	12.2	-	8.9
% of Disabled Staff in Senior Mgt - TfL Group	%	4.6	5.0	(0.4)	n/a	n/a	5.0	-	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
++ 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 March, April and May 2006, with May being the most recently reported data available.
Table may be subject to rounding errors.

Annex Two: Modal summary of financial performance

Net Service Expenditure	Year to Date			Full Year		
£m	Actual	Budget	Variance	Forecast	Budget	Variance
Income						
London Underground	(686)	(658)	(27)	(1,516)	(1,477)	(39)
Surface Transport	(617)	(618)	2	(1,374)	(1,386)	11
London Rail	(25)	(26)	1	(56)	(58)	3
Group Directorates	(9)	(6)	(3)	(21)	(17)	(3)
	(1,336)	*(1,309)*	*(27)*	*(2,967)*	*(2,939)*	*(28)*
Operating Expenditure						
London Underground	1,114	1,216	(102)	2,541	2,655	(114)
Surface Transport	1,023	1,050	(27)	2,336	2,388	(52)
London Rail	55	55	(1)	134	126	8
Group Directorates	95	109	(13)	258	233	25
	2,287	*2,430*	*(144)*	*5,269*	*5,402*	*(132)*
Net Operating Expenditure	951	1,121	(171)	2,303	2,463	(160)
Capital Expenditure						
London Underground	109	171	(62)	296	383	(87)
Surface Transport	98	94	4	227	246	(20)
London Rail	76	97	(21)	170	182	(12)
Group Directorates	10	13	(3)	41	28	13
	293	*375*	*(81)*	*734*	*840*	*(106)*
Capital Receipts & Reimbursements						
London Underground	(54)	(82)	28	(168)	(209)	41
Surface Transport	(5)	(2)	(2)	(6)	(6)	0
London Rail	(1)	(0)	(0)	(4)	(3)	(0)
Group Directorates	(3)	(5)	2	(8)	(11)	3
	(62)	*(90)*	*27*	*(185)*	*(229)*	*44*
Overprogramming	-	(32)	32	-	(70)	70
Net Capital Expenditure	231	253	(22)	549	541	8
Group Items						
Interest Income	(31)	(28)	(3)	(59)	(53)	(6)
Debt Servicing Payments	27	31	(4)	58	85	(27)
Contingency	-	-	-	26	26	-
Net Service Expenditure	1,177	1,377	(200)	2,876	3,062	(186)

( ) 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	Year to Date			Full Year		
£m	Actual	Budget	Variance	Forecast	Budget	Variance
Fixed Assets						
Tangible Assets	14,555	14,654	99	15,211	15,264	53
Current Assets						
Stocks	5	5	-	5	5	-
Debtors	229	177	(52)	214	213	(1)
Payments in Advance	184	99	(85)	152	113	(39)
Cash at Bank and in Hand	1,380	1,230	(150)	1,817	1,553	(264)
Current Liabilities						
Revenue	(807)	(774)	33	(852)	(776)	76
Receipts in Advance	(195)	(264)	(69)	(179)	(182)	(3)
Capital	(218)	(124)	94	(220)	(157)	63
Long Term Liabilities						
Balances with Infracos	(1,757)	(1,744)	13	(2,157)	(2,114)	43
Prudential Loans	(746)	(746)		(1,350)	(1,350)	-
Creditors Due after One Year	(381)	(384)	(3)	(382)	(383)	(1)
Capital Grants	(7,022)	(7,081)	(59)	(6,718)	(6,945)	(227)
Pension Provision	(770)	(770)	-	(770)	(770)	-
Other Provisions	(247)	(259)	(12)	(237)	(225)	12
Total Net Assets	4,210	4,019	(191)	4,534	4,247	(287)
Capital and Reserves						
Earmarked Reserves	842	691	(151)	1,308	1,069	(239)
Pension Reserves	(770)	(770)	-	(770)	(770)	-
General Fund	150	150	-	150	150	-
Other Reserves	3,988	3,948	(40)	3,846	3,798	(48)
Total Capital Employed	4,210	4,019	(191)	4,534	4,247	(287)

( ) 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	Year to Date			Full Year		
£m	Actual	Budget	Variance	Forecast	Budget	Variance
Net Revenue Expenditure	(947)	(1,125)	(178)	(2,347)	(2,521)	(174)
Working Capital Movements	(66)	137	203	20	(17)	(37)
Cash Spend on Operating Activities	(1,013)	(988)	25	(2,327)	(2,538)	(211)
Net Capital Expenditure	(293)	(342)	(49)	(736)	(770)	(34)
Working Capital Movements	(3)	(102)	(99)	(6)	(69)	(63)
Cash Spend on Capital Activities	(296)	(444)	(148)	(742)	(839)	(97)
Funded by:						
Transport Grant	935	935	-	2398	2398	-
Precept Funding	5	5	-	12	12	-
Prudential Borrowing	-	-	-	604	604	-
Third Party Contributions	62	35	(27)	185	229	44
Total Funding	1,002	975	(27)	3,199	3,243	44
Net Movement in Cash	(307)	(457)	(150)	130	(134)	(264)

( ) 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 4 25 June – 22 July	Period 5 23 July – 19 August	Period 6 20 August – 16 Sept.
Approved Investments and Cash			
Budget	1,419	1,337	1,230
Cash Balances	1,463	1,465	1,380
Increase/(Decrease)	44	128	150
Net Cash Balances comprise			
Investments	1,400	1,410	1,324
Investments – Guernsey	42	41	35
Cash & Credits in Transit	21	24	21
Investment Profile			
Up to 1 month	94	185	158
1-2 months	81	60	60
2-3 months	129	34	-
3-4 months	92	54	54
4-5 months	-	-	-
5-6 months	71	111	77
>6 months	514	547	576

Table may be subject to rounding errors