

TRANSPORT FOR LONDON

BOARD MEETING – OPEN SESSION TO BE HELD ON 7 FEBRUARY 2007 AT 1000 HOURS IN THE CHAMBER CITY HALL, THE QUEEN'S WALK, LONDON SE1 2AA

AGENDA

A Meeting of the Board will be held to deal with the following business:

1. Apologies for Absence
2. Minutes of the Previous Meeting held on 7 December 2006
3. Any Matters Arising from the Minutes

Business Items

Sponsor

- | | |
|--|-----------------------------------|
| 4. The Commissioner's Report | Peter Hendy, Commissioner |
| 5. Operational, Financial and Investment Programme Reports | Jay Walder, MD Finance & Planning |
| 6. Taxi and Private Hire Vehicle Licensing Inspections | David Brown, MD Surface Transport |
| 7. Taxi Fares and Regulations | David Brown, MD Surface Transport |
| 8. Public Carriage Office Update | David Brown, MD Surface Transport |
| 9. Revised Terms of Reference for the Corporate Advisory Panel | Howard Carter, General Counsel |

Items for Noting

- | | |
|---------------------------------------|---|
| 10. Report from the Finance Committee | Sir Mike Hodgkinson, Chair of the Committee |
| 11. Report from the Audit Committee | Judith Hunt, Chair of the Committee |
| 12. Any Other Business | |

Date of next meeting: Wednesday, 28 March 2007

TRANSPORT FOR LONDON

MEETING OF MEMBERS OF THE BOARD – OPEN SESSION

MINUTES of the Board Meeting held in the Chamber, City Hall, The Queen's Walk, London, SE1 2AA at 10.00 am on Thursday, 7 December 2006

Present:	Ken Livingstone	(Chair)
	Dave Wetzel	
	Honor Chapman	
	Stephen Glaister	(minute nos. 89 – 92/12/06)
	Kirsten Hearn	
	Sir Mike Hodgkinson	(from minute no. 103/12/06)
	Judith Hunt	
	Eva Lindholm	
	Paul Moore	
	Patrick O'Keeffe	
	Dabinderjit Singh Sidhu	
	Tony West	
In attendance:	Lord Toby Harris	
	Bryan Heiser	
	Murziline Parchment	
	Lynn Sloman	
	Steve Allen	Director, Corporate Finance
	David Brown	Managing Director, Surface Transport
	Ian Brown	Managing Director, London Rail
	Peter Brown	Chief Operating Officer Streets, Surface Transport
	Howard Carter	General Counsel
	Chris Connor	Director, Road Network Management
	Stephen Critchley	Chief Finance Officer
	Richard de Cani	Head of Development & Planning, DLR
	Mary Hardy	Director of Internal Audit
	Peter Hendy	Commissioner
	Ellen Howard	Public Law Team Leader
	David Hughes	Head of IP Oversight (minute nos. 89 – 94/12/06)
	Tim O'Toole	Managing Director, London Underground
	Jeff Pipe	Corporate Governance Adviser
	Ben Plowden	Managing Director, Group Communications
	Duncan Symonds	Commissioner's Chief of Staff
	Valerie Todd	Interim Managing Director, Group Services
	Jay Walder	Managing Director, Finance & Planning
	Jeroen Weimar	Director, TPED
	Horatio Chishimba	TfL Secretariat

89/12/06 **Apologies for Absence**

Apologies for absence were received from Sir Gulam Noon.

Declaration of Interests

No interests were declared.

90/12/06 **Minutes of the Previous Meeting held on 25 October 2006**

The minutes of the previous meeting were **approved** and signed by the Chair as a correct record.

91/12/06 **Matters Arising**

There were no matters arising from the minutes of the previous meeting. A table had been prepared setting out the current status for each of the actions, two of which had been completed and the other was progressing. The Board **NOTED** the actions list.

92/12/06 **Commissioner's Report**

The Commissioner introduced his report and highlighted issues that had arisen since the 25 October Board meeting.

Hybrid Bus Trials:

The Commissioner reported that, following the first double-deck hybrid bus launch on 1 November, bus manufacturers are taking seriously the challenge of large-scale production, following TfL's commitment to introduce such buses in London.

Metronet Annual Review:

The PPP Arbiter had published his report on Metronet's performance during the first 3 years of the PPP and had found that neither of the Metronet companies had performed its activities efficiently or economically or in line with good industry practice. The Commissioner noted that he had appeared before the London Assembly on 6 December 2006 to answer questions about a wide variety of matters, including this one. At the end of the proceedings the Assembly had passed a motion in relation to Metronet's performance and Transport 2025. In the case of both subjects the content of the motion bore little resemblance to the substance of the answers given by the Commissioner to the Assembly's questions.

Awards:

The Commissioner was pleased to report to the Board that Dana Skelley, Head of Road Network Management in Surface Transport, had been named Surveyor/ICE Municipals Engineer of the Year.

LU Sub-Surface Lines' Upgrade:

The Commissioner also reported that he had announced the previous day details

of the upgrades of the Circle, District, Hammersmith & City and Metropolitan lines. They would get new air-conditioned trains from 2009, and in addition, the Circle and Hammersmith and City lines would get 7 Car trains.

T2025:

Stephen Glaister and Dave Wetzel commended the excellent work on the Transport 2025 document, launched by the Mayor on 28 November 2006. Dave Wetzel noted that it was the first official TfL document that mentioned land value capture.

Fares and Ticketing:

Paul Moore and Patrick O’Keeffe believed that the take-up of Oyster was still low for some income groups and that targeted efforts should be made to address this. He also asked officers when a more detailed paper would be provided to discuss the way forward on Fares and Ticketing. Jay Walder informed the Board that Oyster Pay as You Go (PAYG) use on buses had increased by 300%. A more detailed report on Fares and Ticketing would be provided to the Finance Committee and the relevant Panel.

Action: Jay Walder

Proposed Changes to Congestion Charging:

Eva Lindholm asked about the proposed changes to Congestion Charging for cars that emit high levels of CO2 (Band G). The Mayor said that there would still be large vehicles on London’s roads as many makes and sizes of, in almost all cases, Band G vehicles were also available with different engines or fuel configurations in other Vehicle Excise Duty bands. The Commissioner said that there was a detailed analysis on this and it would be circulated to Board Members for information.

Action: Malcolm Murray-Clark

Staff:

The Commissioner informed the Board that Jay Walder had announced his resignation and would join McKinsey & Company in the New Year. The Mayor commended Jay Walder for his efforts over the past 6 years and said he would be greatly missed.

The Board also thanked Duncan Symonds for his work over the past 18 months as Chief of Staff in the Commissioner’s office. The Board welcomed the appointment of Sam Richards who would replace Duncan Symonds in the New Year.

The Board **NOTED** the Commissioner’s report.

93/12/06

Operational, Financial and Investment Programme Reports

Jay Walder introduced his report which informed the Board of TfL’s performance over the second quarter of 2006/07. Issues raised from the report included:

Tunnel Cooling:

In response to a question from Dave Wetzel, Tim O’Toole confirmed that LU would not take ground water and pump it into the Thames. He was aware and was pursuing the possibility of a scheme which allowed ground water to be used

for both heating and cooling.

Connect Radio:

In response to a question from Dave Wetzel on the negative press in relation to the new radio system and why Connect radio was taking so long, Tim O'Toole informed the Board that he had addressed the 7 July Review Committee of the London Assembly on the issue and had given a timetable which outlined what TfL was doing to improve the performance under the PFI Contract which was in a very poor state when it took over. The £2bn digital Connect radio system had now gone live on the East London, District, Circle & Hammersmith and City lines, and was shortly to go live on the Metropolitan line.

Measuring Customer Satisfaction:

Bryan Heiser asked whether TfL customer satisfaction measures took account of rising customer expectation over time. Jay Walder said that a report would be provided to a future Board meeting.

Action: Jay Walder

Women's Transportation Seminar:

Tony West informed the Board of the importance of the work being undertaken by the Women's Transport Seminar led by Valerie Todd and the successful seminar which had been hosted recently. Valerie Todd undertook to circulate to Board members and Advisers details of the Women's Transportation Seminar events.

Action: Valerie Todd

Coulsdon Relief Road:

The Mayor asked for a report on the Coulsdon Relief Road detailing reasons for the delay and the increased cost of the work.

Action: David Brown

Peter Hendy commended Jay Walder and his team for the new format of the report and the clarity of its presentation.

The Board:

- **NOTED** TfL's operational and financial performance over the second quarter, 2006/07;
- **NOTED** TfL's progress on the Investment Programme over the second quarter 2006/07; and
- **NOTED** that positive feedback on the revised format of the report would be forwarded to the contacts named in the report.

94/12/06 **Update on TfL's Investment Programme Oversight Function**

David Hughes introduced the paper which provided a summary report to the Board on the development of TfL's Investment Programme Oversight function.

The Board **NOTED** the contents of the report.

95/12/06

Joint Arrangements with London Local Authorities for Traffic Enforcement

David Brown introduced the report which sought authority from the Board to continue with the existing contractual joint arrangement with the London Borough of Islington for vehicle removal services. The report also sought delegated authority for the Managing Director of Surface Transport to enter into a joint arrangement with Local Authorities for the purposes of enforcing traffic contraventions.

The Board was informed that this would be an interim arrangement until the London Wide Removal Service (LWRS) was introduced from the end of 2007. TfL was working more closely with London Boroughs on enforcement activities to improve traffic flow on the TLRN and Strategic Road Network.

David Brown assured Lord Toby Harris that TfL would continue to monitor the quality and standards of contractors engaged to undertake removals of illegally parked vehicles in the Borough.

The Board **APPROVED:**

- a) Authority to continue with the existing joint arrangement with the London Borough of Islington for vehicle removal services until the broader LWRS commenced; and
- b) Delegated authority for the Managing Director of Surface Transport to enter into joint arrangements for the purposes of enforcing traffic contraventions.

96/12/06

Safer Transport Initiatives

David Brown introduced the paper which provided an overview of the Safer Transport Initiative. The paper also asked the Board to note the objectives and arrangements for the Safer Transport Initiative.

The Safer Transport Initiative would see the deployment of 375 Police Community Support Officers. The Support Officers would be deployed to 21 priority locations in outer London Boroughs in teams of 18 to PCSOs supervised by (at least) one sergeant. The priority locations would be agreed between TfL and the MPS. The teams would primarily provide a dedicated, highly visible presence at key transport locations and would liaise closely with TOCU, Borough police and the British Transport Police. The initiative had initial funding for 2 years.

It was expected that the teams would build on the success of TOCU and further improve the visibility of TfL's transport policing efforts on the outer London transport network. The first teams would be deployed from March 2007 and the standard training package available for Police Community Support Officers would be enhanced to reflect their specific transport responsibilities.

The TfL Board **NOTED** the objectives and arrangements for the Safer Transport

Initiative.

97/12/06 Partnership in Parking Agreements with London Boroughs

David Brown introduced the report which sought Board approval in principle to enter into the Partnerships in Parking agreement joint arrangement with a group of London Boroughs.

It was noted that since 2004 TfL has had responsibility for enforcing parking on the TLRN and now ran one of the largest parking enforcement operations in London and the United Kingdom. TfL was keen to work closely with the Boroughs on improving enforcement operations and proposed to join into a partnership arrangement with six London Boroughs to explore new technologies, potentially to achieve some procurement efficiencies and develop best practice.

The Board was informed that the Partnerships in Parking joint arrangement would not commit TfL to any future policy or procurement, but would ensure that TfL remained in the forefront of developments in the field.

The Board **APPROVED** in principle for TfL to enter into Partnership in Procurement programme joint arrangement and delegated to the Managing Director of Surface Transport any further negotiations.

98/12/06 TLRN Highways Term Maintenance and Works Contracts 2007

David Brown introduced the report which informed Board of the nature and intentions of the new TLRN Highways Term Maintenance and Works Contracts (TMC) and of the outcome in broad terms of the tender process. The Board would be requested to approve the award of three area-based contracts in the following closed session Board meeting. The Board was informed that savings would be made from the new TMCs.

Lord Toby Harris commended the inclusion in the report of 'Section 17 Crime and Disorder Act Considerations'; Murziline Parchment asked about Contractors' commitment to apprenticeships and training. Chris Connor confirmed that training, equality and diversity had been taken into account throughout the tendering process and TfL's Equality and Inclusion team had been closely involved.

The Board **NOTED** the content of the paper.

99/12/06 Appointments to Board Committees and Panels and Revision of Standing Orders

Howard Carter introduced the report which provided the Board with an update on the arrangements for the establishment of the Corporate Advisory Panel and the Strategic Planning Advisory Panel and asked the Board to make further appointments to complete the establishment of those Panels.

The Board was also asked to make a further appointment to the Audit

Committee and to make a revision of Standing Orders to clarify the position with regard to the approval of matters relating to debt issuance.

The Board:

- 1) **APPROVED** the appointment to -
 - a) the Audit Committee of Paul Moore;
 - b) the Corporate Advisory Panel of -
 - Valerie Todd, MD Group Services;
 - Howard Carter, General Counsel;
 - Ben Plowden, MD Group Communications; and
 - Jay Walder, MD Finance and Planning.
 - c) the Strategic Planning Advisory Panel of –
 - Ben Plowden, MD Group Communications; and
 - Jay Walder, MD Finance and Planning.
 - d) the Corporate Advisory and Strategic Planning Advisory Panels as a member and chair –
 - Peter Hendy, Transport Commissioner.
 - e) the Corporate Advisory and the Strategic Planning Advisory Panels as advisor –
 - Lynn Sloman.

- 2) **APPROVED** the revision of Standing Orders as follows -
 - a) Terms of Reference for Finance Committee in Standing Order 1, Appendix 3 –

delete 2.1 (f) advise the Board re any Prospectus or Information Memorandum associated with debt issuance.

Delete current paragraph 3 and replace with the following replacement paragraph 3 –

The Committee will monitor the implementation of the annual Treasury Management Strategy and may approve, without further reference to the Board notwithstanding the value of any transaction;

(1) the implementation of any borrowing and investments as permitted by the annual Treasury Management Strategy and/or Treasury Management Policy Statement or any Board approved borrowing and investment strategies; and

(2) any associated Prospectus or Information Memorandum.

This authority is concurrent with the authority of the Commissioner and/or Managing Director, Finance and Planning to enter into transactions relating to borrowing and investments.

- b) Delete from matters reserved to the Board Standing Order 2 -

4.2 (g) approval of any Prospectus or Information Memorandum associated with debt issuance.

100/12/06 Report from the Finance Committee

The Board **NOTED** the report from the Finance Committee highlighting matters discussed at the meeting held on 15 November 2006.

101/12/06 Report from the Safety, Health & Environment Committee

Dave Wetzel introduced the report from the Safety, Health and Environment Committee which highlighted matters discussed the Committee meeting held on 15 November 2006. Dave Wetzel commended officers for providing that meeting with the first HSE Assurance Letters from Surface Transport and Corporate Directorates. The SHEC had also received a draft TfL Environmental Report.

Dave Wetzel thanked the two outgoing HSE external advisers to SHEC, Stuart Natrass and Richard Booth, for their advice to the Committee Members and their support in developing SHEC in its inception. The two posts would be advertised.

Fire Suppression Equipment:

David Brown confirmed that the April 2007 date given in the report as the date by which all buses would be fitted with fire suppression equipment was incorrect. It would take longer than that to have all buses fitted with the equipment given the replacement of old buses with new ones, which were now fitted with the equipment, and the progressive nature of the retrofit programme for existing vehicles. Both the report and the SHEC minutes would be corrected.

Action: Richard Stephenson

The Board **NOTED** the content of the report.

102/12/06 Report from the Audit Committee

Judith Hunt introduced the report from the Audit Committee which highlighted matters discussed at the meeting held on 2 November 2006.

The Board **NOTED** the content of the report.

103/12/06 Mayoral Direction to TfL to Revise Fares

Howard Carter introduced the report which informed the Board of a Direction from the Mayor to implement revisions to fares on TfL services.

Oyster Pay As You Go on National Rail:

In reply to Lord Toby Harris, Jay Walder confirmed that a marketing campaign in stations was underway to make it clear what the existing availability of Oyster Pay As You Go on National Rail was.

The Board **NOTED** the receipt of the Direction from the Mayor.

104/12/06 **Any Other Business**

Board Members' Site Visit to London Traffic Control Centre:

The Mayor reminded Board members of a site visit that had been arranged on 23 January 2007. The trip to the LTCC would also afford Board members the opportunity to travel on a hybrid bus.

There being no further business the meeting closed.

Signed by the Chair: _____

Date: _____

**ACTIONS ARISING FROM THE OPEN BOARD MEETING HELD ON
7 DECEMBER 2006**

Minute No:	Action:	Action to be taken by/ Status:
92/12/06	<u>Commissioners Report: <i>Fares & Ticketing</i></u> A detailed report on Fares & Ticketing to be provided to the Finance Committee and the relevant Panel.	Jay Walder (TBC)
92/12/06	<u>Commissioners Report: Proposed Changes to Congestion Charging – <i>Vehicle Excise Duty bands</i></u> Analysis carried out on VED Band G to be circulated to Board members for information.	David Brown (Malcolm Murray-Clark) PROGRESSING
93/12/06	<u>Operational, Financial and Investment Programme Reports: <i>Customer Satisfaction Measures</i></u> A report on customer satisfaction measures to be provided to a future Board meeting.	Jay Walder COMPLETED
93/12/06	<u>Operational, Financial and Investment Programme Reports: <i>Women's Transportation Seminar</i></u> Details of the Women's Transportation Seminar events to be circulated to Board members and Advisers.	Valerie Todd COMPLETED
93/12/06	<u>Operational, Financial and Investment Programme Reports: <i>Coulsdon Relief Road</i></u> A report on the Coulsdon Relief Road detailing reasons for the delay and the increased cost of the work would be provided to the Mayor.	David Brown COMPLETED
101/12/06	<u>Report from the Safety, Health & Environment Committee: <i>Fire Suppression Equipment</i></u> The Report and the SHEC minutes would be amended to correct length of time it would take to fit fire suppression equipment to all buses.	Richard Stephenson/ Secretariat COMPLETED

TRANSPORT FOR LONDON

BOARD

SUBJECT: COMMISSIONER'S REPORT

MEETING DATE: 7 FEBRUARY 2007

1. PURPOSE

- 1.1 This report provides an overview of major issues and developments since 7 December Board meeting and updates the Board on significant projects and initiative.

2. MODAL OPERATIONS

Surface Transport

2.1 Bus Passenger Journeys

Year to date passenger journeys have increased by 1.2%.

2.2 Hydrogen Vehicles

The tender process for the Hydrogen Buses work-stream is completed, with clear recommendations on preferred suppliers for the 10 vehicles and supporting refuelling infrastructure. Competitive dialogue meetings continue with potential suppliers of hydrogen cars and vans, with recommendations due in February. Funding for phase 1 will be sought from the newly-established TfL Climate Change Fund.

2.3 Congestion Charge Western Extension

The Western Extension programme is on schedule for delivery on 19 February 2007. The WEZ Resident discount registration was launched on 20 October with approximately 26000 applications for discount registration received to date (8 January), representing 70% of the 37000 forecast resident registrations, marginally ahead of expectations. The Capita system and staffing enhancements to support the scheme are on schedule. Signs implementation continues to progress to plan: As of 8 January all boundary poles, 354 of 381 boundary signs and 146 of 180 road-markings have been completed. Additional bus services will be introduced in advance of the introduction of the Western Extension to provide space for an additional 4,800 passengers. These include route extensions, increases in frequency and a new route (452 between Kensal Rise and Wandsworth Road Station).

- 2.4 On 16 January TfL received enforcement notices from the Royal Borough of Kensington and Chelsea regarding two enforcement camera poles which have been installed in relation to the western extension of

the Congestion Charging Scheme. This will not effect the go live of the western extension on 19 February and TfL will be appealing these notices which will result in a planning inquiry being held. A decision is not expected until Summer/Autumn 2007.

2.5 Coulsdon Relief Road

On 18 December the Coulsdon Relief Road opened to traffic, creating a major bypass on the A23 London to Brighton Road, removing 80 per cent of traffic from Coulsdon town centre, enabling work to begin on the Coulsdon town regeneration scheme, one of the Mayor's 100 public spaces, and facilitating safety improvements for bus passengers, pedestrians and cyclists

2.6 Croydon Tramlink

TfL have discovered through communication with Her Majesty's Railway Inspectorate (HMRI) that 2 Improvement Notices were issued in October to Tramtrack Croydon Limited (TCL) in respect of breaches of the Health and Safety at Work Act and the Management of Health and Safety at Work Regulations. These relate to the lack of action by TCL's management to implement changes to the infrastructure and control systems to mitigate against derailments at sprung points, following the August 2005 and May 2006 derailments at Phipps Bridge. TCL have never notified TfL of these notices. In addition, HMRI have obtained a programme and commitment to deliver a series of track repairs. London Trams has formally notified TCL that it is in breach of the Concession and issued instructions to TCL to remedy the breach. Details of the actions being taken by TCL to comply with HMRI's requirements and the committed programme of track repairs are also required.

London Underground

2.7 Passenger Journeys & Revenue

High passenger loadings in the run up to Christmas resulted in several new records being established. In the four week period ended on 9 December, LU recorded its highest ever 4-weekly total of over 87 million passenger journeys, with a new daily record of almost 4 million journeys estimated to have been made on Friday 8 December. In 2006 LU carried more than one billion passengers in a calendar year for the first time ever.

- 2.8 Demand growth continues to have a twofold effect. Revenue for the year to date is more than £50 million above the budget, and in the first week of December weekly revenue exceeded £30 million for the first time. However as discussed in my report to the December Board meeting, rising traffic increases the level of crowding on trains and the delay and congestion in stations leading to increases in journey time, and worsening LU's excess journey time measures, despite the relative reliability of the train services themselves. LU is reviewing the way in which elements of the measure are displayed.

2.9 Industrial Relations - Pay Negotiations

Following the LU offer of a three year settlement, in the past six months LU has made a number of changes to its pay offer to respond to the trades unions' position. Most recently LU has agreed to offer even more flexibility by allowing train operators to choose between an extra three days off or an equivalent payment in lieu of these 3 days, in return for changing rosters on Fridays and Saturdays to accommodate later running.

2.10 LU's final offer has been accepted by BTOG as well as TSSA, but neither RMT nor ASLEF has responded positively and on 18 January RMT announced a ballot of its LU members for strike action. This can only cause further delay to payment of the award.

2.11 Sub Surface Lines Upgrade

In December LU and Metronet announced detailed plans for the upgrade of the sub surface lines. Under this £3.1 billion project, the Circle, District, Hammersmith & City and Metropolitan lines will get new trains, together with a new signalling system and upgraded track layouts. The new 190-strong train fleet, which will be common to all sub surface lines, will be fully air conditioned with CCTV throughout and walk-through gangways between carriages. The trains will be built by Bombardier in Derby and will be delivered between 2009 and 2015, with the first due to enter service on the Metropolitan line in late 2009. There will be dedicated spaces for wheelchair users and those with luggage and prams and access to the train carriages will be at the same height as the platforms allowing ease of access.

2.12 The installation of air conditioning in the new trains and the inclusion of a seventh car in the replacement Circle and Hammersmith & City lines' fleet are specified rights that LU has chosen to exercise under the PPP Contract and will consequently pay for in addition to the contracted Infrastructure Service Charge.

London Rail

2.13 Docklands Light Railway Performance

Overall performance has been very good and along with record levels of customer satisfaction recorded in the Q4 2006 Customer Satisfaction Survey, demonstrates that the operation is working well. Ridership levels reached almost 60m passengers pa at the end of 2006 with over 200,000 weekday journeys now being handled.

2.14 National Rail in London

At the time of writing two positive responses have been received from Train Operating Companies (c2c and Chiltern) to the Mayor's offer to purchase and install Oyster pay as you go equipment at all their stations in Greater London. South West Trains have been mandated to accept

Oyster pay as you go through their new franchise agreement. At the meeting the Board will be updated on the position following requests to all Train Operating Companies for agreement by 31 January.

2.15 The DfT announced the short-listed bidders for the new West Midlands franchise, which will incorporate the existing Silverlink County services, late last year. These were: London & Birmingham Railway Limited (Govia); MTR Corporation (UK) Limited (MTR Corporation of Hong Kong); and Serco NedRailways West Midlands Limited (a Joint Venture between Serco and NedRailways). However, MTR subsequently withdrew. The closing date for bids is February 2007 and winners will be announced in summer 2007.

2.16 The new West Midlands franchise will commence on 11 November 2007, concurrent with the start of the London Overground Concession. London Rail has been in discussions with the DfT and the bidders to ensure that there is a seamless interface with the TfL zonal fares system at Watford Junction.

2.17 London Rail is continuing its partnership investment programme with a number of Train Operating Companies. Work includes the completion of passenger security measures with Southeastern and the installation of cycle parking facilities at various locations in co-operation with the Cycling Centre of Excellence.

2.18 Chiltern Railways carried out a consultation at the end of 2006, inviting comments on the changes planned for their timetable in May 2007. Of particular significance for London was a proposal to introduce an additional stop each hour in the London area on their Marylebone to High Wycombe stopping services. TfL's response supported the introduction of an additional stop at Northolt Park on the basis that this station has a more discrete catchment area compared with the other options and has good orbital bus connections. If agreed, this will give two trains per hour at this increasingly important station in north-west London.

2.19 **London Overground**

The placing of the 7-year concession contract to operate London Overground services is progressing on programme. A decision on those selected to go to Best and Final Offer (BAFO) stage was taken in December 2006 with Hong Kong MTR/Laing and Govia (GoAhead and SNCF) selected to go forward. BAFO instructions are to be issued in early February 2007 and returns are expected during March 2007. The process is due to deliver a concessionaire in June 2007 ready to commence operations in November 2007.

2.20 The second stage of the 'Enabling Works' contract (which replaced and refurbished the bridges and viaducts in advance of the 'Main Works') was completed successfully by Taylor Woodrow and the site handed over on 23rd January. The Main Works Contract, to construct the extended East London Line is underway in terms of mobilisation and detailed design

work and on programme to complete on schedule for public opening in June 2010.

- 2.21 Design submissions have begun with respect to the contract for the 44 trains which will form the Overground Rolling stock. Physical construction of the trains will start later this year and delivery will take place in 2008/09 with trains introduced first onto the North London Railway then to East London.
- 2.22 TfL is fully engaged with Network Rail on the North London Line infrastructure project. Work is continuing on refining the scope and outputs of the project designed to deliver station, route capacity and power upgrades to allow the introduction of TfL's new rolling stock in 2009, followed by the service upgrade necessary to meet the Olympic requirement and legacy specifications from early 2011.
- 2.23 Following the Mayor's announcement with respect to connecting the East London and North London railways at Dalston, the project now includes the Dalston Curve and design work for this additional infrastructure is underway.

Severe Weather

- 2.24 On 18 January London experienced the strongest sustained winds since 1990. The gales meant that the robustness of TfL's information systems was tested as well as the resilience of the rail and road networks.

2.25 Underground

Most Underground lines were disrupted; almost 20 per cent of timetabled trains were cancelled in the evening peak mainly due to service suspensions caused by fallen trees, despite the best efforts of LU and Infraco staff to remove them as quickly as possible. Additionally there were numerous other minor incidents where traction current was discharged to allow local staff to remove obstructions. From early afternoon precautionary 30 mph temporary speed restrictions were imposed on the open sections of the west end of the District, Piccadilly, Jubilee, Metropolitan and Central lines and the open sections of the Bakerloo and Northern lines, and remained in place until 18.00.

2.26 DLR

DLR generally coped well with the adverse weather in terms of provision of a high level of capacity and local customer information. There was a specific problem necessitating the closure of the very exposed West India Quay where work on renewal of the structure was imminent having been brought forward as part of the 3-car upgrade.

2.27 Surface

The adverse conditions resulted in 64 separate incidents being reported on the TfL road network. On average it took 34 minutes to attend each site and 1 hour to resolve the issue once in attendance. 8 incidents took

one hour or more to respond to while 18 incidents took over one hour to resolve once on site. Of the 18 long duration incidents, 14 were fallen trees and associated damage, two were due to hoardings being blown free, one to a plate securing a lighting column coming adrift and one to debris falling from a damaged property.

2.28 In summary, these are a very strong responses to an extremely challenging, 'high incident rate' event.

2.29 Information

In terms of web-site hits, 18 January generated a peak twice the size of that generated by the July 2005 bombings. This level of traffic caused the servers to freeze, preventing the regular updating of real time information. To solve this problem TfL has already taken steps to reduce the server load and therefore lessen the risk of the servers freezing.

2.30 Subject to budget approval, TfL is also proposing to increase application server capacity by 6 servers and to further off-load demand. These actions will enable the site to handle a further 40% increase in traffic. A regular high load testing programme is also being put in place to simulate extreme traffic peaks so the capacity to handle extreme surges of demand on the web-site can be monitored.

3. MAJOR PROJECTS AND INITIATIVES

3.1 Stratford Regional Station Upgrade

The ODAs Olympic Project Review Group have approved funding to the sum of £104m and formal ratification is now awaited from the Department of Culture Media and Sport (DCMS). The ODA will decide on their preferred delivery method shortly.

3.2 West London Tram

Detailed traffic modelling has been completed and the model outputs are being fine tuned to complete the business case analysis.

3.3 East London Transit (ELT)

As a result of London Borough of Barking and Dagenham's (LBB&D) refusal to permit phase 1a (Ilford to Dagenham Dock station via Barking Town Centre) to pass through Barking Town Centre public consultation on phase 1b (Barking Town Centre to Dagenham Dock via Barking Riverside) has been put on hold. Urgent representations are being made to LBB&D to resolve this issue but delivery will be delayed until 2009 at the earliest.

3.4 The final route options report for phase 2 (Barking Town Centre to Abbey Wood and Woolwich via Thames Gateway Bridge), to cross the River Roding, has been received and sent to London Thames Gateway Development Corporation for inclusion in their masterplan.

- 3.5 Greenwich Waterfront Transit (GWT)**
The phase 2a (Charlton to the Greenwich Peninsula) draft engineering feasibility report has been completed defining the preferred route alignment.
- 3.6 Thames Gateway Bridge**
The OJEU notice and pre-qualification questionnaire for the PFI Concession Contract have been finalised. The OJEU notice will be issued in February 2007.
- 3.7 Victoria Transport Interchange**
Stage 1 traffic modelling final report was completed on 12 January 2007. The outputs from the reports are under review and will be discussed with the Mayor on the 14 February 2007.
- 3.8 Finsbury Park Interchange**
The new Interchange Gallery and Cycle Park at Finsbury Park was successfully launched by the Mayor and the Commissioner on the 14 December 2006.
- 3.9 Croydon Tramlink Extension to Crystal Palace**
Public Consultation closed on the 18th of December 2006 and the results are now being analysed by MORI until the end of February 2007.
- 3.10 Cross River Tram**
Route options consultation continued with 2 day road shows held in Brixton, Peckham and Camden. Distribution of 250,000+ consultation brochures along the line of route was completed by 27th of December 2006.
- 3.11 Elephant and Castle**
Planning of the feasibility stage for the improvement of the interchange at Elephant and Castle is underway with LB Southwark.
- 3.12 Ealing Broadway Interchange**
The extended feasibility study is on programme to commence mid January 2007 for 6 months. The work will include progression to the design stage for the do minimum bus option and pedestrian modelling for alternative ticket hall options.
- 3.13 DLR Projects**
An historic milestone was achieved on the Stratford International project on December 9, when the last Silverlink train ran between Stratford and North Woolwich before the line was closed to make way for the DLR conversion works. The line has now been depowered and made secure following the securing of all necessary agreements with Network Rail and in accordance with the conditions laid down by the Secretary of State in the TWA order.

- 3.14 Following Board approval in December, the first building phase of the project is also now underway following the signature on January 10 of a £39m contract with Skanska/Grant Rail for the Network Rail works between Stratford and Stratford International, including the building of the new reception platforms for North London Line services.
- 3.15 A key milestone was also reached on the Woolwich Arsenal on December 19 when breakthrough was made of the first tunnel into the reception chamber at Woolwich Arsenal. A number of lessons learnt in both logistics and ground conditions will now be employed to speed up the second drive, which is due to begin again from the north side in March once the tunnel boring machine has been reassembled there and overhauled.
- 3.16 An extensive programme of evaluation and review is underway with the two bidders for the 3 car capacity enhancement project, which is on programme for contract award by the end of March 2007.

4. CORPORATE OPERATIONS

4.1 Staff

Greater stability has been brought to Group Services with three Director level appointments. Andrew Quincey took over as Director Group Procurement on 2 January 2007. On the 19 February 2007, Phil Pavitt will take on the role of Chief Information Officer and Maria Antoniou will become the Director of Human Resources.

4.2 IT

On 15 January 2007 the TfL desk top support services contract successfully transferred from Logica to CSC.

4.3 Equality and Inclusion

Transport for London (TfL) has been named by Stonewall, the leading gay equalities organisation, as one of England's top 10 employers in their 2007 Workplace Equality Index. TfL was placed eighth, a dramatic improvement from last year's rating of 59th in the top 100. This makes TfL the most improved public body over the period, an achievement that has been recognised by Stonewall.

Planning and Policy

4.4 T2025 and Mayor's Transport Strategy 2 (MTS2)

Since the launch of the report on 28th November 2006, briefings have been held with the London Chamber of Commerce, Canary Wharf Transport Forum and others. The document will be used to support discussions on the CSR07 and in preparation for the revision of the Mayor's Transport Strategy.

TfL has initiated work and the detailed development of MTS2 will be taken forward with the new the Strategic Planning Panel. The Board will receive a report in the future on the details of its involvement and the MTS2 timetable.

4.5 London Plan

TfL submitted its response to the public consultation of the Further Alterations of the London Plan. The response acknowledged that TfL's key comments in response to the Functional Bodies consultation had been incorporated, and noted that the T2025 Transport Vision identified policies and projects that are essential to fulfil the potential for London set out in the London Plan and that this is dependant on increased investment in transport. The response also noted that TfL plans to take forward detailed sub-regional analysis and modelling to improve understanding of how transport improvements and developments should be integrated at the sub-regional and local level.

4.6 Mayor's Climate Change Action Plan

TfL's Policy Unit has been heavily involved in the development of the Mayor's Climate Change Action Plan. The Plan sets out how London will make its contribution to carbon dioxide reduction and show global leadership in meeting this challenge. The transport section of the Plan reflects the good work already being done by TfL and highlights further opportunities to tackle emissions in the future. The Plan will be launched by the Mayor on 27th February 2007.

4.7 Fares & Ticketing

The Concessionary Fares settlement with the London Boroughs has now been agreed. A two year extension of the three year deal negotiated in 2004 has also been agreed. Base settlements for 08/09 and 09/10 have been agreed, together with an adjustment mechanism to allow for fares levels or Freedom Pass usage diverging from base case assumptions.

4.8 Payments for the national free bus scheme to be introduced from April 2008, and for the North London Railway from 2008/09, following its transfer to TfL control, will be negotiated separately with London Councils.

4.9 Pay as you go use

The trend of Pay As You Go use continued to be positive in Period 9 following the strong growth over the autumn. In Period 9, PAYG accounted for 22% of all Tube trips, compared with 14.8% in March and 8.7% a year ago. Corresponding bus figures were 13.3% in Period 9, 8.0% in March and 3.7% a year ago.

4.10 Fare increases

The bus and tube fares revision was implemented on 2 January 2007 as agreed by the Mayor last September. Underground fares increased by RPI+1% overall, with PAYG single fares frozen across London and the £3 cash single fare in Zone One rising to £4. On buses, the increase was significantly reduces to RPI+4 rather than the RPI+10 previously

announced by the Mayor. The cash single fare rose to £2, with the Oyster fare and the Bus saver fares set at £1. The one day Bus Pass price was frozen and the weekly increased in line with RPI (around 3.5%)

4.11 Fares Campaign

A heavyweight campaign focusing on high cash bus routes, C2DE's and ethnic minority groups who are not using Oyster went live across London on 5 January 2007. The message focuses on the fact that Oyster is now half the price of the single cash fare.

4.12 Oyster Cards for Visitors

Gatwick Express has now agreed to commence sales of Oyster cards at the ticket windows at Gatwick Airport from 1 February 2007. This will be followed by sales on Gatwick Express trains commencing before 1 March 2007. Preloaded PAYG Oysters will be retailed. The activity will be supported by TfL and Gatwick Express marketing and public relations. Following this deal, TfL are pursuing the launch of a similar service on Stansted Express as well as other rail services operated by the National Express Group.

4.13 London's Transport Museum Fundraising

It was announced this period that London's Transport Museum will be receiving £157,000 towards educational facilities and exhibits for children from the Luke Rees-Pulley Charitable Trust. The Trust aims to advance the education of the public on the workings and benefits of public transport and promote the improvement of safety standards in Greater London.

Finance

4.14 Spending Review 2007 (SR2007)

Engagement continues with the DfT over SR2007, with TfL answering specific questions and queries as they arise. The DfT have confirmed the timetable for their own SR2007 submission into the Treasury, and this means the period for this engagement will draw to a close by early March.

4.15 Transport Investment Fund (TiF)

Originally TiF outcomes were expected to be announced by the end of 2006, but at the time of writing no announcement on outcomes had been made, and the timetable had not been updated. However a recent ministerial statement suggested DfT were supportive of Gospel Oak Barking proposals (Productivity TiF) and developing Road User Charging (Congestion TiF).

4.16 Financial Shared Services Centre (FSC)

When compared to the baseline before the formation of the FSC, work previously being done by 105 staff is now being done by 67. This is resulting in annualised savings in the region of £1.7 million.

4.17 Tax Confidence

HM Revenue and Customs have carried out a risk evaluation assessment of TfL, which they are performing for all large businesses. This process is being used by HMRC to optimise their efforts and resources, by concentrating on non-compliant taxpayers, and minimising the level of resources spent scrutinising compliant taxpayers.

4.18 In the HMRC assessment TfL have been rated as low risk against every measure, which includes: strength and reliability of governance, systems and controls, use of avoidance schemes, levels of co-operation and disclosure, and regularity of technical dispute and / or pushing the boundaries in legal interpretation.

4.19 This rating should mean that HMRC will devote less resource to reviewing the tax compliance returns submitted by TfL, and represents a vote of confidence in the work undertaken by the TfL Tax Department.

4.20 Significant progress has been made in the last year in bringing our corporation tax compliance up-to-date and agreeing outstanding issues for earlier years. With respect to VAT compliance, there is regular communication with the principal inspectors dealing with TfL's two VAT group registrations, and they have expressed their appreciation of the honest and open manner in which contentious VAT issues are dealt with.

4.21 Olympic funding and VAT

In a recent meeting between TfL's Tax Department and Customs inspectors from HM Revenue and Customs, TfL made the case that funding of £288 million that TfL is due to receive from the ODA should be regarded as a grant, which is outside the scope of VAT. There was some uncertainty as to whether HMRC would take the view that TfL was providing services to the ODA, and would therefore have to charge them VAT. Since the ODA cannot currently recover its VAT this would represent a significant additional cost to the Olympics, and the general issue has attracted extensive media attention.

4.22 After consulting with senior officials within HMRC the inspector confirmed that treating the funding as a grant would be acceptable. The ODA were delighted with this decision, especially since they were originally advised that VAT was likely to be payable. It is thought that this decision could also strengthen the ODA's position when arguing over the VAT treatment of funding they are due to provide to other organisations, such as the LDA.

5. COMMUNICATIONS

5.1 Personalised Travel Planning (PTP)

The PTP team are planning for two roll outs for spring 2007. A major roll out, covering nearly 70,000 households in Sutton, follows a pilot of 6,000 households which was undertaken in the borough in autumn 2006. A

follow up survey to the pilot was undertaken and provided positive feedback on various aspects including quality and helpfulness of materials used and early indications of potential shifts in travel behaviour. A full follow up survey will be undertaken in 12 months time to understand the actual levels of modal shift achieved. Short listing for a second roll out to begin in late May, covering approx 25,000 households, is currently underway.

5.2 School Travel Planning (STP)

A design agency has been appointed and work is under way for the schools accreditation scheme to be launched in February 2007. The scheme will award either a bronze, silver or gold accreditation to schools based upon their school travel plan quality and participation levels. Design work has also begun on a cycle curriculum pack linked to Tour de France – this will utilise the unique opportunity the Tour presents to promote cycling in schools.

5.3 Workplace Travel Plans (WTP)

The WTP team issued Best Practice for Workplace Travel Planning for New Development for public consultation in December 2006. This guidance is aimed at standardising the approach towards travel planning through the planning system. If successfully implemented and adopted by the Boroughs this could lead to a significant increase in the implementation and effectiveness of travel plans across London. In addition work has been progressing with 32 NHS Trusts to develop travel plans, whilst the Metropolitan Police and 31 of the 33 Boroughs have now also signed up and are working with TfL to develop their own travel plans.

5.4 BAME Internship Scheme

Transport for London has launched its first Press Office Internship scheme for aspiring young media and PR professionals from Black, Asian and minority ethnic (BAME) backgrounds. The move aims to help tackle the longstanding under-representation of people from BAME communities in the PR industry across the country. The interns have been recruited for six-month placements in one of the busiest press offices in the UK, covering a city where nearly one-third of the population is from Black, Asian or minority ethnic backgrounds. They will be working on stories highlighting core aspects of TfL including buses, tubes, rail and development work around the Mayor's £10 billion investment programme.

5.5 Safer Travel At Night

The Mayor in conjunction with Met Commander Steve Allen launched a new TV advert on December 12 warning women not to use illegal cabs. This formed the latest stage of an ongoing campaign between the Mayor, Transport for London and the Metropolitan Police to provide safer travel options at night, and to crack down on illegal cabs. The campaign encouraged people to be 'Cabwise', allowing them to enjoy the festive season without putting themselves at risk.

5.6 Local Implementation Plans (LIPs)

On 20 December, a record level of TfL funding to support local transport projects in the boroughs in 2007/08 was announced. The £160m funding will support projects such as:

- £300,000 over three years to be spent on the refurbishment, renovation and upgrade of tunnels in a number of railway viaducts south of Vauxhall, providing new walking links in comfortable surroundings
- £250,000 over two years for safety and security improvements in Wanstead, including improvements to the lighting and accessibility of paths linking the High Street to Wanstead station, and improvements to bus stops on New Wanstead and Herman Hill
- £1,200,000 over the next two years for the construction of a brand new bridge in Coulsdon to replace the ageing bridge where the A237 Woodcote Grove crosses the railway line
- £900,000 to be spent over three years on the construction of a new pedestrian footbridge across a railway at Bedfont Road near Feltham, improving walking links in the borough
- £100,000 to be spent on resurfacing the cycle route along the A112 via Chingford, Walthamstow and Leyton, improving conditions for cyclists
- £35,000 to build a wind turbine at Low Hall Depot which will produce renewable energy powering Waltham Forest Council's pool of electric vehicles, amongst other uses

Overall, the announcement appears to have been well-received with positive coverage appearing across a number of local media publications. The Mayor has now approved 13 boroughs LIPs. TfL has now received 31 of the 33 LIPs, which are all at various stages of the approvals process, and a number of recommendations for approval are being finalised.

6. CORPORATE ISSUES

6.1 Environment Report

The TfL 2006 Environment report was published on the web-site in December. This is a review of TfL's environmental performance in 2006. It outlines performance and achievements, and reports against our environmental objectives and key performance indicators. It highlights a continued shift away from car use to public transport; and a reduction of harmful emissions to air from buses, and as a result of the congestion charge.

6.2 **Panels**

A Corporate Advisory Panel induction combined with a tour of HR Services took place on the 12 December 2006 at TfL's offices in Empress State Building, Earls Court. This was in preparation for the first meeting of that Panel which took place on 25 January 2007.

6.3 The cancellation of the Rail and LU Panel in January, caused by a lack of significant items, will not be repeated. In the event an extra Surface Panel has been convened.

6.4 **Board visit**

On 23 January Board members visited Vauxhall Cross Bus Station, CentreComm and London Traffic Control Centre. Issues arising from the visit will be reported to the Surface Advisory Panel in due course.

6.5 **Appointments to the TfL Board**

An advertisement was placed in the press by the GLA in November inviting applications to fill the two vacant positions on the TfL Board. First stage interviews with a shortlist of candidates took place at the end of January and it is expected that the Mayor will be able to make appointments in good time for the new Member(s) to be invited to join the Board for its Meeting on the 28 March.

6.6 Following those appointments, an occasion when Board Members and the Managing Directors will have an opportunity to meet informally will be organised.

6.7 **Staff**

Chris Lines, Head of Surface Transport's Road Safety Unit, has been invited to become a Visiting Professor at University College of London's Department of Civil and Environmental Engineering. I congratulate him on this significant achievement.

6.8 The Board Meeting on 7 February will be the last attended by Jay Walder who is leaving after six years' service at TfL. I am sure the Board joins with me in thanking him for his very significant contribution to the development and success of TfL, and in wishing him success in his future career. I will brief the Board after the Board Meeting on the organisational changes consequent on Jay's departure.

Peter Hendy
Commissioner of Transport
Transport for London
January 2007

TRANSPORT FOR LONDON

BOARD

SUBJECT: TfL Operational and Financial Performance, and Investment Programme Reports – Third Quarter 2006/07

MEETING DATE: 7 February 2007

1. PURPOSE

1.1 To inform the Board of TfL's performance over the third quarter of 2006/07 (17 September to 9 December 2006).

2. INTRODUCTION

2.1 Attached are two reports which detail TfL's performance over the third quarter of 2006/07. They are as follows:

- The TfL Operational and Financial Report – Appendix One Page 3
- The TfL Investment Programme Report – Appendix Two Page 39

2.2 The most recent quarterly copy of the Olympic Transport Portfolio Executive Report is also attached at Appendix Three.

3. RECOMMENDATION

3.1 The Board is asked to:

Note TfL's operational and financial performance over the third quarter, 2006/07; and

Note TfL's progress on the Investment Programme over the third quarter, 2006/07.

Appendix One:

**Transport for London
Operational and Financial Report
Third quarter, 2006/07**

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

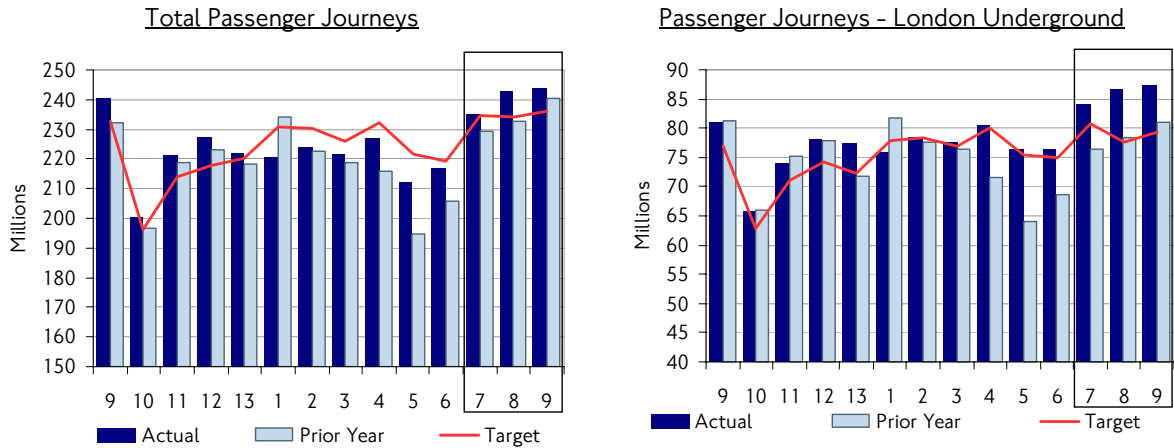
Performance

- 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.

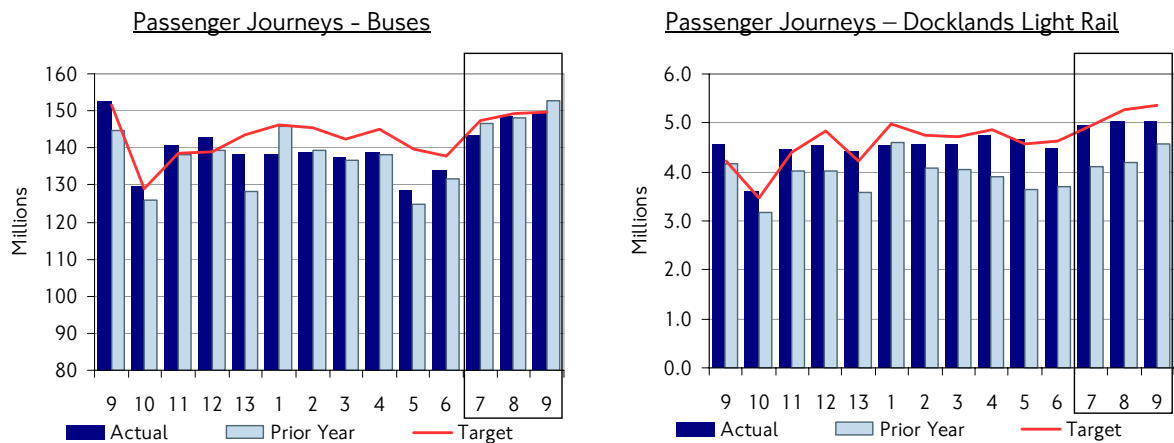
- 1.6 The financial results at the end of the third quarter also reflect the strong growth in demand with a resultant increase in income, including the record result of more than £30m in fare income in the final week of the quarter, and the continued poor performance of the Infracos, where performance 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.

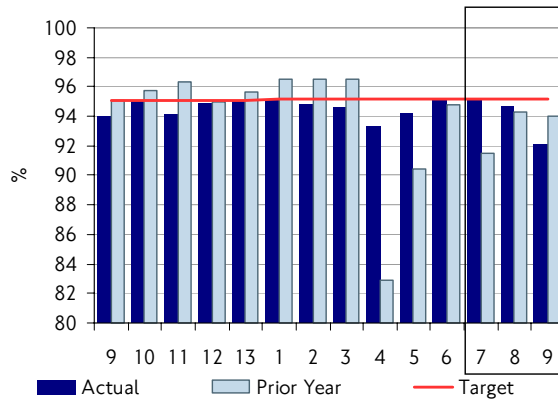
Fare Trends

- 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.

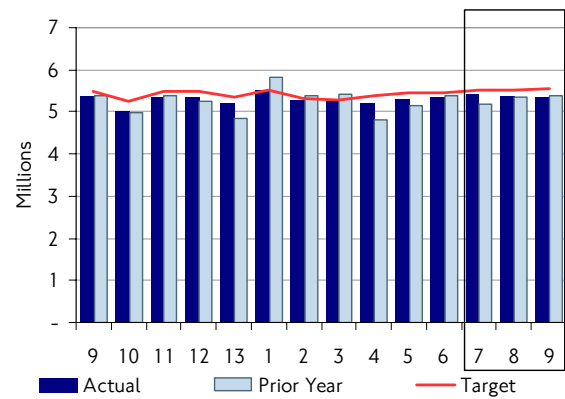
Service provision

- 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

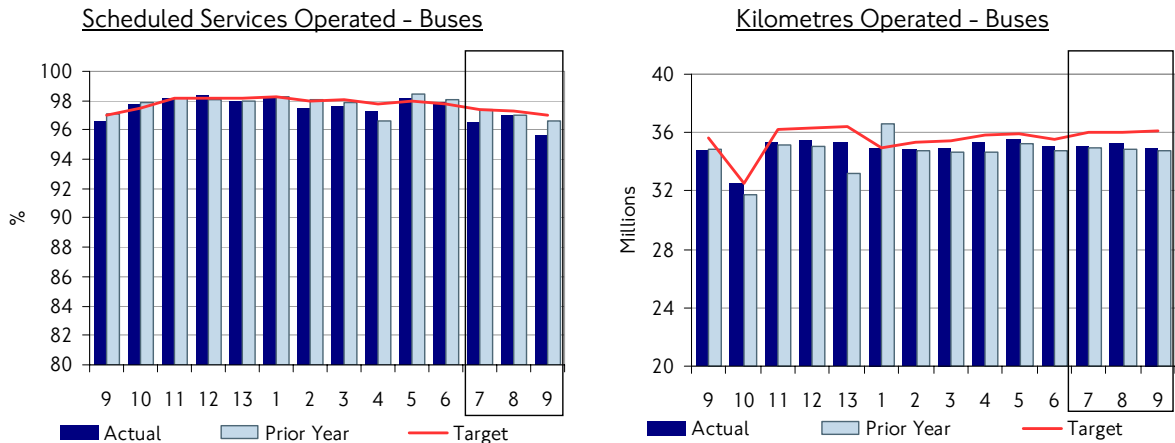


Train Kilometres Operated – London Underground



- 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.

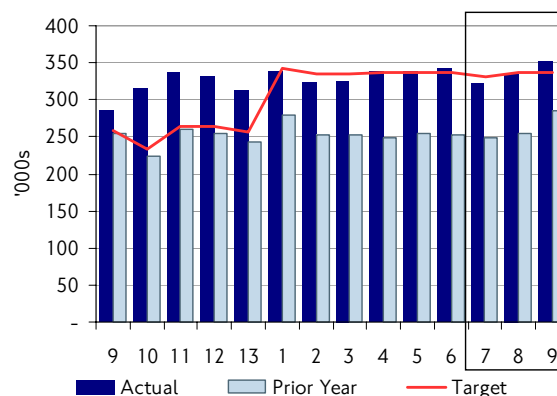
3.5 On the Bus network, levels of service provision this quarter were slightly below target, continuing the steady performance seen since the beginning of the year.



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

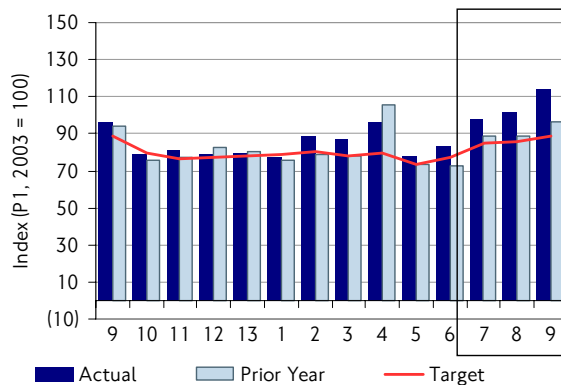


3.8 Continuing the trend seen across the business, levels of service provision on the DLR were also reasonably steady this quarter. Kilometres operated, at 1,010k, were ahead of target for the quarter, and reached record highs in the final period when they reached 353,000km, 17,000 ahead of target.

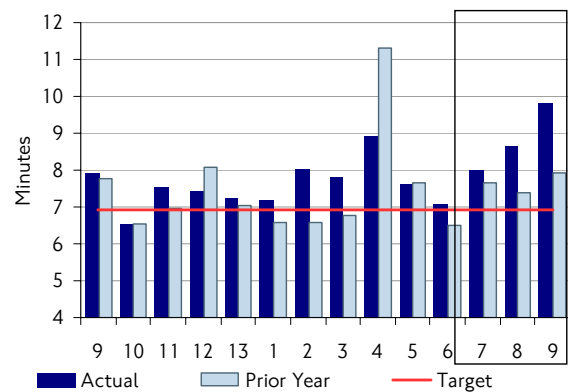
Service reliability

- 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



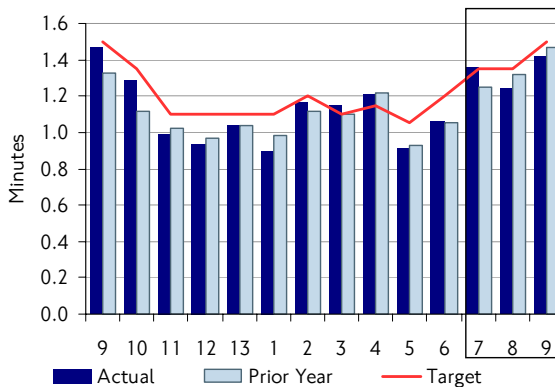
Excess Journey Time – London Underground



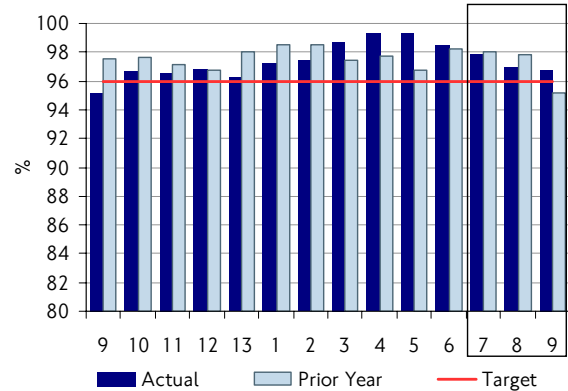
- 4.3 On the Underground excess journey time over the quarter was 1.9 minutes worse than the target of 6.9 minutes. While the growth in demand on the Underground had positive effects on revenue, the associated crowding had negative impacts on journey time. The performance of trains and stations is heavily 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.

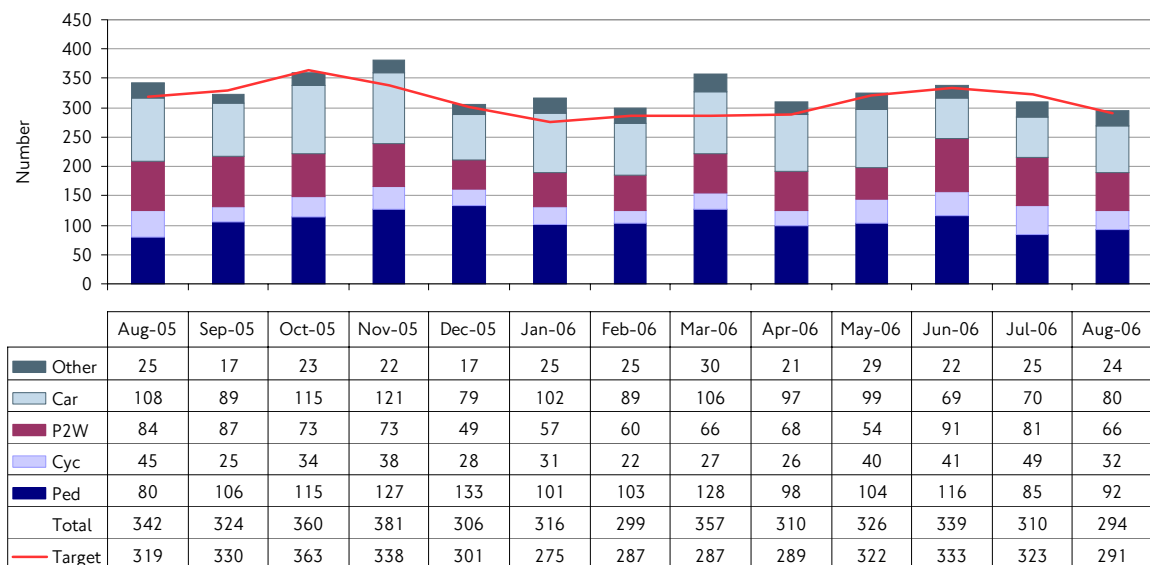


- 5.2 Overall satisfaction levels on the bus network, at 76 points, dropped slightly since last quarter and were two points below the target level of 78. Satisfaction levels related to personal safety and security, reliability, crowding, and information all fell marginally, while satisfaction levels 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

- 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.

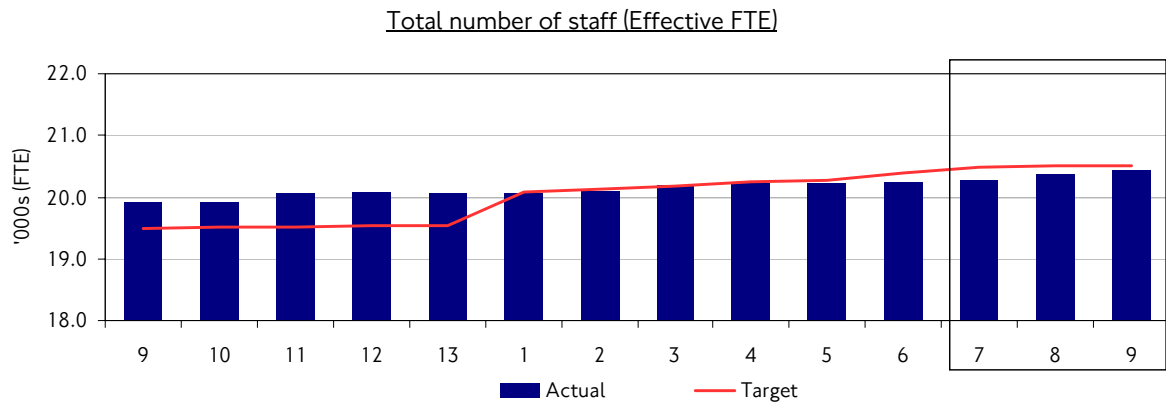
Section 17 of the Crime and Disorder Act

- 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

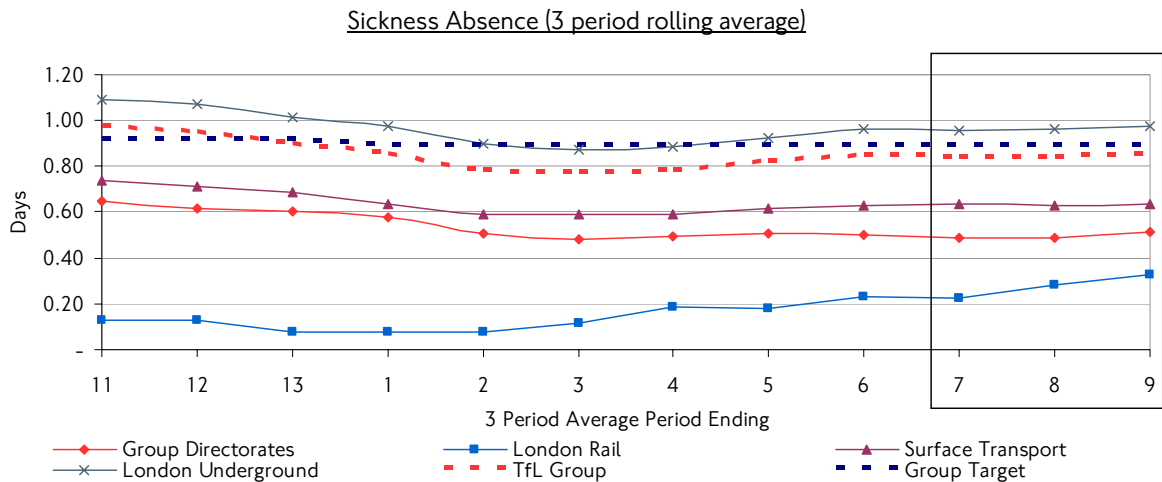
- 8.1 At the end of the third quarter TfL had 20,435 full time equivalent staff (FTE) across the business, 91 FTE below targeted numbers due to below target staff numbers in London Underground, offset by higher numbers in Group Directorates and Surface Transport.



- 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.

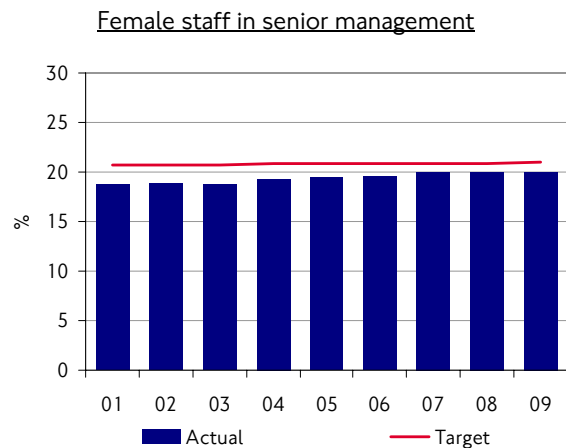
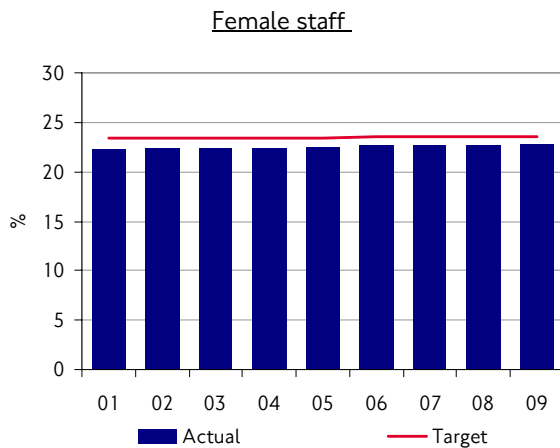
Sickness

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.

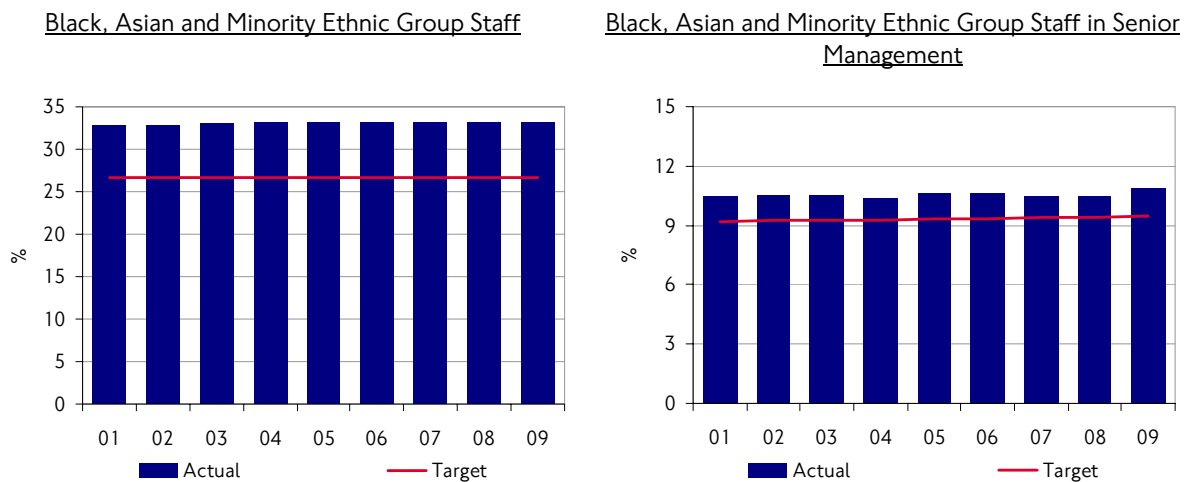
Workforce Composition*



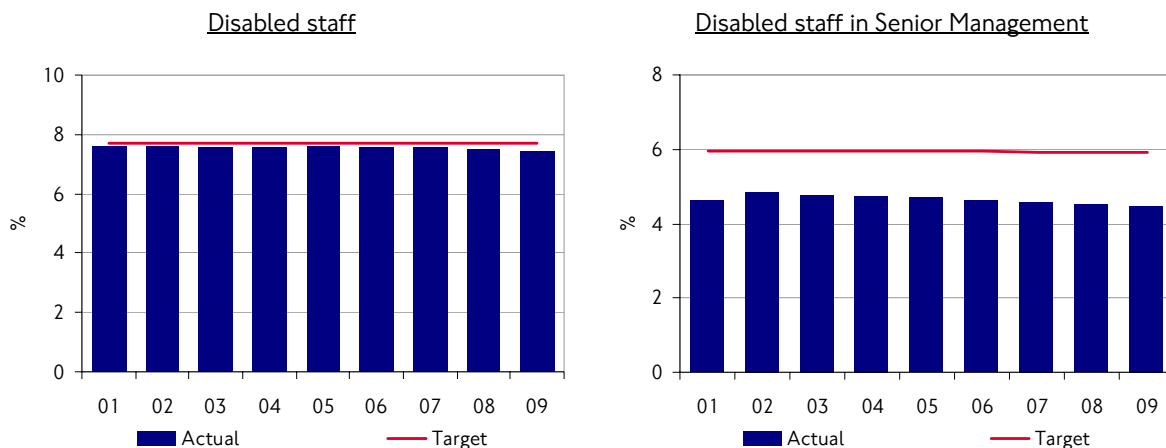
8.8 The percentage of women employed by TfL at 22.8 per cent increased by 0.2 per cent since the end of the second quarter to come in 0.8 per cent below the target of 23.6 per cent. The percentage of women in senior management also improved since the end of the second quarter, up 0.5 per cent from last 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
Total Back Office	80	(17)	43	30	123	13
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	-
Total Operations	38	4	31	5	69	9
Total Cashable (lower than budget)	118	(13)	74	35	192	22

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

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)	Total Income	(2,042)	(44)	(2,976)	(2,939)	(38)

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
3,267	Total Operating Expenditure	3,550	(135)	5,283	5,402	(119)

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
Total Net Assets - higher than budget	(380)

- 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
Total Net Assets - higher than budget	(378)

- 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

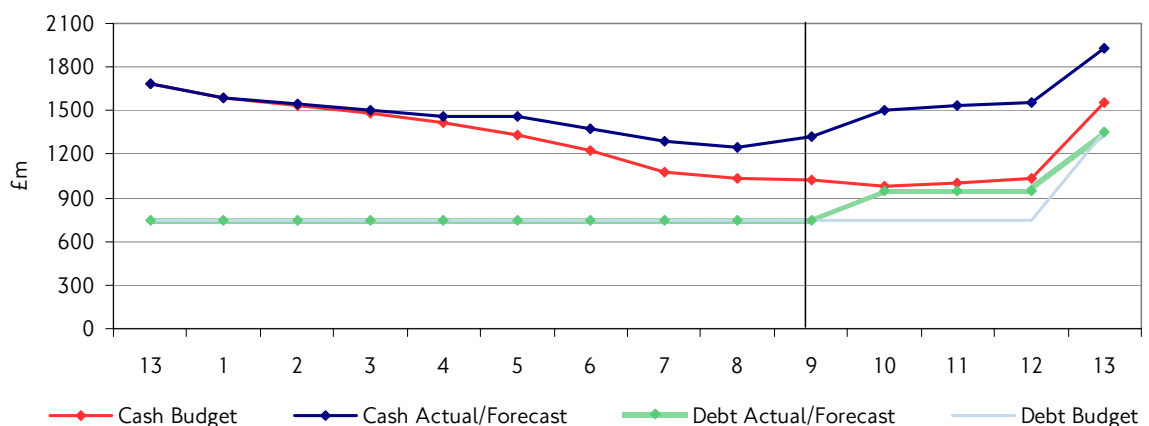
Cash Balances

- 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 7	Period 8	Period 9	Year to Date Actual	Year to Date Budget
Period End:					
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
SERVICE DEMAND									
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
SERVICE PROVISION (SUPPLY)									
% 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
RELIABILITY									
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
SAFETY									
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
CUSTOMER SATISFACTION									
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
FINANCIAL EFFICIENCY									
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									
PEOPLE									
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
Income						
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)
	(2,042)	(1,998)	(44)	(2,976)	(2,939)	(38)
Operating Expenditure						
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
	3,550	3,686	(135)	5,283	5,402	(119)
Net Operating Expenditure	1,508	1,688	(179)	2,306	2,463	(157)
Capital Expenditure						
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
	471	568	(97)	733	840	(106)
Capital Receipts & Reimbursements						
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
	(98)	(135)	37	(195)	(229)	34
Overprogramming	-	(48)	48	-	(70)	70
Net Capital Expenditure	374	384	(11)	538	541	(3)
Group Items						
Interest Income	(45)	(39)	(6)	(65)	(53)	(13)
Debt Servicing Payments	40	53	(13)	58	85	(27)
Contingency	-	-	-	26	26	-
Net Service Expenditure	1,877	2,087	(210)	2,864	3,062	(199)

() 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
Fixed Assets						
Tangible Assets	14,926	14,950	24	15,461	15,264	(197)
Current Assets						
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)
Current Liabilities						
Revenue	(912)	(788)	124	(895)	(830)	65
Receipts in Advance	(145)	(177)	(32)	(206)	(182)	24
Capital	(134)	(126)	8	(137)	(157)	(20)
Long Term Liabilities						
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
Total Net Assets	4,148	3,768	(380)	4,625	4,247	(378)
Capital and Reserves						
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	4026	(26)	3,866	3,798	68
Total Capital Employed	4,148	3,768	(380)	4,625	4,247	(378)

() 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)
Cash Spend on Operating Activities	(1,523)	(1,869)	(346)	(2,190)	(2,538)	(348)
Net Capital Expenditure	(471)	(520)	(49)	(759)	(770)	(11)
Working Capital Movements	8	-	(8)	(20)	(69)	(49)
Cash Spend on Capital Activities	(463)	(520)	(57)	(779)	(839)	(60)
Funded by:						
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
Total Funding	1,617	1,653	36	3,210	3,243	33
Net Movement in Cash	(369)	(736)	(367)	241	(134)	(375)

() 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

Appendix Two:

**Transport for London
Investment Programme Report
Third quarter, 2006/07**

Investment Programme Report
Third quarter, 2006/07



Cover Image: The 540-tonne boring machine (named Carla) that was used to tunnel the DLR Woolwich Arsenal extension connecting King George V station to the heart of Woolwich Town. The up tunnel was broken through on 19 December 2006.

Transport for London

Investment Programme Report

Third quarter, 2006/07 (17 September – 09 December 2006)

1 Programme Highlights

1.1 The key highlights from the third quarter of 2006/07 were:

- Piccadilly Line services to Heathrow Terminal 4 station resumed on 17 September 2006 following a 20-month closure as part of the Terminal 5 extension project.
- The new Connect radio system went live on the District line on 11 October 2006, Circle and Hammersmith & City lines on 08 November 2006 and Metropolitan line on 11 December 2006.
- Capita went live with registration of discounts for residents within Western Extension of the Congestion Charge area on 20 October 2006.
- The East London Line main works contract was awarded to a consortium comprising Balfour Beatty and Carillion on 20 October 2006.
- Transport Works Act order was received for Stratford International DLR station on 25 October 2006.
- On Channel Tunnel Rail Link (CTRL) at King's Cross, heritage works to St Pancras' Euston Road facade was completed on 9 September 2006 and the access passage between all London Underground lines reopened on 8 October 2006. Phase 1 of the project was successfully completed on 10 December 2006.
- Stretch of railway between Stratford and North Woolwich formerly used by Silverlink Metro was transferred to DLR on 10 December 2006 to be converted for DLR operations as part of Stratford International Extension.
- Public consultations were initiated on options for the Croydon Tramlink Extension to Crystal Palace (19 October 2006), London-wide Low Emission Zone (4 November 2006) and route options for Cross River Trams (21 November 2006).
- LU was awarded the 'Project of the Year' for the Jubilee 7th Car Project on 31 October 2006 at the Association of Project Management annual awards ceremony.
- DLR won the London Planning Award for 'Best Public Sector Planning Organisation' in recognition of the successful expansion of its network, innovative approach to planning and development including pioneering community liaison initiatives and proactive stakeholder engagement. DLR also scooped the Community Rail Award for best 'Local Transport Integration Project' for London City Airport station.
- Lancaster Gate station on the Central line successfully reopened on 13 November 2006 following refurbishment of lifts and station modernisation.
- An announcement was made that the new station currently under construction on the Hammersmith & City line will be known as Wood Lane and Shepherd's Bush station (Hammersmith & City) will be renamed as Shepherd's Bush Market.

- Announcement made on 5 December 2006 that operation of 11 north London stations currently managed by Silverlink Metro will be transferred to London Underground on 11 November 2007.
- The Commissioner announced that a third of the Tube network will be upgraded with new air conditioned trains on Circle, District, Hammersmith & City and Metropolitan with increased capacity, new signalling and renewed track over the next decade.
- Following extensive work across all of Transport for London, the 2005/06 to 2009/10 Investment Programme 2007 was approved by the Board.

Post quarter events

- MTR Laing and Go-Via were selected to submit a 'best and final offer' for the contract in the summer of 2007 to run London Overground services on the integrated North and East London Railways.
- The 1.7km Coulsdon Relief Road, creating a bypass on the A23 London to Brighton which will remove 80% of traffic from Coulsdon Town Centre opened on 18 December 2006.
- Woolwich Arsenal Extension Up Tunnel broke through on 19 December 2006.
- Two £100 million bonds were issued by TfL as part of the financing for its five-year Investment Programme in December.
- A Skanska Grant Rail joint venture was awarded the contract for Package 8 (Network Rail Interface) for the Stratford International Extension on 10 January 2007.




2 Projects (over £100m)

- 2.1 TfL's Investment Programme contains a range of programmes and projects over £100m in addition to a range of smaller activities which are delivered by TfL directly, through our partners in the London Boroughs or through long-term partnerships with the private sector such as the PPP on London Underground and Private Finance Initiatives (PFI).

TfL has established an 'Oversight' function, whose purpose is to provide assurance for the Commissioner on the delivery of the Investment Programme. Oversight has determined a risk based list of 'top 12' and 'top 50' projects which form the basis of programmes and projects within the overall Investment Programme Report.


This section reports on discrete projects with a total cost greater than £100m. Projects identified from the latest 'Oversight' risk categorisation process as being included in the top 12 are identified by an asterisk (*).

For each project, key milestones are given with a forecast date against the current planned date and a Red Amber or Green (RAG) status as follows:

	Delivery on schedule
	Delivery < 3 months behind schedule
	Delivery > 3 months behind schedule

London Underground

- 2.2 Channel Tunnel Rail Link (CTRL) at King's Cross (*)

Channel Tunnel Rail Link at King's Cross	Current Plan Date	Actual / F'cast Date	RAG
Phase 1 final completion	31-12-2006	10-12-2006	completed
Phase 2 completion	31-12-2010	31-12-2010	

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

The main component of Phase 1, the Western Ticket Hall, was successfully opened on 28 May 2006. Heritage works to St Pancras' Euston Road facade was completed on 9 September 2006 and the access passage between all London Underground lines reopened on 8 October 2006. Phase 1, including refurbishment of the Metropolitan and Circle line platforms was completed on 10 December 2006.

Phase 2, including the Northern Ticket Hall, has begun with continuing site surveys and contractor mobilisation on site. Good coordination has been established with other programmes at the King's Cross site. The Phase 2 tunnelling works and excavation of the Northern ticket hall have commenced with the overall project remaining on target for completion in December 2010.

Once the new Channel Tunnel Rail Link is opened, King's Cross St Pancras Station is forecast to be one of the busiest on the Underground network, serving 92,000 passengers in the morning peak by 2011.

2.3 Victoria Station Upgrade (*)

Victoria Station Upgrade	Current Plan Date	Actual / F'cast Date	RAG
TWA Submission	28-02-2007	30-11-2007	■

With 68 million people passing through it each year, Victoria is the most congested station on the Underground network. Temporary station closures are regularly used to manage access to and congestion within the station, particularly during the morning peak. This project will provide a significant increase in passenger circulation space in key congested areas of the station and step-free access from street to platform for the Victoria Line.

To minimise potential objections at the TWA Order public enquiry, the current proposed scheme is being amended to avoid conflict with a proposed Land Securities commercial development and the Victoria Palace Theatre. This has resulted in a delay to the TWA Order application date. The current forecast for submission remains at November 2007.

Progress this quarter has included further investigations for the asbestos removal works. For the Corner Site Development, revised drawings have been presented to the LU Design Board and agreement is now being sought with Westminster Council. Procurement has commenced with contracts for the utilities' diversions design and station modernisation scoping having been let. The major works are still on target to commence in Quarter 4 2009.

The project completion date is likely to be delayed to Quarter 4 2014 from the original forecast of Quarter 3 2013 further to a review of the construction programme following completion of the feasibility study.

2.4 Tottenham Court Road Congestion Relief (*)

Tottenham Court Road Congestion Relief	Current Plan Date	Actual / F'cast Date	RAG
RIBA ¹ Stage D design received	01-06-2006	08-09-2006	completed
Design tenders returned	15-01-2007	29-01-2007	▲

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

Progress this quarter includes agreement on the procurement strategy that will contract the design separately from the build. The design work streams will begin in the new year with the invitation to tenders being returned on 29 January 2007 following a two week extension of time requested by the tenderers.

¹ Royal Institute of British Architects

The Powers for the new ticket hall are included within the provisions for the Crossrail Hybrid Bill, and work has continued on interfacing and negotiating with various petitioners to the Tottenham Court Road portion of the Bill, and providing support through the Parliamentary Select Committee process. Commencement of the main works on site is now expected in Quarter 2 2008. This Bill now also includes Bond Street Congestion Relief scheme. Award recommendation for the utilities diversion works has been approved and works are due to start in the new year.

2.5 Tunnel Cooling

LUL Tunnel Cooling	Current Plan Date	Actual / F'cast Date	RAG
Victoria ground water cooling trials complete	31-07-2007	31-07-2007	●

This is a long term programme to reduce ambient temperatures in a number of ways including increased ventilation, improved energy efficiency, and train-based measures. An accelerated design programme has commenced to provide solutions in time for the line upgrade programmes. The design contracts for the Victoria and Northern Lines are being let alongside "Base Data" collection. This accelerated early design will allow informed prioritisation of works to coordinate with station modernisations and line upgrades. With regard to the Victoria ground water trial, all monitoring systems are now in place and it is proposed that a further 6 months of monitoring be undertaken.

2.6 LU Line Upgrade – PPP BCV (*)

Line Upgrade – PPP BCV	Current Plan Date	Actual / F'cast Date	RAG
W & C line upgrade complete	March 2007	March 2007	●
Victoria Line – 1 train accepted to run in LU traffic hours	Spring 2009	Spring 2009	●
Victoria Line – Commence rolling stock full production	Summer 2010	Summer 2010	●

The Waterloo and City line was reopened on 11 September 2006 and the upgrade is due for completion in March 2007. This was as a result of LU giving permission for a line closure during the summer.

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

Train cars are now in production. Testing of the first train is near completion with testing on the network during engineering hours planned to start in February 2007. Detailed design on the second prototype train (Train 2) is nearing completion and production has begun. Delivery is due in September 2007. Depot enabling works for the delivery of the first train are close to completion.

There are delays to the installation on Signal Equipment Rooms, with a possible 5-week delay to commissioning. The delay to construction has been caused by the late sign-off of the detailed design.

The System Control Centre building has been handed over for the installation of the signalling equipment. Tenders for the core control system are due to be issued in early 2007.

A series of closures for the track renewals were completed successfully but progress in engineering hours has been slow. Metronet has revised the track strategy to complete the

works necessary to run the first train by February 2007 with all other track works being completed by the end of 2008.

A revised completion date of February 2012 for the Journey Time Capability (JTC) improvement is now targeted by Metronet. However this accelerated delivery date has slipped, primarily due to delays in the aforementioned signalling component of the project. The contractual date however is August 2013. The plan dates shown in the table above will be reviewed during Quarter 3.

2.7 LU Line Upgrade – PPP JNP

Line Upgrade – PPPJNP	Current Plan Date	Actual / F'cast Date	RAG
Jubilee Line – Delivery of last train	Spring 2008	Spring 2008	●
Jubilee Line – LU acceptance of first section	Summer 2008	Summer 2008	●
Jubilee Line – LU acceptance of entire line	November 2009	November 2009	●

Work is under way on both Jubilee Line Upgrade and Northern Line Upgrade. They provide for signal and train control replacement to improve the capability of the Lines. Completion is due 2009 for the Jubilee Line, with the Northern Line to follow in 2011.

On the Jubilee Line programme, the Transmission Based Train Control (TBTC) and Rolling Stock elements both remain 3 months behind the 'early finish' target programme. Rolling stock fit-out is now accelerated with Tubelines working on three trains simultaneously, but recovery is still slow. Both activities are critical to the overall upgrade schedule and LU is pressing for Recovery Plans for both work streams. Work planned over the next quarter includes testing of re-equipped trains on the test track at Highgate, start of driver training and completion of wayside signalling equipment installation on the dual-fit area.

2.8 LU Line Upgrade – PPP Sub-Surface Line (SSL)

Line Upgrade – PPP SSL	Current Plan Date	Actual / F'cast Date	RAG
New rolling stock – Preliminary vehicle design complete	28-02-2007	28-02-2007	●
D78 Stock – 66% of rolling stock refurbished and in service	31-08-2007	31-08-2007	●
Signalling system – preliminary design freeze	31-12-2008	31-12-2008	●

The SSL network (consisting of Circle, District, Hammersmith & City and Metropolitan lines) upgrades will provide new and refurbished rolling stock, new signalling and a new control centre.

The interfaces and interoperability of the signalling systems with the SSL network and Network Rail is an emerging issue. Joint forums are now in place to ensure maximum compatibility.

The migration from 630V traction power to 750V is now agreed between all parties. This will allow more efficient operation and contribute to improved JTC.

The SSL Upgrade Programme is currently in Phase 1. This will deliver eight new "S-Stock" trains on the Metropolitan Line to supplement the existing "A-Stock" fleet, an interim signalling control facility, signalling works to install DTG-R infrastructure on the north west Metropolitan Line, track circuit immunisation to allow new trains to operate, signalling "pinch-point" improvements, depot and stabling modifications to support the eight new trains, new

train staff facilities at selected stations, low voltage power upgrade and cabling upgrades. The programme is on track to complete by 2018.

2.9 7-Car Circle Line

7-Car Circle Line	Current Plan Date	Actual / F'cast Date	RAG
Surveys/design for platform extensions begin	31-03-2007	31-03-2007	●
Platform extension work starts on site	31-03-2008	31-03-2008	●

This project provides for all the work associated with enabling 7-car operation at the minority of stations where trains are currently restricted to 6-car running. The project also provides an additional new S-stock car to that already being supplied under the SSL Upgrade Programme. The feasibility study for platform extensions at four stations has identified affordability issues, which are being addressed by the design contractors. Prices have been submitted which are currently being re-assessed in parallel with the design proceeding to RIBA Stage D (up to Powers).

London Rail

2.10 East London Line Extension (*)

East London Line Extension	Current Plan Date	Actual / F'cast Date	RAG
Award Main Works Contract	31-05-2007	20-10-2006	completed
Test Running	31-01-2010	14-05-2009	●
Completion	29-06-2010	19-10-2009	●

The upgraded and extended East London Line is planned to open in 2010 with TfL as the passenger service operator through a joint ELL/NLR concession, termed 'London Overground'. The concession contract is scheduled to be awarded in June 2007, ready for the transfer of operation of the North London Line to TfL in November 2007. MTR Laing and Go-Via were selected to submit a 'best and final offer' for the contract. LU will be the infrastructure controller and network operator north of New Cross Gate, with Network Rail the infrastructure controller for the remainder.

The East London Line main works contract was awarded to a consortium comprising Balfour Beatty and Carillion on 20 October 2006. The line between Whitechapel and Shoreditch Stations was handed over to the main works contractor on 3 November 2006. Second stage enabling works are due to be completed by 15 January 2007.

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

2.11 DLR Bank-Lewisham 3 Car Infrastructure

DLR Bank-Lewisham 3 Car Infrastructure	Current Plan Date	Actual / F'cast Date	RAG
Beckton Depot completion	20-10-2006	31-01-2007	▲
Tender documents to be returned	30-11-2006	21-12-2006	completed
Construction work starts	30-04-2007	10-04-2007	●
Construction/trackwork/signalling complete	30-09-2009	30-09-2009	●
Service operational	31-10-2009	31-10-2009	●

Tenders for the main works package were received on 21 December 2006 and are currently being evaluated. The contract is due to be let in March 2007. The final works on the Beckton Depot expansion was delayed and is now expected to be completed by 31 January 2007. The second stage of the depot expansion will follow on to service the new Olympic Railcars.

2.12 DLR Woolwich Arsenal Extension

DLR Woolwich Arsenal Extension	Current Plan Date	Actual / F'cast Date	RAG
Complete up-tunnel	06-09-2006	19-12-2006	completed
Project completion	31-01-2009	31-01-2009	●

Although there was some delay in constructing the up-tunnel under the Thames due to the ingress of water, this was completed on 19 December 2006. To mitigate the impact of the delay, six-day working has now been put in place until the end of the project and the lost time is expected to be recovered to allow the completion of the project on schedule.

2.13 DLR Stratford International

DLR Stratford International	Current Plan Date	Actual / F'cast Date	RAG
Contract Package 8	01-12-2006	20-12-2006	▲
TWA powers granted	31-12-2006	25-10-2006	completed
Contract Package 7	29-01-2007	29-01-2007	●
Contract Package 6	28-05-2007	10-04-2007	●

Transport Works Act powers was granted on 25 October 2006. The ITT has been issued for all three contracts, with Package 8 (Network Rail Interface) for the Stratford International works awarded on 10 January 2007. Package 7 (Canning Town Flyover) tenders were returned on 21 December. Silverlink operation on the North London Line south of Stratford Regional ceased on 11 December 2006 and the track handed over to DLR for work to start on the conversion of the railway for DLR operation.

Finance & Planning

2.14 Cross River Tram

Cross River Tram	Current Plan Date	Actual / F'cast Date	RAG
Complete Stakeholder consultation on route options	15-11-2006	30-10-2006	completed
Complete review of options post consultation	28-02-2007	28-02-2007	●
Complete public consultation on route options	30-03-2007	30-03-2007	●

The public consultation on the route options was launched on 14 November 2006 with consultation brochures issued to a quarter of a million addresses and seven road shows, four of which have been undertaken. The consultation will finish in January 2007. A further public consultation will take place next year on the various depot options. Negotiations have now been satisfactorily completed with the developer at King's Cross on the alignment of the terminus there and the Section 106 agreement was agreed by Camden on 16 November 2006.

2.15 Croydon Tramlink Crystal Palace Extension

Croydon Tramlink Crystal Palace Extension	Current Plan Date	Actual / F'cast Date	RAG
Commence public consultation	31-10-2006	19-10-2006	completed
Commence investigation of options	31-10-2006	31-10-2006	completed
Agree governance and handover strategy with London Trams and Surface Transport	01-10-2006	28-02-07	▲

The public consultation on the route options commenced on 19 October 2006 and lasted for two months. Agreement has been reached with the London Development Agency on a compatible Crystal Palace Park / Tram scheme, which has been included in the route options. The preferred option will be available in July 2007 following assessment of the findings of the consultation exercise.

The project team is currently working with London Rail on the implication of possible transfer of additional rail lines to TfL in the future.

Governance and handover strategy for Croydon Tramlink Extension was discussed as planned at the Tram Board on 11 December 2006 and the implementation details will be agreed between London Trams and MPBU before the end of February 2007.

2.16 Thames Gateway Bridge (*)

Thames Gateway Bridge	Current Plan Date	Actual / F'cast Date	RAG
Obtain HM Treasury and PRG approval of outline Business Case	31-12-2006	21-11-2006	completed
Issue of OJEU Notice and Pre-Qualification Questionnaire for Concession Contract	31-12-2006	19-01-2006	▲
Approval by Secretary of State	30-03-2007	30-03-2007	●
Issue Invitation to Tender	30-05-2007	30-05-2007	●

A public inquiry was held between June 2005 and May 2006 into the planning applications and orders. Decisions on the planning applications and orders from the relevant Secretaries of State are expected by March 2007.

HM Treasury Project Review Group approved £350m of PFI credits for the projects on 21 November 2006. The project is seeking expressions of interest from potential bidders via an OJEU notice and pre-qualification questionnaire, which is planned to be issued by mid-January. Once the Secretary of State has approved the scheme, the ITT will be issued.

2.17 West London Tram

West London Tram	Current Plan Date	Actual / F'cast Date	RAG
TfL Board submission for approval to deposit (TWO) Application	30-11-2006	31-05-2007	■
Deposit (TWO) Application	31-03-2007	29-06-2007	▲
End of objection period	18-05-2007	31-08-2007	■

The project is currently undergoing a series of internal reviews, the first of which will be in December to review the finalised scheme modelling, in preparation for seeking Board approval to submit a Transport and Works Act Order application. As part of the TWA order TfL has to present possible alternatives to the tram. This work is ongoing and involves a bus alternative scheme.

2.18 Stratford Regional Station Upgrade (*)

Stratford Regional Station Upgrade	Current Plan Date	Actual / F'cast Date	RAG
Obtain Planning Consent and Powers	31-08-2006	14-11-2006	completed
Complete Scheme definition and programme	30-03-2007	30-03-2007	●

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

Whilst the funding gap is being resolved, ODA have agreed to provide advance funding to allow Network Rail to procure long lead items for the first site possession in August 2007 and for DLR to contract for subway work as part of its Stratford International Extension contracts. The procurement strategy for the implementation has been approved subject to securing the necessary funding. The detailed design remains on forecast to complete by March 2007.

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

3. Other projects

- 3.1 This section reports on the remainder of the top 12 projects identified from the latest Oversight risk categorisation process which have a value below £100m and are therefore not included in the section above. It also includes other noteworthy projects in the quarter as identified through the Investment Management Review (IMR) process.

London Underground

3.2 Olympic Works (*)

Olympics Accessibility	Current Plan Date	Actual / F'cast Date	RAG
Southfields Design Complete	Summer 2007	Summer 2007	●
Green Park Design Complete	Spring 2008	Spring 2008	●
Baker Street Design Complete	Spring 2009	Spring 2009	●

This project provides step-free access at three Olympic-critical stations; Southfields, Green Park and Baker Street (SSL only). All three stations are at feasibility stage. The conceptual design of Southfields Station is progressing with the Ticket Hall reconfiguration possibly being included. The feasibility study for Green Park is due to complete in January 2007. The Options Analysis for Baker Street is complete and the design phase has begun.

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

3.3 Connect Airwave (*)

Connect Airwave	Current Plan Date	Actual / F'cast Date	RAG
Contract award	30-06-2006	22-01-2007	■

This project enhances the emergency services communication system on the Underground expanding coverage and capacity. The contract is to be awarded in mid January 2007. Early installation of Airwave transceivers before Connect goes live on many lines may allow the airwave programme to be accelerated. Completion remains on target for 2008.

Surface Transport

3.4 Congestion Charging Western Extension (*)

Congestion Charging - Western Extension	Current Plan Date	Actual / F'cast Date	RAG
Go Live with Public Information Campaign	20-10-2006	09-10-2006	completed
Completion of enforcement infrastructure proving	30-11-2006	31-12-2006	completed
Function, volume and end to end testing complete	08-01-2007	08-01-2007	●
Western Extension Scheme Operation	19-02-2007	19-02-2007	●

The overall programme remains on track to go live in February 2007. Capita staffing enhancements and training are on schedule with 67% of their staff target recruited. Discount registrations are increasing with 34% of potential registrants achieved by end of the third quarter. Infrastructure proving was completed in December and end to end system testing is planned to be complete during January 2007.

3.5 iBus (*)

iBus	Current Plan Date	Actual / F'cast Date	RAG
System Acceptance	08-12-2006	19-01-2007	▲
First Garage Application	04-05-2007	22-06-2007	▲
Final Acceptance	21-01-2009	21-01-2009	●

The iBus project is to procure and implement a radio communication and Automatic Vehicle Location (AVL) solution. This will improve quality of information to customer, including on-bus and at bus stops, and reduce the current risk of a system failure.

Siemens has failed to meet the System Acceptance testing milestone of 8 December 2006 and has revised their programme. This also impacts on the First Garage Application milestone, but the project team expects to recover lost time during the Roll Out phase. Final Acceptance is still forecast to be completed by January 2009.

3.6 A406 Bounds Green (*)

A406 Bounds Green	Current Plan Date	Actual / F'cast Date	RAG
Submit Planning Application	30-11-2006	30-11-2006	completed
Commence Construction	30-06-2009	30-06-2009	●
Complete Construction	30-04-2011	30-04-2011	●

The project will make a number of safety and environmental improvements along Telford Rd, Bowes Rd and the North Circular Rd between the A109 Bounds Green Rd/Station Rd and Chequers Way. Following the approval of the preferred "2006 Scheme" by the TfL Board a Planning Application was submitted on 30 November 2006. A Public Inquiry, if required, is currently planned to complete by April 08, with construction forecasted to commence by the end of June 2009. The scheme continues to forecast completion in April 2011.

3.7 Bus Priority – TLRN Schemes

Bus Priority – TLRN Schemes	Current Plan Date	Actual / F'cast Date	RAG
8 Bus Lane Schemes Completed	31-03-2007	31-03-2007	●

This investment programme covers the preliminary and detailed design, consultation and implementation of physical bus priority measures on the TLRN. The small number of schemes which were carried over from 2005/06 into this financial year are now forecast to be completed by March 2007. Half of the eight bus lane schemes scheduled for 2006/07 were completed by the end of Quarter 3.

3.8 Coulsdon Relief Road

Coulsdon Relief Road	Current Plan Date	Actual / F'cast Date	RAG
Road Open (sectional completion)	23-10-2006	18-12-2006	completed
Substantial Completion and Handover	22-12-2006	12-03-2007	▲
Landscape maintenance completion	22-12-2009	22-12-2009	●

This is a local regeneration scheme involving the development of the 1.7km Coulsdon Relief Road to divert up to 80% of traffic away from Coulsdon Town Centre. The uncharted gas mains pipe discovered at the north junction was replaced and work continued unabated. There was a noticeable improvement in the intensity of the contractor's site activity to achieve road opening by 18 December 2006. Substantial completion is forecast by March 2007.

3.9 Dial-a-Ride Scheduling System

Dial-a-Ride	Current Plan Date	Actual / F'cast Date	RAG
Complete migration of depots to new system	30-04-06	30-11-07	■
Introduce Mobile Data Terminals in all vehicles to transmit trip information	30-09-06	30-09-07	■

The implementation of a scheduling and booking system will make more efficient use of vehicles and drivers. This will lead to a reduction in refusal rates, better scheduling leading to increased travel opportunities, improved call answering and same day booking.

Dual system running commenced in October and further testing continued in the following four weeks. To ensure an effective rollout, significant system improvements were then implemented. Depot 3 (Paddington) is on target for completion in January. The remaining depots to be migrated throughout 2007 are Palmers Green, Orpington, and Woodford.

4. PPP/PFI Investment

This section reports on performance and contractual issues relating to Indirectly Managed expenditure.

4.1 London Underground

The PPP requires Metronet and Tube Lines to provide a high level of renewal and upgrade of track, signals and stations in the first half of the 30 year contract. Set out below is the performance for each Infraco.

Tube Lines

- Track – completed 10.9km of the 11.1km planned to Quarter 3.
- Lifts and escalators – 7 escalators have been refurbished as planned to Quarter 3.
- Stations – 11 stations have been modernised or refurbished according to plan this year.

Metronet SSL

- Track – completed 7.3km of the 8.4km planned to Quarter 3.
- Lifts and escalators – one escalator has been replaced and one escalator has been refurbished as planned to Quarter 3.
- Stations – two stations have been modernised and twelve have been refurbished since transfer but none of the stations due this year have been delivered.

Metronet BCV

- Track – 12.2km of the 13.3km planned to Quarter 3 have been completed.
- Lifts and escalators – two lifts have been replaced, one escalator has been installed and four escalators have been refurbished as planned to Quarter 3.
- Stations – two stations have been modernised this year, the only ones since transfer and four stations have been refurbished since transfer.

Metronet's station programme is severely delayed with all 21 SSL and 19 out of 20 BCV stations not completed on schedule to date, with some more than 13 periods late. A revised programme is under discussion with Metronet.

4.2 Connect Works (*)

Connect	Current Plan Date	Actual / F'cast Date	RAG
District Line go live	23-10-2006	11-10-2006	completed
Circle, Hammersmith & City line go live	31-12-2006	08-11-2006	completed
Metropolitan Line go live	31-12-2006	11-12-2006	completed

Connect is a 20-year PFI contract to upgrade and maintain the radio and transmission system used through the network.

The Fluor (cabling and associated works) enabling works for both the LU and Network Rail stations are now largely complete. The radio system went live on the District Line on 11 October followed by Circle and Hammersmith & City on 8 November 2006 and Metropolitan on 11 December 2006. The Victoria and Bakerloo lines are to follow with completion projected by April 2007.

4.3 Power Works

Power	Current Plan Date	Actual / F'cast Date	RAG
VLU Power Upgrade – award construction contract	30-06-2006	31-01-07	■
VLU Power Upgrade – Bulk supply points delivered into service	09-03-2009	09-03-2009	●

The negotiation of the terms of the variation for the Victoria Line Power Upgrade with EDF Energy Powerlink has concluded with detailed drafting finalised. The Letter of Agreement was passed to Powerlink's lenders on 20 December 2006 and approval of the Terms and Conditions is estimated to be received by mid February 2007. The contract for the supply of the new bulk supply point at Manor House was let with EDF Energy Networks in late December 2006. It is currently estimated that the extended period of negotiations with Powerlink will delay the contractual completion date to 2-3 months later than the PPP obligation date of 16 June 2009. To mitigate against further delays, LU issued an advance purchase instruction to Powerlink to proceed with early works ahead of the full Authority Notice signature to secure critical supplier manufacturing slots, to undertake programme critical design works and to complete HV cable installation during November and December.

5. Olympics

Progress on TfL's contribution to the London 2012 Olympic Games is reported each period to the Olympic Delivery Authority (ODA). This report is well received, and is being used by the ODA as a template for the other delivery partner reporting. The latest report is attached in Annex 1.

6. Investment Programme

The 2007/8 TfL Business Plan approved by the TfL Board on 25 October 2006, was published soon after on TfL's website on 01 November 2006. This included an updated 5 year Investment Programme.

7. Investment Programme – Financial Progress

Total Investment Programme Expenditure £ millions	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Capital Expenditure					
LUL (after overprogramming) ¹	181	(77)	305	383	(78)
Surface (after overprogramming)	161	2	227	246	(19)
London Rail	114	(17)	(172)	182	(10)
Group Directorates	15	(4)	30	28	2
Overprogramming (group level only)		48		(70)	70
<i>Total Capital Expenditure (after overprogramming)</i>	471	(48)	733	770	(36)
Development & Borough Expenditure	119	(8)	209	210	(1)
<i>Directly Managed Expenditure</i>	590	(56)	942	980	(38)
<i>Indirectly Managed Expenditure</i>	971	2	1,383	1,400	(17)
Total Gross Investment Expenditure	1,561	(54)	2,325	2,380	(55)

Tables may be subject to rounding errors

Total Investment Expenditure²

Total Gross Investment Expenditure YTD for the third quarter 2006/7 after overprogramming totalled £1,561m, £54m below budget with the whole year forecast showing £2,325m, £55m below budget.

Directly Managed (Including Capital Expenditure)

Net Value of Works Done (VOWD) on projects directly managed by TfL (including Development and Borough expenditure) at the end of the third quarter was £48m under budget after overprogramming with the full year forecast anticipated to be £36m under budget after overprogramming.

The CTRL works at King's Cross represents £45m of LU's total forecast under spend of £78m, albeit offset by lower capital receipts. Other projected under spends are mainly from

¹ In a programme as complex as the Investment Programme, TfL recognises that there will be circumstances largely outside of its control which will lead to unforeseen delays and other changes. Overprogramming recognises this fact and enables TfL to mitigate this risk.

² Investment expenditure includes expenditure of a capital nature but which is delivered through PPP, PFI, through the London Boroughs or other contractual arrangements and therefore is treated as operating expenditure in TfL's Statutory Accounts and development work up to Transport Works Act Order.

rephasing of track works for operational flexibility to future years, and delays to station congestion and accessibility projects partially offset by accelerated expenditure on tunnel cooling.

Surface Transport capital expenditure is forecast to be under spent by the end of the year by £19m. This is due to less than anticipated project delivery across the programme rather than to a few specific programmes. London Rail year to date expenditure is £17m below budget and forecast of £10m under spend at year end reflects the rephasing of the East London Line Extension and Olympic railcar expenditure. Group directorate expenditure was £4m below budget for the year to date mainly due to the London Transport Museum upgrade and delays to the real time integration project. It is forecast to be slightly over budget by year end due to unbudgeted accommodation strategy costs.

Further information on Directly Managed expenditure can be found in the Operational and Financial Report.

Indirectly Managed

Expenditure on indirectly managed projects at the end of the third quarter was £2m above budget with the full year forecast showing an under spend of £17m. Refer to section 4 for detailed information.

Appendix Three:

**Transport for London
Olympic Transport Portfolio Executive Report
Third quarter, 2006/07**

Transport for London



TfL's Olympic Transport Portfolio Executive Report

Quarter 3
2006/7

MAYOR OF LONDON

Transport for London



Report Details: Period Covered: 17 September to 09 December 2006 (Third Quarter)

Owner: Jay Walder

Introduction:

The following report highlights progress towards delivery of the Olympic related projects for which TfL has responsibility. The report examines current issues, how they are being addressed and confirms whether or not the improvements will be delivered to the planned timescales.

The projects are divided into two categories:

- improvements required for the Olympics where TfL was committed to delivering before winning the Olympic bid and
- those additional improvements, requiring separate funding, which TfL has committed to as part of winning the bid.

This report will be updated and issued every month reflecting progress up to the TfL 4 weekly reporting period for which information is available as at the date of the report.

Key Highlights:

- The Commissioner met with Councillors from LB of Barking and Dagenham to discuss their decisions in relation to the East London Transit scheme.
- The East London Line Main Works Contract was awarded to a Balfour Beatty / Carillion Joint Venture (BB C JV) on 20 October.
- The Transport and Works Act (TWA) Order powers for the Stratford International extension of the DLR were granted on the 25 October 2006 along with approval of the closure of the North London Line (NLL) south of Stratford. Trains ceased to run south of Stratford from 11 December.
- Lancaster Gate station on the Central line reopened following refurbishment of lifts and station modernisation on 13 November.
- Olympic Route Network (ORN) team held internal TfL 'toolkit' workshops and met with the Highways Agency and London Borough Transport Forum.
- Statement of Case was submitted for DLR 3 Car North Route with the date for Public Inquiry set for 19 February 2007.

Post Period End:

- Stretch of railway between Stratford and North Woolwich formerly used by Silverlink Metro was transferred to DLR on 10 December to be converted for DLR operations as part of Stratford International Extension.
- Boring of the Woolwich Arsenal up-tunnel was completed on 19 December.
- Tenders for Package 1 and 2 (Bank to Mudchute and Mudchute to Lewisham) of the DLR 3 Car Bank-Lewisham project and Package 7 (Canning Town Flyover) of the Stratford International DLR Extension project were received on 21 December.

TfL Funded, Olympic-Enabling Projects in Investment Programme: Period Update

London Rail

East London Line Extension *

Following the previously reported award of the Main Works Contract to a Balfour Beatty Carillion Joint Venture, interface with the Main Works Contractor's designers has commenced with a series of presentations. The handover process for the line between Shoreditch and Whitechapel stations was completed with possession taken on site by 3 November by the Main Works Contractor. The Technical Case has been submitted for comment and the Environmental Plan Issued. Second Stage Enabling Work continues on the remaining replacement and refurbishment structures and to the viaduct drainage and waterproofing. The Basic Asset Protection Agreement for the New Cross Gate 66kv troughing works was also signed with Network Rail in the period.

North London Railway (NLR) - Stations Improvement Programme **

The scope of the station upgrade work and standards expected to be achieved by the London Rail Concession concessionaire within the first 3 years of the concession has been defined within the ITT. NLR station asset surveys are complete and power usage monitoring was completed during November 2006. This will enable the specification of the works to be fully determined by London Rail, prior to the start of the London Rail Concession in November 2007. A report determining the longer term (2 to 6 year) enhancements to the NLR has been presented and is currently being reviewed. Discussions with the Department for Transport continue on the transfer of the ELL southern stations (New Cross Gate to West Croydon/Crystal Palace) to TfL from the current Southern franchise. Transfer is proposed to take place six months following the introduction of through services.

DLR Woolwich Arsenal/3 Car Railcars *

Bombardier has advised that the first painted car-body will be late with the same delay potentially on the first vehicle. This is due to errors in manufacturing of the car-body side wall and bolster. The design phase is continuing, with some design issues taking longer than expected to resolve. Manufacture of the first car-body is continuing and is expected to be ready for approval in January 2007, a delay to the delivery of the first vehicle of approximately 4 months. This delay is expected to be caught up progressively as the vehicles are delivered.

DLR 3 Car North Route **

The statutory consultation period ended on 13 September with only 51 objections received by the Secretary of State for Transport, some of which have already been withdrawn following meetings with objectors. The Statement of Case was submitted in line with requirements on 15 November and the date for the Public Inquiry has been set for 19 February 2007. Ahead of the Public Inquiry, site visits have been undertaken with pedestrian counts, questionnaires, surveys and journey time comparisons underway.

DLR 3 Car Bank-Lewisham *

Tender returns for Packages 1 and 2 (Bank to Mudchute and Mudchute to Lewisham) are now due back on 21 December further to an award of an Extension of Time on request from one of the bidders. An order for the detailed design of the Bank fans has been placed and this is due to be completed by the end of January 2007. Commissioning of the first stage of the Beckton Depot expansion is now due to complete in January with the second stage following on from this.

Stratford Regional DLR Station *

The construction of the main deck (viaduct) was completed during the period with work on structure and track-works now commenced. A meeting was held between DLR and LU to resolve the issues around mechanical and engineering interfaces.

London City Airport DLR Extension *

The closure report has been received and is awaiting project closure review which is due to be carried out this month. Once this has been completed, this item will be removed from future reports.

Woolwich Arsenal DLR Extension *

The tunnel boring machine continued to make progress on the Up tunnel and this was completed on 19 December. Interruptions to progress had occurred due to ingress of water requiring remedial works to be carried out. Mitigating measures that had been put in place to allow for additional working hours on weekends are now available until the end of the project, which should mitigate against any further interruptions that could affect the overall completion date.

Stratford International DLR Extension **

As previously reported, The Transport and Works Act (TWA) Order powers were granted on 25 October along with approval of the closure of the North London Line (NLL) south of Stratford. Trains have ceased to run south of Stratford from the 11 December and posters and notices have been placed at stations on the NLL notifying passengers of the closure.

Package 8 (Stratford International Station) contract was let on 20 December, with Package 6 (DLR extension main works) tender process continuing. An Extension of Time at the request of one of the bidders has been granted to the Package 7 (Canning Town Flyover) tender returns which have now been returned on 21 December.

DLR Railcar Refurbishment **

A total of 90 vehicles from the fleet of 94 are now back in service, following additional refurbished vehicles re-entering service during the period. The final vehicle is due to be available in March 2007.

London Underground

LU Line Upgrades PPP BCV (Victoria Element) **

Metronet has now handed over ten out of fourteen Signal Equipment Rooms to Westinghouse which is installing equipment at seven sites. The batch of weekend closures for track improvement work in 2006 has now completed and the installation of Low Loss Conductor Rail is now planned to start in late 2007.

The VLU programme has a contractual delivery date of 17 August 2013. The VLU is not an Olympic deliverable. Metronet has adopted an aggressive 2-year early delivery date. This accelerated target delivery date is slipping primarily due to delays in the signal component. The most current programme information indicates that barring future delays, the journey time capability will be available by February 2012. However, the only delivery date that can be enforced through the contract remains the contract commitment date. LU recognises its obligation to maintain the service level of the Victoria Line consistent with its Olympic commitments.

LU Line Upgrades – PPP JNP (Jubilee Elements) *

The current key project deliverables in this portfolio are signalling upgrades to the Jubilee Line. On both Northern Line and Jubilee Line, trains are running 3 months behind the advance schedule (due to complexity in conversion and internal Tube Lines assurance). The slippage will not impact the contractual delivery dates for the upgrades as the projects are benchmarked against a 9 month early finish programme. A total of 14 out of 16 Signal Equipment Rooms on the Jubilee Line have now been handed over to Alcatel for fit out.

LU Stations Modernisation and Refurbishments – PPP BCV (Metronet) *

Metronet – BCV has a contractual obligation to modernise and refurbish 55 stations during the first 7.5 year review period. To date, BCV has delivered into service 5 stations with 50 remaining. Lancaster Gate station was completed on 13 November.

LU Stations Modernisation and Refurbishments – PPP JNP (Tube Lines) *

Tube Lines has a contractual obligation to modernise and refurbish 97 stations during the first 7.5 year review period. To date, Tube Lines has delivered into service 21 stations with 76 remaining. Tube Lines has declared a further 10 stations as practically complete and these are currently undergoing review.

LU Stations Modernisation and Refurbishments – PPP SSL (Metronet) *

Metronet – SSL has a contractual obligation to modernise and refurbish 77 stations during the first 7.5 year review period. To date, Metronet has delivered into service 14 stations with 65 remaining. Putney Bridge, Becontree and Dagenham East were all declared as being 'delivered into Service' this period.

CTRL at Kings Cross (Northern Ticket Hall) **

The Western Ticket Hall and the Enlarged Tube Ticket Hall were opened on 28 May 2006. Phase 1 works (expanded Tube ticket hall and new Western Ticket Hall) including refurbishment of the Metropolitan and Circle Line platforms was completed on 10 December 2006. For Phase 2, the tunnelling and excavations works for the Northern Ticket Hall Link Passage have commenced with the overall project remaining on target for completion in December 2010.

LU Extensions – Piccadilly Line Extensions to Heathrow T5*

Progress is on plan to deliver the Piccadilly Line Extension to Heathrow Terminal 5 Project (PiccEx) in March 2008. The T4 Loop reopened successfully in September 2006 as planned. The next deliverable is the commencement of Trial Operations which is due to take place in March 2007 although this may be effected by the Station Programme.

Wembley Park**

This project was completed on 15 May 2006.

Olympics Accessibility Works (Green Park, Baker Street (SSL) and Southfields) **

Southfields Step Free Access (SFA) Conceptual Design was instructed and is ongoing during the period. Discussions to include the Ticket Hall reconfiguration works in the SFA programme are underway. Inclusion of the Ticket Hall reconfiguration may impact the completion date for the station. Baker Street SFA Options Analysis feasibility study was completed and scheme design started in mid-December. The feasibility study for Green Park SFA is near completion with the final report due in January 2007.

North Greenwich Congestion Relief**

This project is to provide additional access and egress to this station in anticipation of development underway including the construction of a stadium. Progress is on plan to achieve substantial completion by mid January 2007. HMRI are inspecting the site on 15 January 2007 and the station will be brought into use soon afterwards.

Surface Transport

East London Transit *

TfL's Commissioner met with councillors from LB Barking and Dagenham on 3 November and officer level discussion have continued. The review of programming impact is underway and will be published following LB Barking and Dagenham's decision.

Greenwich Waterfront Transit Phase 1**

This is in the preliminary design stage and detailed discussions with Greenwich and Bexley Councils are underway.

* Denotes: Projects in the guarantee from TfL

** Denotes: Other infrastructure projects that may support the Olympics

Public Sector Funded Package (PSFP), Olympic-Enabling Projects in Investment Programme: Period Update

London Rail

North London Railway Infrastructure Project

The project is awaiting formal confirmation that funding will be provided by the ODA to take forward works for Angel Lane works into GRIP 4 design and construction. Jacobs Baktie has been appointed as Network Rail's Technical Advisor who will develop the current NLRIP workscope through GRIP stage 3 (option development).

DLR Olympics Additional Railcars

The design of these railcars is ongoing and is being carried out in conjunction with the Woolwich Arsenal / 3 Car railcars. It is envisaged that the delivery will follow that of the Woolwich Arsenal / 3 Car railcars, which are scheduled for delivery in 2007/08.

DLR 3 Car Poplar – Woolwich Arsenal

The invitation to tender (ITT) for package 4 (Poplar to Woolwich Arsenal / Poplar to Canning Town) was issued on 25 July 2006 and tender returns were expected back on 11 December. An Extension of Time was granted along with the main Three Car project with tenders now returned on 21 December. This Extension of Time can be absorbed within the overall programme. A full business case for the DLR Infrastructure Works has been submitted to the ODA for which funding was approved on 17 November.

DLR Olympics Station Capacity Improvements

This is being progressed as part of the 3 Car North Route and 3 Car Poplar-Woolwich Arsenal TWA. Development work is currently being funded out of the main 3 Car budget.

DLR West Route Signalling Improvements

An agreement with Alcatel is due to be signed shortly allowing development works to start early in 2007. A contract is scheduled to be awarded in May 2007.

DLR West Route Resilience

This project is being procured as part of the 3 Car Bank-Lewisham project. For detailed project updates please refer to the 3 Car Bank-Lewisham report.

London Underground

LU West Ham (Station)

Tube Lines has started the feasibility study which is expected to finish in May 2007 and the scheme design report which is expected in September 2007.

Surface Transport

Cycle Route Enhancements and Walking Routes

A scoping document, setting out the principles and approach to planning for cycling and walking for the 2012 Olympic and Paralympic Games, has been produced and widely consulted upon. Initial walking and cycling route identification work is being pursued, including feasibility for using waterways and adjacent towpaths in the vicinity of the Olympic Park as natural navigation systems for walking and cycling to Olympic venues.

The Active Spectator Programme and associated travel demand management initiatives are being explored to encourage spectators and the workforce to walk and cycle to the Olympics.

Meetings with the Olympic Park master planning team and Arup, responsible for the Olympic Park Transport Assessment, have taken place. Two stakeholder groups have been set up to assist with the development of the Olympic cycling and walking programme: the Olympic Active Travel Advisory Group (OATAG) and a borough steering group.

The TfL Cycle and Walking Accessibility team attended the Olympic Route Network workshop on 16 November and has submitted comments on the draft Olympic Transport Plan. A further stakeholder meeting was held on 15 December 2006.

Olympic Route Network (ORN) Carriageways

The draft Stage 1 (data gathering) report has been issued to the ODA for comment and preliminary results arising from Stage 2 (journey time assessment) were presented to ODA for information. The first draft report of stage 2 is expected by the end of December. Preparation is currently underway for the procurement of Stage 3 (outline designs and cost estimates), planned to be let by April 2007.

A meeting was held on 18 October with the ODA and Highways Agency to initiate the necessary detailed arrangements and further protocols for the design and operation of the interface between the segments of the ORN under Highways Agency and TfL control. Future meetings are being arranged in what is a continuing relation through to 2012.

Borough delivery liaison was initiated when the ORN team presented an update on the current ORN work at the ODA London Borough Transport Forum meeting held on 15 November. Preliminary meetings have been held with LB Tower Hamlets and LB Greenwich with further meetings arranged with other boroughs.

The ORN Team have also been giving a number of ORN presentations to the management teams of other departments within TfL and an ORN "toolkit" workshop with TfL's internal stakeholders was undertaken on November 16. Follow up workshops are planned.

A risk workshop was held on 7 December with key stakeholders.

Enhancements to TfL Local Bus Services for Spectators

No significant events to report this period. The programme is on schedule. A scoping plan for the bus services and driver procurement is due in April 2007.

LTCC (London Traffic Control Centre) Development

The control centre co-location project continues, and a preferred option has been identified as a combination of the Palestra building at Southwark (Surface Transport) and the Broadway complex at St. James's Park (LU). The project team will now develop a detailed implementation plan for the co-location. The process to identify user requirements for Palestra House began with a workshops held on 15 November and on 7 December. The process also incorporates the Olympic Transport Operation Centre's user requirements.

Finance and Planning

Stratford Regional Station Upgrade

The Scheme has been presented to Treasury, DfT, DCMS and ODA, who agreed that there is no alternative scheme. The procurement plan has gained both the ODA's Rail Steering group (ORSG) and Olympic Transport Project Board (OTPB) approval. The implementation strategy has also been approved by the board. The ODA are in discussion with Department of Culture, Media and Sports and DfT with respect to funding requirements.

Key Programme Risks

DLR Woolwich Arsenal / 3 Car Railways

Delivery of the first painted car-body will be 10 weeks late, although this time is already being recovered and there should be no delay to the overall project. Some design issues are taking longer than expected to resolve.

East London Line Extension

Interface with Commercial Development Schemes and adjoining properties, procurement of Land and Property and/or neighbours could significantly delay project progress, especially at Dalston.

Issues / Decisions

Stratford Regional Station Upgrade

The validated estimate for the Olympic Enhancements is £104m for the capital works: the funding gap remains £54m with discussions ongoing between ODA, DfT and DCMS to resolve. The situation continues to be monitored.

Olympic Road Network Carriageways

Early decision will be required on the consultancy contract necessary to take forward Stage 3 (outline designs and cost estimates) to meet target start date of April 2007.

Relocation of bus garages from Waterden Road

The London Development Agency (LDA) is responsible for funding and securing the land for the relocation of the bus garages in Waterden Road. Land at West Ham is available to replace the two East London Bus & Coach Company garages and demolition work arranged by LDA (including asbestos removal) will commence in January. TfL intended to submit a Planning Application for this site to London Thames Gateway Development Corporation (LTGDC) in January, with a view to construction works starting as soon as phase I of demolition has been completed, due mid April. However, LTGDC has determined that a full Environmental Impact Assessment (EIA) will be required which would significantly extend the time necessary to obtain planning permission. TfL will be applying to the Government Office for London for a direction that an EIA is not required (as has previously been done in respect of the Wyke Road garage site).

LDA have identified land for the First London garage in Wyke Road, and the result of the Compulsory Purchase Order (CPO) enquiry has just been received. The landowner has not yet given permission for TfL to access the premises for survey work, and it is possible that a judicial review may be lodged against the CPO.

Neither the ODA nor TfL has made provision for the construction costs of the new garages. To avoid delays TfL is funding work during 2006/07. Regular review meetings continue between TfL & LDA/ODA.

Independent Engineer Status Report	
Nothing to report this period	
Previous reviews	
Nothing to report this period	
Next Reviews	Date
3 Car North Route	Completed *
3 Car Bank – Lewisham	Completed *
DLR 3 Car Poplar – Woolwich Arsenal	Completed *
Greenwich Waterfront Transit	Completed
Stratford Regional Station	Quarter 3 2006/7 (<i>deferred from Quarter 2</i>)
Stratford International DLR Extension	Quarter 3 2006/7
East London Transit Phase 1a	Quarter 3 2006/7
East London Line	Quarter 3 2006/7
Woolwich Arsenal DLR Extension	Quarter 4 2006/7
* Completed as part of one review	

Milestones

●	Project on schedule
▲	Project behind schedule
■	Project behind schedule impacting Olympic delivery

TfL Funded

East London Line Extension (LR – PJ01)

	Current Plan	Actual/forecast date	RAG status
Rolling Stock award contract	12/07/2006	31/08/2006	Completed
Second Stage Enabling Works Complete	07/12/2006	15/01/2007	▲
Main works commence on site	08/02/2007	08/02/2007	●
Test running commences	31/01/2010	14/05/2009	●
Completion	29/06/2010	19/10/2009	●

DLR Woolwich Arsenal/3 Car Railcar (LR – PJ04/501)

	Current Plan	Actual/forecast date	RAG status
First painted car body	30/09/2006	22/01/2007	▲
First train delivered	31/08/2007	31/05/2007	●
18 th Car in Service	30/04/2008	24/03/2008	●
Last train delivered	31/12/2008	20/05/2008	●
All cars in service	28/02/2009	23/06/2008	●

DLR 3 Car North Route (LR – PJ05)

	Current Plan	Actual/forecast date	RAG status
Powers / consents granted	31/03/2007	31/10/2007	▲
Contract award	01/09/2007	01/09/2007	●
Construction work complete	31/12/2009	22/12/2009	●
Operational date	31/03/2010	01/05/2010	▲

DLR 3 Car Bank – Lewisham (LR – PJ06)

	Current Plan	Actual/forecast date	RAG status
Beckton Depot completion	20/10/2006	31/01/2007	▲
Tender documents returned	30/11/2006	22/12/2006	Completed
Contract award	29/01/2007	26/03/2007	▲
Construction work starts	30/04/2007	10/04/2007	●
Construction/Trackwork/Signalling complete	30/09/2009	30/09/2009	●
Service operational	31/10/2009	31/10/2009	●

Stratford Regional DLR Station (LR – PJ07)

	Current Plan	Actual/forecast date	RAG status
Start works	31/08/2005	01/08/2005	Completed
Completion of phase 1 (South Platform)	31/12/2006	19/04/2007	▲
Canopy complete	27/02/2007	27/02/2007	●
Completion	31/03/2007	13/08/2007	▲

London City Airport DLR Extension (LR – PJ08/500)

	Current Plan	Actual/forecast date	RAG status
Complete station construction	30/08/2005	24/11/2005	Completed
Completion date	31/12/2005	02/12/2005	Completed

Woolwich Arsenal DLR Extension (LR - PJ09/503)

	Current Plan	Actual/forecast date	RAG status
Appoint Concessionaire	31/05/2005	31/05/2005	Completed
Commence construction	31/03/2006	27/06/2005	Completed
Complete up tunnel	06/09/2006	19/12/2006	Completed
Project completion	31/12/2008	31/01/2009	▲

Stratford International DLR Extension (LR – PJ10)

	Current Plan	Actual/forecast date	RAG status
Submission of TWA application	30/09/2005	31/08/2005	Completed
Contract award package 8	01/12/2006	26/01/2007	▲
TWA order powers granted	31/12/2006	25/10/2006	Completed
Contract award package 7	29/01/2007	29/01/2007	●
Contract award package 6	28/05/2007	10/04/2007	●

DLR Railcar Refurbishment (LR – PJ15)

	Current Plan	Actual/forecast date	RAG status
Completion of 94 th vehicle	30/11/2006	06/03/2007	▲

East London Transit Phase 1a (ST – PJ24)

	Current Plan	Actual/forecast date	RAG status
Infrastructure works complete	22/01/2008	22/01/2008	●
Service starts	16/02/2008	16/02/2008	●

Greenwich Waterfront Transit (ST – PJ25)

	Current Plan	Actual/forecast date	RAG status
Phase 1 Engineering feasibility complete	31/05/2005	25/02/2006	Completed
Handover of phase 1 to Surface Transport	01/06/2006	01/06/2006	Completed
Complete construction	25/06/2010	25/06/2010	●
Service starts	31/08/2010	31/08/2010	●

Victoria Line Upgrade – BCV Line Upgrades (part of LU – PF20)

	Current Plan	Actual/forecast date	RAG status
1 train accepted to run in LUL traffic hours	Spring 2009	Spring 2009	●
Commence rolling stock full production	Summer 2010	Summer 2010	●
Service control centre demo	Summer 2011	Summer 2011	●
JTC delivery	17/08/2013	17/08/2013	●

Jubilee Line Upgrade – JNP Line Upgrade (part of LU – PF 21)

	Current Plan	Actual/forecast date	RAG status
LUL acceptance of first section	Summer 2008	Summer 2008	●
Delivery last train	Spring 2008	Spring 2008	●
LUL acceptance of entire line	14/11/2009	14/11/2009	●

Station Modernisation and Refurbishment – PPP SSL (LU – PF 34)

	Modernisations	Enhanced Refurbishments	Refurbishments	RAG
2004/05	1	0	4	Completed
2005/06	2	4	7	▲
2006/07	1	4	11	●
2007/08	2	3	8	●
2008/09	6	6	7	●
2009/10	2	2	7	●

Station Modernisation and Refurbishment – PPP BCV (LU – PF 32)

	Modernisations	Enhanced Refurbishments	Refurbishments	RAG
2004/05	0	0	3	Completed
2005/06	2	2	10	▲
2006/07	7	3	3	▲
2007/08	4	2	7	●
2008/09	1	1	1	●
2009/10	3	3	3	●

Station Modernisation and Refurbishment – PPP JNP (LU – PF33)

	Modernisations	Enhanced Refurbishments	Refurbishments	RAG
2004/05	4	6	0	Completed
2005/06	3	8	0	Completed
2006/07	7	5	0	●
2007/08	4	11	3	●
2008/09	5	3	1	●
2009/10	4	5	1	●
2010/11	3	6	18	●

CTRL at Kings Cross (Northern Ticket Hall) (LU – PF41)

	Current Plan	Actual/forecast date	RAG status
Phase 1 Final completion	31/12/2006	10/12/2006	Completed
Phase 2 Final completion	31/12/2010	31/12/2010	●

LU Extension – Piccadilly Line Extension to Heathrow T5 (LU – PF45)

	Current Plan	Actual/forecast date	RAG status
Re-opening of the T4 Loop	30/09/2006	17/09/2006	Completed
Opening of service to the new T5 at Heathrow	Spring 2008	Spring 2008	●

Wembley Park Station (LU – PJ 34)

	Current Plan	Actual/forecast date	RAG status
Full enhancement of the station	31/12/2005	15/12/2005	Completed
Station modernisation works	31/05/2006	31/05/2006	Completed

Olympics Accessibility - Green Park, Baker Street (SSL) and Southfields (LU – PJ214)

	Current Plan	Actual/forecast date	RAG status
Completion of design for Green Park	Spring 2008	Spring 2008	●
Completion of construction of Green Park	Winter 2011	Winter 2011	●
Completion of design for Baker Street	Spring 2009	Spring 2009	●
Completion of construction for Baker Street	Winter 2010	Winter 2010	●
Completion of design for Southfields	Summer 2007	Summer 2007	●
Completion of construction for Southfields	Winter 2008	Winter 2008	●

North Greenwich Congestion Relief (LU – PJ30)

	Current Plan	Actual/forecast date	RAG status
Substantial completion of station congestion relief	31/12/2006	26/01/2007	▲

PSFP Funded

DLR Olympic Additional Railcars – Part funded (LR – PJ20)

	Current Plan	Actual/forecast date	RAG status
Final railcar delivered	31/12/2009	31/12/2009	●
Complete testing and commissioning	31/03/2010	31/03/2010	●
All cars in service	30/06/2010	30/06/2010	●

DLR 3 Car Poplar – Woolwich Arsenal (LR – PJ22)

	Current Plan	Actual/forecast date	RAG status
Submit planning application	31/08/2006	02/08/2006	Completed
Award design and construction contract	31/12/2007	01/09/2007	●
Service operational	31/03/2011	01/05/2010	●

DLR Olympic Stations Capacity Improvements (LR – PJ25)

	Current Plan	Actual/forecast date	RAG status
Submit planning application	31/12/2006	02/08/2006	Completed
Award construction contract	31/12/2008	31/12/2008	●
Works complete	31/03/2011	31/03/2011	●

West Route Signalling Improvements (LR – PJ23)

	Current Plan	Actual/forecast date	RAG status
Signal design	30/06/2006	31/12/2006	▲
Procure contract	31/05/2007	31/05/2007	●
Signal loop operational	31/03/2008	31/03/2008	●

Stratford Regional Station Upgrade (FP – PJ26)

	Current Plan	Actual/forecast date	RAG status
Submit Updated Schemes Cost and Funding Proposals to Project Board	25/05/2006	25/05/2006	Completed
Commence Detail Design	24/05/2006	26/06/2006	Completed
Obtain Planning Consent and Powers	31/08/2006	30/11/2006	Completed
Complete Scheme Definition and Programme	30/03/2007	30/03/2007	●

TfL Olympic Transport Portfolio Report period 9 2006/7



Programme/Project	Directly Managed?	Schedule Dates		Schedule (Calendar Years)																				Independent Engineer Schedule			
		Type	Finish	2006				2007				2008				2009				2010					2011	2012	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
London Rail																											
LR-PJ01C East London Line Extension The East London Line Extension will extend and upgrade the existing East London Line and deliver interchange works around stations, particularly Dalston and Shoreditch High Street.	Y	BL (PIP) BL (CA) A/F	29/06/2010 29/06/2010 19/10/2009	◆	◆																						Q1 2006 Q3 2006 Q4 2007 Q4 2008
LR-PJ03C North London Railway - Stations Improvement Programme Improve service levels in the off-peak and weekends together with more attractive and secure stations.	Y	BL (PIP) BL (CA) A/F	31/03/2008 31/03/2008 31/03/2008					◆																			Q3 2007
LR-PJ04C Woolwich Arsenal/3 Car Railcars Procurement of 18 new railcars for 3 Car upgrade, this will increase the AM Peak Capacity from 17 tph (2 Car) to 15 tph(3 Car). In addition, procurement of 6 vehicles required to operate the planned service to and from Woolwich Arsenal.	Y	BL (PIP) BL (CA) A/F	28/02/2009 28/02/2009 23/06/2008					◆																			Q1 2007
LR-PJ05C 3 Car North Route This project will increase the capacity on the north route to Stratford by converting it to a double track route (it is currently partly a single track route).	Y	BL (PIP) BL (CA) A/F	31/08/2009 31/03/2010 01/05/2010					◆			◆					◆											Q2 2006 Q1 2008 Q2 2009
LR-PJ06C 3 Car Bank-Lewisham This project covers the structural works (platform extensions, track realignment, viaduct strengthening) necessary for 3 car operations between Bank/Tower Gateway and Lewisham.	Y	BL (PIP) BL (CA) A/F	31/10/2009 31/10/2009 31/10/2009					◆			◆					◆											Q2 2006 Q1 2008 Q2 2009
LR-PJ07C Stratford Regional DLR Station Provision of double track DLR platforms at Stratford Regional Station to replace existing single narrow platform.	Y	BL (PIP) BL (CA) A/F	31/03/2007 30/03/2007 13/08/2007																								
LR-PJ08C London City Airport DLR Extension This project covers the extension of DLR to London City Airport including intermediate stations at West Silvertown, Pontoon Dock and King George V with passive provision for two other stations to be opened in line with development.	Y	BL (PIP) BL (CA) A/F	31/12/2005 15/12/2005 02/12/2005																								
LR-PJ09C Woolwich Arsenal DLR Extension This project comprises an extension of the railway under the Thames from King George V to Woolwich Arsenal with new combined station at Woolwich Arsenal linking with town centre, buses, Connex rail services and Waterfront Transit.	Y	BL (PIP) BL (CA) A/F	31/12/2008 05/01/2009 31/01/2009					◆																			Q2 2007
LR-PJ10C Stratford International DLR Extension Extension of DLR from Canning Town using the existing North London Line alignment to Stratford Regional station with 3 new intermediate stations and new construction onwards to Stratford International Station.	Y	BL (PIP) BL (CA) A/F	31/12/2009 30/06/2010 30/06/2010		◆						◆					◆											Q3 2006 Q2 2008
LR-PJ15C DLR Railcar Refurbishment This activity covers the management of the contract with Alstom to refurbish the existing fleet of 94 vehicles to improve reliability maintenance and enhancements that contribute to DLRs duties under the Disability Discrimination Act. Examples include: full audio & visual announcements, colour contrasting fittings for visually impaired, compliant wheel chair bay with call-for aid and exterior livery contrasts for visually impaired.	Y	BL (PIP) BL (CA) A/F	30/03/2006 30/11/2006 06/03/2007																								
London Underground																											
LU-PF20 LU Line Upgrades - PPP BCV (Victoria Element [Data shown is for Interim Upgrade - 5% capacity] Increase capacity on an existing line. Infracos required to provide the capability for reduced journey times, to enable this. Achieved by co-ordinated renewal/replacement of assets, typically signals and rolling stock.	N	BL (PIP) BL (CA) A/F	31/12/2006 31/12/2006 31/12/2006																								
LU-PF21 LU Line Upgrades - PPP JNP (Jubilee Line Elements - 22% capability improvement eqv to capacity] Increase capacity on an existing line. Infracos required to provide the capability for reduced journey times, to enable this. Achieved by co-ordinated renewal/replacement of assets, typically signals and rolling stock.	N	BL (PIP) BL (CA) A/F	14/11/2009 14/11/2009 14/11/2009					◆								◆											Q2 2007 Q4 2008
LU-PF32 LU Modernisations and Refurb - PPP BCV Stations are subject to three types of work: 1) Station modernisation – a major upgrade to stations; 2) Station refurbishment – a package of works to ensure there is no insidious decline in condition of station; and 3) Enhanced Station Refurbishment – a package of works to enhance ambience, reduce future maintenance requirements and to ensure there is no insidious decline in condition of station.	N	BL (PIP) BL (CA) A/F	31/03/2010 31/03/2010 31/03/2010							◆						◆											Q3 2007 Q1 2009 Q3 2010
LU-PF33 LU Modernisations and Refurb - PPP JNP Stations are subject to three types of work: 1) Station modernisation – a major upgrade to stations; 2) Station refurbishment – a package of works to ensure there is no insidious decline in condition of station; and 3) Enhanced Station Refurbishment – a package of works to enhance ambience, reduce future maintenance requirements and to ensure there is no insidious decline in condition of station.	N	BL (PIP) BL (CA) A/F	31/03/2010 31/03/2010 31/03/2010								◆					◆											Q1 2012
LU-PF34 LU Modernisations and Refurb - PPP SSL Stations are subject to three types of work: 1) Station modernisation – a major upgrade to stations; 2) Station refurbishment – a package of works to ensure there is no insidious decline in condition of station; and 3) Enhanced Station Refurbishment – a package of works to enhance ambience, reduce future maintenance requirements and to ensure there is no insidious decline in condition of station.	N	BL (PIP) BL (CA) A/F	31/03/2010 31/03/2010 31/03/2010									◆					◆										Q1 2008 Q3 2009 Q1 2011
LU-PF41 CTRL at Kings Cross (Northern Ticket Hall) Increased capacity at King's Cross St. Pancras station (LU) in the form of an expanded Tube Ticket hall, new Western ticket hall, and Northern ticket hall integrated with the Network rail Western Concourse.	Y	BL (PIP) BL (CA) A/F	31/12/2009 31/12/2010 31/12/2010	◆						◆						◆											Q3 2012
LU-PF45 LU Extensions - Piccadilly Line Extension to Heathrow T5 Extension to Piccadilly line west of the existing Heathrow airport Terminal 4 loop, via twin bored tunnels to serve a new station at Heathrow Terminal 5. The work is funded by BAA with LU contributing to the cost through a 30 year revenue sharing agreeme	Y	BL (PIP) BL (CA) A/F	31/12/2010 31/12/2010 30/06/2008					◆								◆											Q2 2006 Q1 2007 Q3 2008
LU-PJ34C Wembley Park The scheme includes: • an enlarged ticket hall concourse; • widening of the existing staircase from Olympic Way to the 'events' ticket hall, plus provision of a step-free access lift; • a new overbridge to the rear of the commuter ticket hall, with re-loc	Y	BL (PIP) BL (CA) A/F	31/05/2006 31/05/2006 31/05/2006																								2012 Olympics/Paralympics

Group 2: 'Critical' Projects as defined by OTA (Interim)

Note: All IE review dates are indicative

End 5 Year TfL Investment Programme

These indicative dates for the LU Line upgrades and Modernisation/Refurb programmes are based on the assumption of ongoing programme of works for the

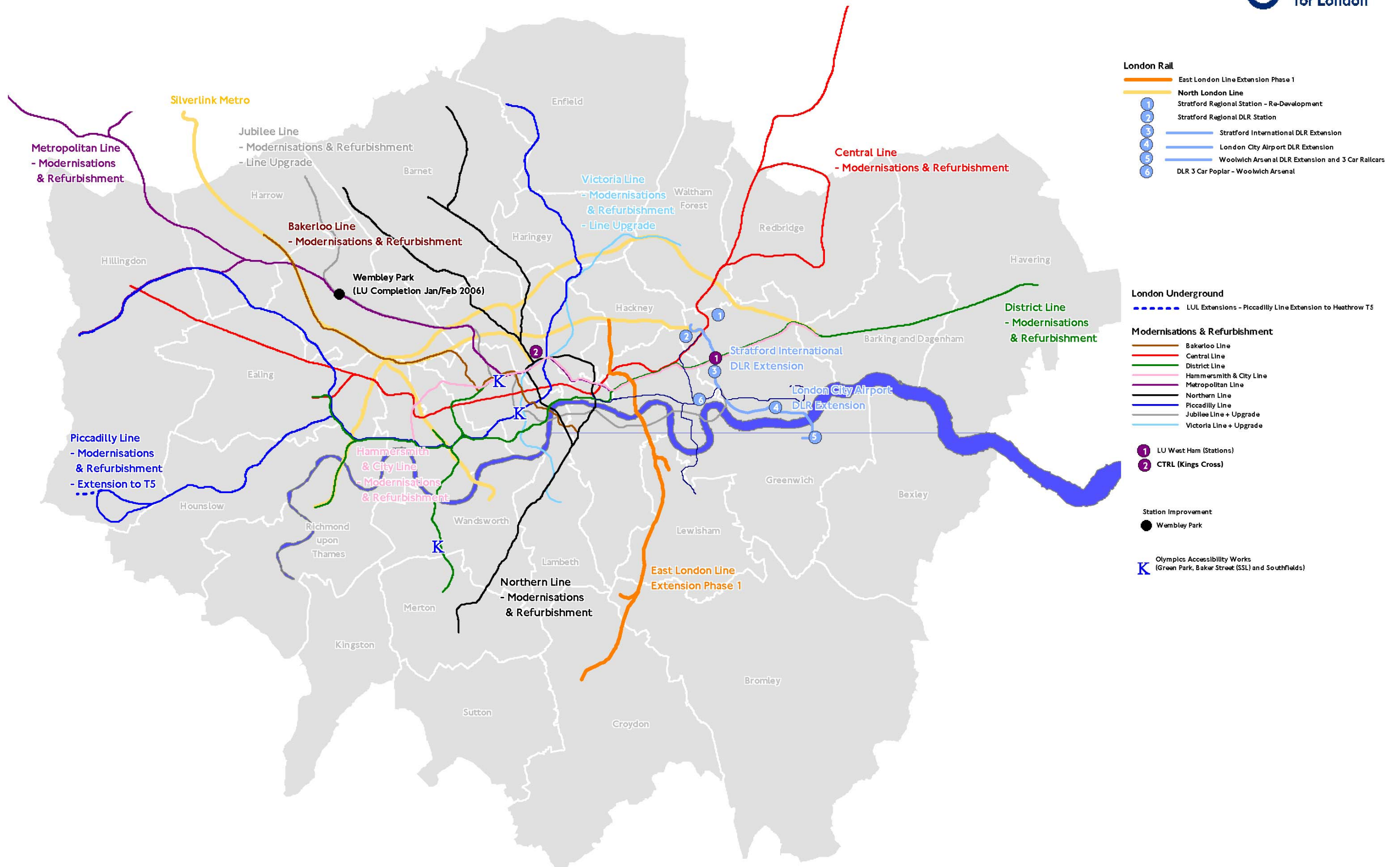
TfL Olympic Transport Portfolio Report period 9 2006/7

Programme/Project	Directly Managed?	Schedule Dates		Schedule (Calendar Years)																												Independent Engineer Schedule
		Type	Finish	2006				2007				2008				2009				2010				2011	2012							
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4									
Olympics Accessibility Works (Green Park, Baker Street (SSL) and Southfields) Subject to feasibility studies, installation of lifts at Green Park, Baker Street (sub-surface platforms), Southfields and High Street Kensington stations to provide step-free access from street to platform.	Y	BL (PIP)	31/03/2012																											Indicative review dates Q4 2007 Q1 2009		
North Greenwich Congestion Relief A significant increase in passenger vertical circulation capacity in key congested areas of the station.	Y	BL (PIP)	31/12/2006																													
Surface Transport																																
East London Transit Phase 1a 9km route between Ilford, Barking and Dagenham Dock with new dedicated access through Barking Town Centre and a package of highway measures including signal-based bus priority and enhanced enforcement due to be completed by February 2008	Y	BL (PIP)	16/02/2008																											Q3 2006		
Greenwich Waterfront Transit Phase 1 Project upgrades Abbey Wood – Thamesmead – Woolwich – North Greenwich corridor with high levels of bus priority, new sections of busway and improved access to Woolwich town centre.	Y	BL (PIP)	31/03/2010																											Q2 2006 Q4 2008		
London Rail																																
Network Rail North London Line 6 Car 8 tph (Olympic Infrastructure)	Y	BL (PIP)		Project to be defined																												
DLR Olympics Additional Railcars Procurement and delivery of 22 additional rail cars to provide for additional services required during the Olympics to meet spectator demand.	Y	BL (PIP)	30/06/2010																											Q2 2007 Q1 2009		
DLR 3 Car Poplar-Woolwich Arsenal Infrastructure upgrade at Blackwall and East India stations and signalling, communication and power modifications between Poplar and Woolwich stations to allow three car operations to and from Woolwich Arsenal during the Olympics	Y	BL (PIP)	31/03/2011																											Q2 2006 Q1 2008		
DLR Olympics Stations Capacity Improvements Increases to station capacity at Prince Regent (second exit to serve ExCel) and other network stations.	Y	BL (PIP)	31/03/2011																											Q3 2008 Q3 2010		
DLR West Route Signalling Improvements (Signal Loop & New Siding) Provision of a new signal loop between Westferry and Royal Mint Street junction to improve perturbation recovery time.	Y	BL (PIP)	31/03/2008																													
West Route Resilience Provision of additional resilience at Royal Mint Street to improve system recovery time.	Y	BL (PIP)	31/03/2010																											Q4 2008		
London Underground																																
LU West Ham (Stations) Improved access to West Ham station from the Olympic Park.	Y	BL (PIP)	28/08/2011																											Q1 2007 Q3 2009 Q1 2011		
Central Line Operational Enhancement Project (LU Resilience) This project improves operational resilience and reliability on the Central line by providing: • Additional reversing points; • Improved power supply to sustain higher service volumes. - SUBJECT TO CHANGE CONTROL FOR REMOVAL	Y	BL (PIP)	31/03/2012																													
Surface Transport																																
Cycle Route Enhancements and Walking Routes Providing cycling and walking facilities to and from Olympic venues and at creating a sustainable legacy of the Games. Planned cycling measures include the implementation of new cycle routes, cycle parking facilities at stations and venues and promotional activities. Planned walking measures include the implementation of new walking routes, signage and promotional activities.	Y	BL (PIP)		Surface Transport is currently identifying the Olympic cycling and waling programme details and are scheduled to present the details to the ODA																												
Olympic Route Network Carriageways The Olympic Route Network (ORN) is a pre-defined network of roads connecting all the Olympic competition and accommodation venues. Special traffic management measures and highway improvements will be implemented in order to give safe and secure priority movement to the cars and coaches that will transport the 'Olympic Family' during the Olympic and Paralympic Games. TfL are responsible for the delivery of the ORN requirements on the 257km network of non motorway roads within London.	Y	BL (PIP)		Surface Transport are currently investigating the existing performance of the ORN roads and developing a programme to deliver the ORN measures																												
Bus Route Network	Y	BL (PIP)		Project to be defined																												
LTCC Development Provision of Olympic Traffic Control Centre with Olympic Delivery Authority.	Y	BL (PIP)		Surface Transport are in the process of developing Olympic related projects into clear deliverables with milestones in conjunction with the ODA																												
Finance and Planning																																
Stratford Regional Station Re-Development (Dates for submission of revised scheme cost and funding details to TfL) Completing feasibility study in collaboration with DfT and NR for the Stratford Regional Station Capacity Upgrade.	Y	BL (PIP)	24/05/2006																											Q3 2006		

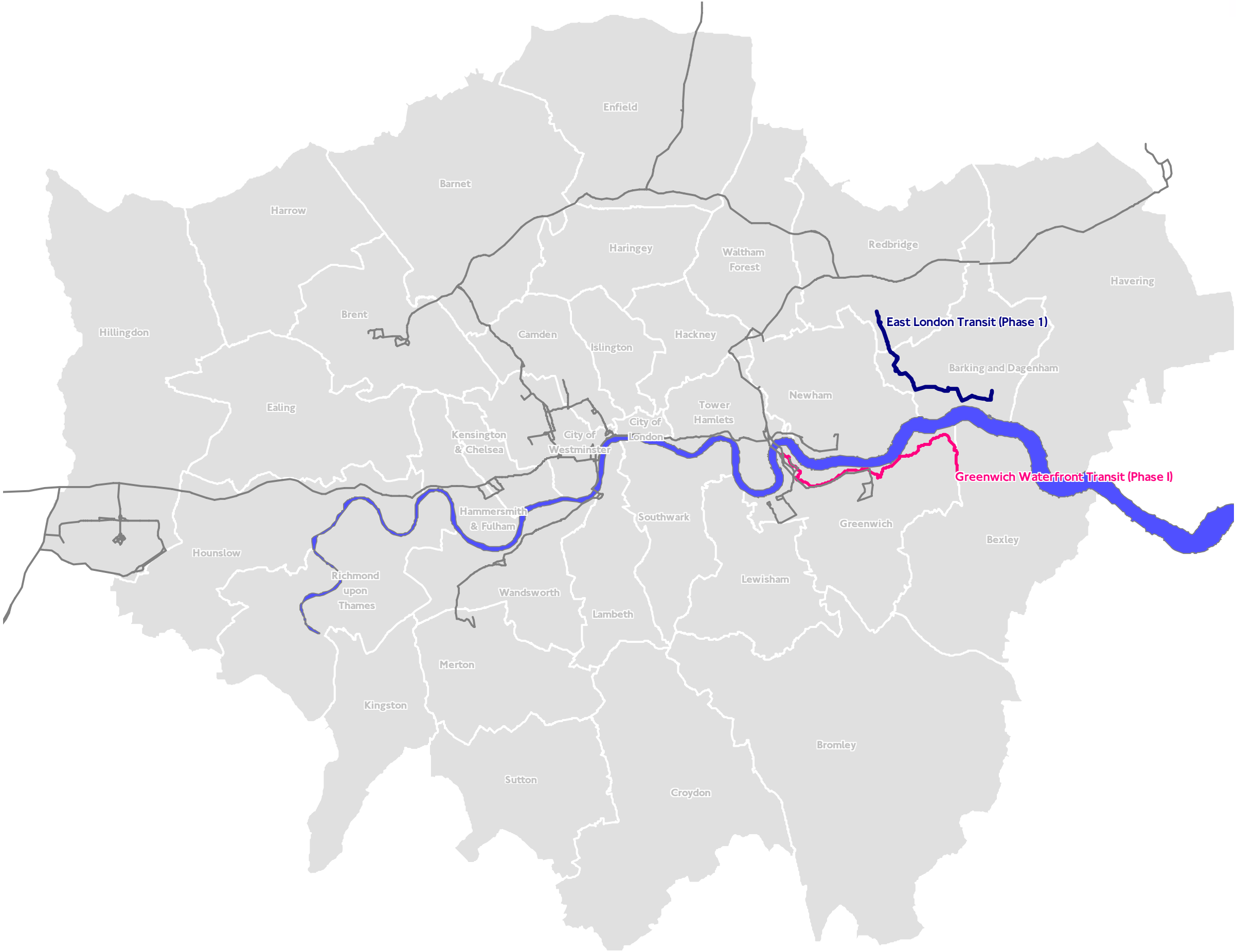
Baseline (Published IP)
Baseline (Current Authorised)
Actual/Forecast
◆ Indicative IE review dates
 Public Sector Funding Package

BL (PIP) BL (CA) A/F

TfL Olympic Transport Portfolio report - TfL Rail Schemes



TfL Olympic Transport Portfolio report - TfL Surface Schemes



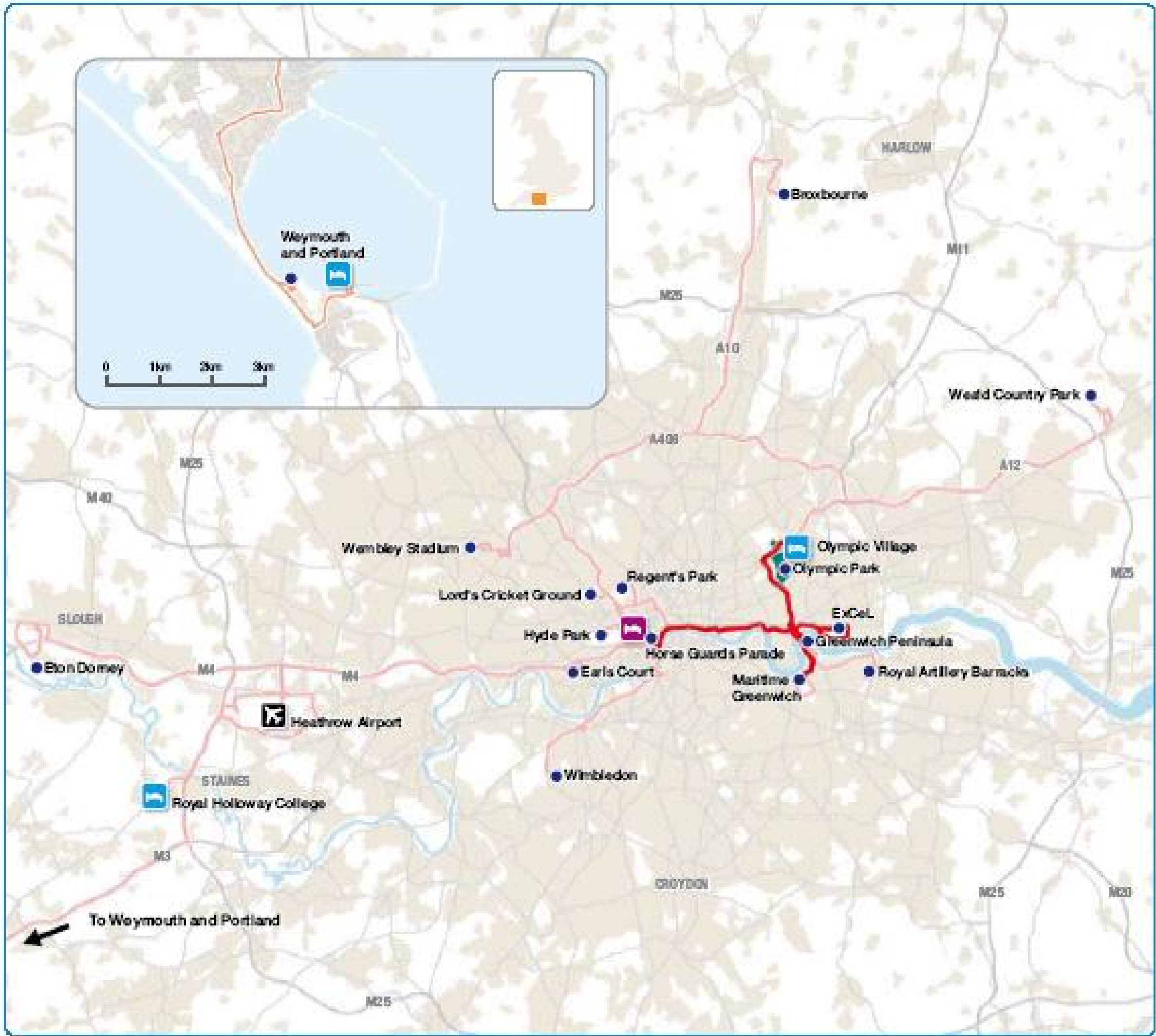
Surface Transport

-  East London Transit Phase 1a
-  Greenwich Waterfront Transit Phase 1
-  Olympic Route Network Carriageways

To be Identified

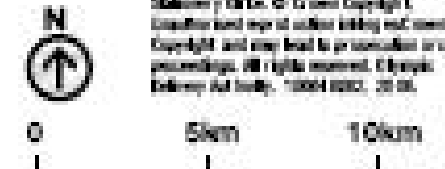
- (1) Cycle Route Enhancements & Walking Routes
- (2) Bus Route Network

Figure 5.4
The Olympic
Route Network



-  Olympic Park
-  Competition Venue
-  Core Olympic Route Network
-  Venue-Specific Olympic Route Network
-  Athletes' Accommodation
-  IOC Hotels
-  Airport

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TRANSPORT FOR LONDON

BOARD

SUBJECT: TAXI AND PRIVATE HIRE VEHICLE LICENSING INSPECTIONS

MEETING DATE: 7 FEBRUARY 2007

1. PURPOSE

- 1.1 The purpose of this paper is to ask the Board agree to:
- A. **delegate** to SGS (UK) Limited (SGS) the ability to grant private hire vehicle (PHV) and hackney carriage (taxi) licences on behalf of TfL; and
 - B. **note** amendments to the London Cab Order 1934.
- 1.2 The changes are necessary as part of wide ranging measures that are being introduced to modernise and improve the arrangements for the delivery of taxi licensing and inspections following the outcome of a best value review into the future direction of taxi licensing.

2. BACKGROUND

- 2.1 TfL is the licensing authority for taxis and PHVs.
- 2.2 In April 2003, TfL awarded a contract to SGS to undertake PHV licensing and inspection services on behalf of TfL. SGS have been providing PHV licensing and inspection services since April 2004.
- 2.3 The contract included an option, exercisable at TfL's sole discretion, to extend the contract to taxi licensing and inspection services. TfL exercised this option on 9 August 2006 after undertaking a best value review in relation to taxi licensing services and after obtaining necessary internal approvals.
- 2.4 Subject to to the Board's decision it is expected that SGS will start providing taxi licensing and inspection services from 2 April 2007.
- 2.5 As taxi licensing and inspection services are currently provided by the Public Carriage Office (PCO), the transfer of such services to SGS will involve a transfer of staff under the Transfer of Undertaking (Protection of Employment) Regulations 1981 and 2006 (TUPE).
- 2.6 This paper is not seeking approval in relation to the transfer of taxi licensing and inspection services from TfL to SGS, as such approval has already been obtained in accordance with TfL's Standing Orders.
- 2.7 The paper is seeking approval in relation the elements of the taxi and PHV licensing and inspection process detailed below.

3. PROPOSED CHANGES FOR THE GRANT OF TAXI AND PHV LICENCES

A. Delegation to SGS

- 3.1 As noted above, SGS currently provides licensing and inspection services for TfL in relation to PHVs, and has been doing so successfully since April 2004.
- 3.2 While SGS undertakes the activities surrounding the licensing and inspection of PHVs, SGS does not make the final decision as to whether a PHV licence is granted or not. TfL decides whether or not a PHV licence should be granted. Members of the PCO staff are permanently stationed at the four SGS inspection sites in order formally to grant these licences.
- 3.3 Experience of managing the contract since April 2004 has shown that the PCO has sufficiently robust quality assurance and control mechanisms in place without requiring an additional permanent PCO presence at the SGS inspection centres. It is therefore proposed that the function of granting PHV licences be delegated to SGS.
- 3.4 Section 24(1) of the Private Hire Vehicles (London) Act 1998 (the PHV Act) enables the functions of the licensing authority (TfL) to be exercised by any person appointed by the licensing authority for the purpose to such extent and subject to such conditions as may be specified in the appointment. It is therefore proposed that the Board appoint SGS under section 24(1) of the PHV Act to exercise TfL's functions in relation to the granting of PHV licences.
- 3.5 In relation to taxis, it is also proposed that SGS make the decision, on behalf of TfL, as to whether or not a taxi licence is granted.
- 3.6 Section 11 of the Metropolitan Public Carriage Act 1869 (the MPC Act), as amended by the Greater London Authority Act 1999, provides that any licence which may be granted by TfL under the MPC Act may, if TfL so directs, be granted by such person as may be appointed for the purpose in the direction.
- 3.7 It is therefore proposed that the Board appoint and direct SGS under section 11 of the MPC Act to grant cab licences under section 6 of the MPC Act on behalf of TfL.
- 3.8 The appointment of SGS under s 24 of the PHV Act and s 11 of the MPC Act to grant PHV and taxi licences is a delegation of TfL's functions to an external third party. The delegation of these functions under these specific provisions is outside the general TfL scheme of delegation allowed for under paragraphs 7 and 8 of Schedule 10 to the GLA Act. Although the TfL Standing Orders do not specifically reserve to the TfL Board the delegation of functions to a third party it would be inconsistent with the general thrust of the Standing Orders for anyone other than the TfL Board to make such a delegation.
- 3.9 The delegation of these functions to SGS will not prevent TfL from exercising these functions itself.

B. Changes to the London Cab Order 1934

3.10 It is proposed that the following amendments are made to the London Cab Order 1934 (the Cab Order):

- the introduction of mid-year inspections (as a prescribed condition of licensing);
- changes to the application process to remove the need for a physically signed application form that is passed to various people in the application and inspection process, to allow for internet and telephone bookings; and
- changes to allow for the transfer of a cab licence on the sale of a cab.

3.11 These amendments, and the reasons for them, are explained in further detail below.

Mid-Year Inspections

3.12 The best value review (referred to above) that was undertaken in 2005 recommended that the PCO should introduce a mid-year safety inspection to help ensure that licensed taxis continue to be fit for public use. The proposed mid year inspection would only focus on certain safety critical elements of vehicle fitness and would not involve checking all the licensing criteria covered by the initial and annual licensing inspections. The purpose of the mid-year safety inspection is aimed at:

- improving first-time pass rates;
- raising standards by introducing a consistent approach to safety inspections;
- reducing pollution by improving the overall mechanical condition of the taxi fleet; and
- minimising reliance on both planned and ad hoc on-street inspections and pre-planned regular fleet inspections of taxis.

3.13 The proposal to introduce a mid-year safety inspection has been the subject of public consultation and detailed discussions with key taxi trade representatives. Although the majority of respondents to the consultation from the taxi trade were opposed to the introduction of the mid year inspection, careful consideration of the responses has not identified sufficiently strong grounds to outweigh the benefits that will be achieved by progressing with the mid year inspection. In the light of the overall analysis of the responses and the reasons for the proposal, on balance the PCO has decided to introduce a requirement for a mid-year safety inspection with effect from October 2007.

3.14 SGS has been notified of the requirement and the necessary variations to the contract are being made. Appropriate financial approvals will be obtained from the Commissioner.

3.15 Although Section 2 of the Hackney Carriage Act 1853 provides the licensing authority (TfL) with the power to cause an inspection to be made as often as it deems necessary, this power is more suited to ad hoc compliance inspections than a regime of inspections that will apply to all vehicles. Therefore it is proposed that the requirement to have a cab undergo a mid year inspection be made a prescribed condition of the licence.

3.16 Prescribed licence conditions for cab licences are set out at article 14 of the Cab Order and failure to comply with such a condition can lead to the suspension or

revocation of a cab licence pursuant to article 19 of the Cab Order. It is therefore proposed that the requirement for a vehicle to pass a mid year compliance inspection be added to the cab order as a new article 14(o).

Application and inspection provisions

- 3.17 Articles 5 and 9 to 13 of the Cab Order relate to the application and inspection processes associated with the granting or refusal to grant cab licences. These articles specifically refer to a physical application form that is signed by the applicant and then passed to various people in the process. It is now considered that this approach is not sufficiently flexible to take account of the more modern and responsive approach that can be taken to the process of receiving applications and booking inspections.
- 3.18 With the outsourcing of TfL's function in relation to vehicle inspections and the granting of cab licences to SGS, it is desirable to amend the Cab Order to allow for internet and telephone based applications and bookings. The benefits that can be achieved from outsourcing these functions would be reduced if the Cab Order is not amended to enable a more flexible approach to be taken to dealing with taxi licence applications.
- 3.19 These articles will be amended to remove the reference to a signed application form and to streamline the steps involved in the cab licence application and inspection process.

Transfer of licence on the sale of a licensed cab

- 3.20 Article 14(m) of the Cab Order makes it a condition of the cab licence that the owner of a licensed cab who ceases to remain its owner must return the cab licence and plates to TfL before delivering the vehicle to its new owner. TfL then cancels that licence and requires the new owner to apply for a new licence.
- 3.21 In their response to the public consultation on the proposal to introduce a mid-year safety inspection, key trade representatives advocated strongly that it should be possible for a licensed cab to be sold to a new owner without the need for a new licence to be applied for. The current licence should be able to be transferred to the new owner along with the cab.
- 3.22 It has been decided to accept the trade representations on this matter. The requirement should therefore be for both the original and the new owner to notify TfL of the transfer of the licence. Article 14(m) will be amended to take account of this.

4. ALTERNATIVES

A. Delegation to SGS

- 4.1 The alternative is to not delegate to SGS the ability to grant taxi and PHV licences on behalf of TfL.
- 4.2 Not to make changes to the present arrangements for the grant of taxi and private hire vehicle licences would impair taxi and private hire efficiency and cost-

effectiveness, and hamper arrangements to improve decision-making and streamline processes. It would mean that the PCO would be required to continue to deploy staff at the SGS inspection centres at considerable extra cost to the PCO, and to SGS in terms of providing accommodation.

- 4.3 In respect of the inspection of taxis, it would be a departure from the present arrangements whereby it is the personnel undertaking inspections who effectively grant licences based upon their examinations of taxis to ensure that they conform to the conditions of fitness and are fit for public use. The proposals in respect of PHV would ensure that there is a consistent approach to decision-making between taxis and PHVs.

B. Amendments to the Cab Order

- 4.4 Not amending the Cab Order to make it a condition of the licence that the vehicle passes a mid-year safety inspection and relying on the power to require vehicles to undergo inspections pursuant to section 2 of the Hackney Carriage Act 1853, would expose TfL to the potential risk of being unable to take effective action in the event that owners refused to have their taxis inspected.
- 4.5 Section 2 of the 1853 Act is not drafted in such a way as to make it clear that failing to undergo the inspection would result in suspension of the licence.
- 4.6 Additionally, the context of section 2 of the 1853 Act within the broader scheme of the legislation relating to cab licensing suggests that this power is intended to be used in an ad hoc fashion to ascertain the continuing fitness of specific vehicles rather than the imposition of a requirement for all licensed vehicles to undergo an additional regular licensing inspection. The use of the power in such a fashion might therefore be subject to judicial review.
- 4.7 The plans for the transfer of taxi licensing inspection services to SGS in April 2007, incorporates changes to the licence application and appointment process. It involves SGS giving cab owners written information six to eight weeks' prior to the expiry of their licence, about a licensing appointment slot and other relevant information. Not making changes to articles 5 and 9 to 13 of the Cab Order would not allow for new processes such as these to be put in place as applicants would still need to provide a signed application form that was then passed to various people within the process.
- 4.8 The consequences of this would be to increase administrative time considerably for both the PCO and SGS, and increase costs. It would fail the test of cost-effectiveness and fail to streamline procedures, which is a major plank of the modernisation programme.
- 4.8 It is now considered appropriate, and in line with the position in relation to PHVs, to allow a cab licence to be transferred to a new owner on the sale of a licensed vehicle. Not making this change would leave in place the system whereby a new licence needs to be issued. This involves the payment of additional licensing fees and further inspections that, as a result of the introduction of mid-year inspections, are no longer seen as necessary to ensure that public safety is maintained. It was also continue the unnecessary disparity between taxis and PHVs.

5. IMPACT ON FUNDING

- 5.1 The proposals have no financial impact on TfL. The costs of licensing are carried by applicants and licensees.
- 5.2 TfL has the power to determine licence fees. It reviews them every year and sets them to recover the full cost of the PCO's licensing functions over the budget and plan period.
- 5.3 The modernisation programme of taxi licensing inspection services is aimed at improving efficiency as well as effectiveness, and enabling the PCO to continue to provide the taxi trade with a cost-effective licensing service whilst maintaining and preserving safety for London's travelling public.
- 5.4 The changes sought to the present arrangements for the grant of taxi and PHV licences are intended, amongst other things, to improve efficiency. Without these changes, the efficiency and cost savings will not be realised, and this will be reflected in taxi and PHV licence fees.

6. EQUALITIES

- 6.1 There are no equality issues associated with this request for the Board to delegate to SGS the ability to grant PHV and taxi licences on behalf of the TfL.

7. CRIME AND DISORDER

- 7.1 TfL has agreed to assess its activities for the impact of crime and disorder under Section 17 of the Crime and Disorder Act 1998.
- 7.2 There are no implications for crime and disorder as a result of this proposal.

8. RECOMMENDATIONS

It is recommended that the Board:

- 8.1 **appoints** SGS (United Kingdom) Limited (SGS) under section 11 of the Metropolitan Public Carriage Act 1869 (MPC Act) to grant cab licences under that Act on behalf of TfL;
- 8.2 **directs** SGS through the terms and conditions of the contract between SGS and TfL dated 2 April 2003 (as amended) (the SGS Contract), to grant cab licences in accordance with:
 - (a) the terms and conditions of the SGS Contract;
 - (b) the provisions of the MPC Act (as amended) and all other relevant statutory provisions; and
 - (c) any directions and guidance issued by TfL;

- 8.3 **appoints** SGS under section 24(1) of the Private Hire Vehicle (London) Act 1998 (the PHV Act) to grant private hire vehicle (PHV) licences under that Act on behalf of TfL the terms and conditions of the SGS Contract;
- (a) the provisions of the PHV Act and all other relevant statutory provisions; and
 - (b) any directions and guidance issued by TfL;
- 8.4 **notes** that the Commissioner will agree the terms of the variation to the SGS Contract to give effect to the above delegation of functions;
- 8.5 **notes** the following amendments to the London Cab Order 1934 (the Cab Order):
- (a) removing the requirement for a physically signed application form from articles 5 and 9 to 13 of the Cab Order and streamlining the application and inspection process outlined in those articles;
 - (b) amending article 14(m) of the cab order to allow for licences to be transferred to new owner on the sale of a licensed cab.
 - (c) making mid-year safety inspections a prescribed condition of licensing under article 14(o) of the Cab Order;
- 8.6 **notes** that the SGS Contract will be varied to require SGS to undertake mid-year safety inspections on behalf of TfL and that appropriate approval will be sought from the Commissioner in accordance with TfL Standing Orders in relation to such variation to reflect the additional cost of the transaction.

TRANSPORT FOR LONDON

BOARD

SUBJECT: TAXI FARES AND REGULATIONS

MEETING DATE: 7 FEBRUARY 2007

1. Introduction

- 1.1. The purpose of this paper is to seek approval for changes to taxi fares and other regulations to take effect in April 2007.
- 1.2. Under paragraph 19 of TfL Standing Order 2: Scheme of Delegation (revised in September 2006), the power to make London Cab Orders relating to changes in the level of fares for hackney carriages in line with the Cost Index Method was delegated to the Commissioner once the Mayor has approved the details of this Method.
- 1.3. Approval of other taxi fares is reserved to the TfL Board under paragraph 4.2(o) of TfL Standing Order 2.
- 1.4. In accordance with section 9 of the Metropolitan Public Carriage Act 1869, decisions as to the level of taxi fares must be made in accordance with any directions that the Mayor has given to TfL as to the basis on which those fares are to be calculated. The Mayor has not given TfL any specific directions on this matter, but in the past has agreed that changes in fares should be calculated in line with the agreed taxi cost index.
- 1.5. The power delegated to the Commissioner under paragraph 19 of TfL Standing Order 2: Scheme of Delegation to make London Cab Orders regarding taxi fare increases is not being utilised in this instance as the Cost Index Method has not been formally approved by the Mayor as required by paragraph 19 and there are proposed amendments contained in this paper that are outside the scope of that delegation.

2. Background

- 2.1. Taxi fares are normally revised each April based on changes to a cost index in use since 1981. The index, agreed with the trade, combines changes in operating costs with national earnings to produce a change in average fares aimed at maintaining drivers' real earnings net of operating costs and fluctuations in overall demand. The index was reviewed in 2004-05 and some changes introduced, with the agreement of taxi trade bodies, from 2006.
- 2.2. Last year there was an increase in fares effective from 1 April across all three tariffs in line with the increase in the cost index of 3.7%, excluding the 20p

environmental charge. This compared with year-on-year increases of 2.2% in the headline retail price index and 4.1% in average national earnings.

- 2.3. The taxi emissions strategy announced by the Mayor on 20 December 2004 introduced an environmental charge of a flat rate fare of 20 pence per journey, raising the fixed minimum part of the fare (the flag-fall) to £2.20 from 2 April 2005. This charge, over and above the usual cost of living rise, was introduced, subject to a review after three years, to meet the cost of converting taxis to reach new environmental standards as part of the Mayor's commitment to reducing vehicle emissions in London.

3. Cost index

- 3.1. Details of the current cost index are given in Appendix 1. The year-on-year increase is 3.2%.
- 3.2. The most significant operating cost change has been to vehicle ownership costs, which have increased by 4.0% reflecting the introduction of the new TX4 model of Taxi. Total operating costs have increased by 2.0%.

4. Main tariffs: proposed changes for April 2007

- 4.1. This year it is proposed to increase fares with effect from Saturday 14 April across all three tariffs (excluding the 20p environmental supplement) by 3.2%, in line with the increase in the cost index. This compares with the latest year-on-year increases of 4.4% in the headline retail price index for December 2006 and 3.9% in average national earnings for Quarter 3 2006.
- 4.2. No change is proposed to the £2.20 flag fall, which includes the 20p environmental charge. The distances and times allowed for each 20p increment in the fare will be reduced so that the average fare in each of the three charging periods, excluding the 20p environmental charge, will increase in line with the cost index increase of 3.2%.
- 4.3. The effect of the proposals on average fares, together with examples of the impact on a range of fares across each of the three tariffs, is attached at Appendix 2. Full details of the tariff charging rates are also included. Most of the example fares table shown will increase by between 3% and 5% although a few are outside this range. The percentages, particularly for shorter journeys, vary depending on their length in relation to where the 20p fare steps occur.
- 4.4. The normal date for the tariff change is the first Saturday of April. In 2007, this falls in the Easter holiday weekend. It is therefore proposed that the increase will take effect from Saturday 14 April 2007.

5. Additional charges: telephone booking fee

- 5.1. One of the radio circuits has requested an increase in the £2 additional charge for telephone bookings. This was last increased (from £1.20) in July 2002, since when fares will have increased by 15.1% (17.3% including the emissions charge) and the cost index increase will have been 16.2% after the proposed revision. The case for an increase is based on inflation since the previous

revision to this item, the capital costs of supporting bookings, and the support for the One Number service.

- 5.2. Another radio circuit and the taxi drivers' associations have argued against any increase in the telephone booking fee. The radio circuit suggests that an increase would not promote increased usage of taxis and would be against the public interest. One of the drivers' associations argues that this additional charge should be removed from the tariff, pointing out that it may appear inappropriate in comparison with private hire operators (which provide similar services to the radio circuits). Research among taxi customers shows that, although the majority are satisfied with the level of taxi fares, this booking extra is seen as fairly poor value for money (although this research did not cover account customers). On balance, it is therefore proposed to make no change to this fee.

6. Fixed-fare taxi sharing

- 6.1. These arrangements for fixed-fare taxi sharing, which benefit passengers, taxi drivers and local communities, were regulated under the London Taxi Sharing Scheme Order 2005. The Order covers shared journeys:
- from Paddington to locations in central London and some others;
 - between the Wimbledon Tennis tournament and Wimbledon and Southfields stations; and
 - from Buckingham Palace at the end of garden parties.
- 6.2. Following consultation with the taxi trade, London TravelWatch, and the London Borough of Merton (the appropriate highway authority), it is proposed to amend this Order to allow sharing to Wimbledon station from an additional site at the Wimbledon Tennis tournament, and to allow sharing from the tennis tournament to locations in central London.
- 6.3. Details of the proposals are provided as Appendix 3. The fares from Wimbledon to central London are uniform across the tariff bands in order to avoid conflicts and disorder around the change in tariffs. These are set at the equivalent of a tariff 2 rate as the greatest demand is expected to be in the weekday evenings and at weekends, when this tariff applies. The fares are consistent with the shared fare specified from Paddington to Wimbledon when the Paddington scheme is in operation.

7. Heathrow additional charge

- 7.1. An additional sum up to £2 can be added on the meter by drivers for journeys from Heathrow Airport to destinations in Greater London. At the time this was introduced, it was understood that metered fares did not apply to journeys to destinations outside London. In general, drivers charge fares much higher than the metered fare for such journeys, in part to reflect the fact that they must return to London before they can take another fare. It was not thought desirable to allow drivers to add to these fares for journeys not regulated by the meter.
- 7.2. Subsequent legal advice is that the meter should in fact limit fares that can be charged for journeys ending outside London. A clause in the Transport for

London Bill currently before Parliament will clarify this position, to say that a fare higher than the metered fare may be agreed before the start of a journey to a destination outside Greater London, but if no such fare is agreed the metered fare must apply.

- 7.3. With this clarification, it is appropriate to allow the Heathrow extra to be added for journeys to destinations outside London where the metered fare applies. It is proposed to amend the London Cab Order 1934 to this effect.

8. Fare Receipts

- 8.1. Since January 2006, all London licensed taxis have been fitted with receipt printers. However currently there is no obligation placed on a driver to issue a receipt at the passenger's request and refusal to issue receipts has been the subject of many complaints over the years.
- 8.2. The presence of a working printer means that passengers always have the opportunity of a receipt. Requiring taxi drivers to provide a receipt on request would further enhance the reputation of the taxi trade for its excellent service without imposing any additional costs to the trade (other than paper and toner for the printer) or disbenefits to drivers.
- 8.3. Taxi trade representatives and other bodies were consulted on a proposal to introduce a regulation that requires drivers to give a receipt at the request of the passenger, but not necessarily to specify a printed receipt (along with other proposals). Most responses did not address this aspect of the consultation. Of those that did, one driver challenged the legal basis for the proposal (incorrectly) and a taxi fleet owner questioned the purpose of the change. Other respondents were neutral or supportive. London TravelWatch welcomes this proposal.
- 8.4. The proposed regulation would take the form of a condition on the licence of a taxi driver prescribed in the London Cab Order 1934 under the Metropolitan Public Carriage Act 1869.

9. Consultation and research

- 9.1. Taxi trade organisations, together with London TravelWatch, were asked to provide written responses to the proposal for across the board fare increases in line with the increase in the cost index, and invited to suggest and justify other changes. Responses have generally been supportive of basing the increase on the cost index.
- 9.2. The responses have been reflected in the proposals above. In addition, one of the taxi radio networks has requested an increase in the maximum supplement allowed for a radio booking from £2 to £5. This request has not been supported by other trade organisations (including other radio networks) and this supplement is sometimes a cause of concern or confusion among passengers. No change in the supplement is therefore proposed.
- 9.3. A telephone survey conducted at the end of December 2005/early January 2006 among 200 regular users of taxis found that passengers were reasonably

satisfied with current taxi fares. This is broadly in line with results from recent PCO Customer Satisfaction Survey (Quarter 2 06/07). Most (80%) of the sample claimed to have a clear expectation of what fares would be when they got into the taxi.

9.4. There was a reasonable degree of acceptance for the supplementary charges relating to Christmas/New year and journeys from Heathrow Airport, but less understanding of the case for the additional charge for telephone bookings.

10. Alternatives

10.1. Alternative options to implementing the proposed tariff changes are as follows.

- Not applying any revision this year, or applying an increase below the cost index level. This would be contrary to long established practice. It would mean a real cut in 25,000 drivers' incomes and meet extreme opposition from the trade.
- Increasing fares by more than the cost index. This would result in taxi drivers' net earnings increasing faster than that of the workforce in general, assuming that levels of demand are unchanged, rather than maintaining them, which is the intention of the cost index.

11. Impact on Crime & Disorder

11.1. TfL has agreed to assess its activities for impact crime and disorder under Section 17 of the Crime & Disorder Act 1998.

11.2. The changes to taxi sharing arrangements at Wimbledon will help to maintain good order and reduce opportunities for breach of taxi law around the Wimbledon tournament. There are no other implications for crime and disorder as a result of these proposals.

12. Equalities impact

12.1 The equalities perspective is assessed below on the impact on funding. The context is the impact on customers using the Taxicard scheme.

13. Impact on funding

13.1 There is no direct impact on TfL except regarding Taxicard journeys, as passengers pay for fares. There is no TfL subsidy for general taxi journeys.

13.2 TfL makes a substantial contribution to the Taxicard scheme. There is a maximum combined subsidy by TfL and the boroughs of £10.30 per trip. Taxicard scheme members generally pay a flat fare of £1.50 and the balance of any fares above £11.80. There are currently around 1.2m Taxicard journeys each year, with an average fare of £11.54. £2.40 of this is paid by Taxicard scheme members and £9.14 covered by the subsidy. Under the proposed tariffs the average fare on the meter would increase by about 37p (3.2%) resulting in a total increase in taxi fares of £0.44m assuming no change in the number of journeys made. It is expected that roughly half of the increase would be funded by Taxicard users and half by an increase in subsidy payments. The increase of about £0.2m will have to be funded

jointly by TfL and the boroughs. There is provision for this within the TfL Taxicard budget.

14. Recommendations

14.1 It is recommended that that the Board:

- (1) **approves** the proposed taxi tariff changes and the making of a London Cab Order, to be signed by the Commissioner of Transport for London on behalf of Transport for London, to
 - a. implement the new fares with effect from Saturday 14 April 2007;
 - b. allow the additional charge of £2 for journeys from Heathrow Airport to be charged on journeys to destinations outside Greater London
- (2) **approves** the making of a London Taxi Sharing Scheme Order, to be signed by the Commissioner of Transport for London on behalf of Transport for London, to implement the new fixed-fares with effect from Saturday 14 April 2007.
- (3) **notes** the making of a London Cab Order, requiring a taxi driver to provide a receipt for the fare paid on request from a passenger as a condition of taxi driver licensing under section 8(5)(a) of the Metropolitan Public Carriage Act 1869.

Licensed Taxi Cost Index Changes 2007

Index Component ¹	Cost Increase	Weight ²		Contribution to Total ³	Data availability ⁴	
		2006	2007		Current	Normally used
Vehicle Cost	4.0% ⁵	9.4%	9.5%	0.38%	Nov 06	Nov
Parts	4.0%	3.8%	3.8%	0.15%	Nov 06	Nov
Tyres	0.4%	0.5%	0.5%	0.00%	Nov 06	Nov
Garage & servicing – premises	-0.8%	0.6%	0.6%	0.00%	3 rd ¼ '06	3 rd ¼
Garage & Servicing – labour	2.7%	1.9%	1.9%	0.05%	Oct 06	Oct
Fuel	-1.2%	10.0%	9.6%	-0.13%	Early Jan	Mid Dec
Insurance	-3.3% ⁶	3.4%	3.2%	-0.11%	Jan 07	Jan
Miscellaneous	10.7% ⁷	1.1%	1.2%	0.12%	Early Jan	Early Jan
The Knowledge	3.9%	5.5%	5.6%	0.22%	3 rd ¼ '06	3 rd ¼
Social Costs	3.9%	2.8%	2.9%	0.11%	3 rd ¼ '06	3 rd ¼
Total Operating Costs	2.0%	39.2%	38.8%	0.79%		
Average national earnings	3.9%	60.8%	61.2%	2.37%	3 rd ¼ '06	3 rd ¼
Grand Total		100%	100%	3.16%		

Notes

1. The index components are as normally used in the cost formula. Further details are available on request.
2. 'Weight' is the proportion that the component contributes to the total cost per mile. The 2007 column shows the provisional weights in the total cost index, after updating them with this year's cost increases. The 2006 column shows the starting weights used in these calculations.
3. 'Contribution to total' indicates the importance of each component's cost change in determining the overall cost change. It is calculated for each component as the product of its percentage cost increase and its (2006) weight. The Grand Total is the sum of the individual components' contributions.
4. The 'current' column under 'Data availability' indicates the dates to which data in the 'cost increase' column relate. The 'normally used' column shows the dates relating to the data normally used in recent years for the final cost index update.
5. Older taxis (primarily the TX1 model) will be required to comply with Euro 3 emission standards by July 2007. The cost of doing so has not been included in the index as a 20p supplement is currently added to every taxi fare to compensate drivers for this expense. This arrangement is due for review before the 2008 tariff change.
6. Three of the four insurance companies whose premiums have been used in compiling the index will be leaving their rates unchanged this year. The fourth will be making a substantial reduction in January 2007. The weight used takes account of the estimated proportion of drivers covered by each of these companies.
7. Miscellaneous costs include PCO imposed elements such as licence fees, normally changed in April and incorporated in the cost index produced the previous December or January. 2007 cost changes depend on changes to vehicle inspection procedures not yet finalised. Driver's licence fees have been assumed to increase in line with the RPI change, and an increase of £44 has been assumed in the cost of a vehicle licence to represent the cost of a mid-year inspection. If these figures change, appropriate adjustments will be made in next year's index.

TfL Fares & Ticketing 15 January 2007

**2007 Example Tariff Changes
3.2% increase (before 20p environmental charge)**

Average Fares (excluding 20p environmental charge)

	Current average	New average	Increase (£)	Increase (%)
Tariff 1	£9.09	£9.39	£0.29	3.2%
Tariff 2	£10.55	£10.88	£0.33	3.2%
Tariff 3	£12.37	£12.77	£0.40	3.2%
All Week	£10.05	£10.37	£0.32	3.2%

Average Fares (including 20p environmental charge)

	Current average	New average	Increase (£)	Increase (%)
Tariff 1	£9.29	£9.59	£0.29	3.1%
Tariff 2	£10.75	£11.08	£0.33	3.1%
Tariff 3	£12.57	£12.97	£0.40	3.2%
All Week	£10.25	£10.57	£0.32	3.1%

Tariff Rates (including 20p environmental charge)

	Tariff 1		Tariff 2		Tariff 3	
	Current	New	Current	New	Current	New
minimum fare	£2.20	£2.20	£2.20	£2.20	£2.20	£2.20
minimum units	2	2	2	2	2	2
metres/unit < 6 miles	160.5	155.2	130.2	126.0	105.3	101.9
Secs/unit < 6 miles	34.5	33.4	28.0	27.1	22.6	21.9
metres/unit > 6 miles	112.5	108.8	112.5	108.8	112.5	108.8
Secs/unit > 6 miles	24.2	23.4	24.2	23.4	24.2	23.4
Units at lower rate	60	62	74	76	91	94
Metres at lower rate	9630.0	9622.4	9634.8	9576.0	9582.3	9578.6
changeover fare	£14.00	£14.40	£16.80	£17.20	£20.20	£20.80

2007 Example Tariff Changes – 3.2% increase (before 20p environmental charge)**Example Fares**

Journey length Miles	Tariff 1			Tariff 2			Tariff 3		
	Current	New	Change	Current	New	Change	Current	New	Change
minimum	£2.20	£2.20	0.00%	£2.20	£2.20	0.00%	£2.20	£2.20	0.00%
0.5	£3.00	£3.00	0.00%	£3.20	£3.20	0.00%	£3.40	£3.40	0.00%
1.0	£4.00	£4.00	0.00%	£4.40	£4.40	0.00%	£5.00	£5.00	0.00%
1.5	£5.00	£5.00	0.00%	£5.60	£5.80	3.60%	£6.40	£6.60	3.10%
2.0	£6.00	£6.00	0.00%	£6.80	£7.00	2.90%	£8.00	£8.20	2.50%
2.5	£7.00	£7.20	2.90%	£8.00	£8.40	5.00%	£9.60	£9.80	2.10%
3.0	£8.00	£8.20	2.50%	£9.40	£9.60	2.10%	£11.00	£11.40	3.60%
3.5	£9.00	£9.20	2.20%	£10.60	£10.80	1.90%	£12.60	£13.00	3.20%
4.0	£10.00	£10.20	2.00%	£11.80	£12.20	3.40%	£14.20	£14.60	2.80%
4.5	£11.00	£11.20	1.80%	£13.00	£13.40	3.10%	£15.60	£16.20	3.80%
5.0	£12.00	£12.40	3.30%	£14.20	£14.80	4.20%	£17.20	£17.80	3.50%
6.0	£14.00	£14.40	2.90%	£16.80	£17.40	3.60%	£20.20	£21.00	4.00%
7.0	£16.80	£17.40	3.60%	£19.60	£20.20	3.10%	£23.00	£23.80	3.50%
8.0	£19.60	£20.40	4.10%	£22.40	£23.20	3.60%	£26.00	£26.80	3.10%
9.0	£22.60	£23.40	3.50%	£25.40	£26.20	3.10%	£28.80	£29.80	3.50%
10.0	£25.40	£26.40	3.90%	£28.20	£29.20	3.50%	£31.60	£32.80	3.80%
11.0	£28.20	£29.40	4.30%	£31.00	£32.20	3.90%	£34.60	£35.80	3.50%
12.0	£31.20	£32.20	3.20%	£34.00	£35.20	3.50%	£37.40	£38.80	3.70%
13.0	£34.00	£35.20	3.50%	£36.80	£38.20	3.80%	£40.20	£41.80	4.00%
14.0	£36.80	£38.20	3.80%	£39.60	£41.00	3.50%	£43.20	£44.80	3.70%
15.0	£39.60	£41.20	4.00%	£42.40	£44.00	3.80%	£46.00	£47.60	3.50%
16.0	£42.60	£44.20	3.80%	£45.40	£47.00	3.50%	£48.80	£50.60	3.70%
18.0	£48.20	£50.20	4.10%	£51.00	£53.00	3.90%	£54.60	£56.60	3.70%
20.0	£54.00	£56.00	3.70%	£56.80	£59.00	3.90%	£60.20	£62.60	4.00%

All example fares assume entire journey charged on distance rates

TfL 12/01/07

Proposed changes to the London Taxi Sharing Order
(italics show existing entries)

Changes to SCHEDULE 1
AUTHORISED PLACES, DESTINATIONS AND FARE ZONES
FOR FIXED-FARE SHARED SERVICES

Paragraphs 1, 2 and 5

Authorised place	Destination(s)	Applicable dates and times	Fare Zone
<i>Taxi rank at Wimbledon Station, London SW19</i>	<i>Outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19</i>	<i>During the period of tennis tournaments at the All England Lawn Tennis Club, all day</i>	A
<i>Taxi boarding point¹ on Augustus Road, London SW19</i>	<i>Outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19</i>	<i>During the period of tennis tournaments at the All England Lawn Tennis Club, all day</i>	A
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	<i>Wimbledon Station, London SW19;</i> <i>Southfields Station, London SW18</i>	<i>During the period of tennis tournaments at the All England Lawn Tennis Club, all day</i>	A
Taxi boarding point outside Gate 12 of the All England Lawn Tennis and Croquet Club, London SW19	<i>Wimbledon Station, London SW19;</i>	<i>During the period of tennis tournaments at the All England Lawn Tennis Club, all day</i>	A
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in the Borough of Hammersmith and Fulham on and south of Hammersmith Bridge Road, Hammersmith Broadway and Hammersmith Road	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	K
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in Postal Districts SW4, SW8 and SW11; addresses on Clapham Road, Harleyford Street, Kennington Oval and Harleyford Road	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	L
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in the Royal Borough of Kensington and Chelsea in the area bounded by Cromwell Road, Brompton Road, Sloane Street, Sloane Square, Lower Sloane Street and Chelsea Bridge Road inclusive	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	M
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in Postal District SW1 east of Sloane St, Sloane Square, Lower Sloane Street and Chelsea Bridge Road	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	N

Appendix 3 Proposed changes to the London Taxi Sharing Order

Authorised place	Destination(s)	Applicable dates and times	Fare Zone
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in the area bounded by Warwick Road north of Cromwell Road, Russell Road, Russell Gardens Mews, Holland Road, Holland Park Avenue, Notting Hill Gate, Pembridge Road, Pembridge Villas, Westbourne Grove, Bishops Bridge Road, Bishops Bridge Harrow Road, Edgware Road, Marble Arch, Park Lane and Knightsbridge inclusive and Brompton Road and Cromwell Road exclusive	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	P
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in Postal District W1; addresses in the area bounded by Edgware Road, Church St NW8, Lisson Grove, Rossmore Road, Park Road, Allsop Place, York Terrace, Upper Harley Street, Marylebone Road, Euston Road, Tottenham Court Road inclusive	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	P
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in Postal District WC2; ; Waterloo Station; addresses in the area bounded by the River Thames, Waterloo Bridge, Waterloo Road, Baylis Road, Lower Marsh, Westminster Bridge Road and Westminster Bridge inclusive	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	P
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in Postal District WC1; addresses on Euston Road East of Tottenham Court Road; Euston, Kings Cross and St Pancras Stations	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	R
Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19	Addresses in postal districts EC1, EC2, EC3 and EC4; addresses in the area bounded by London Bridge, Duke Street Hill, Tooley Street, Bermondsey Street, Thomas Street, Bedale Street, Borough High Street, Southwark Street, Blackfriars Bridge and the River Thames inclusive.	During the period of tennis tournaments at the All England Lawn Tennis Club, all day	R

Changes to SCHEDULE 2

FARES FOR FIXED-FARE SHARED SERVICE

Paragraph 5

- (1) Maximum amount payable by each passenger in a shared service shall be the amount specified in the following table.

Fare Zone (Specified in Schedule 1)	Applicable taxi tariff		
	1	2	3
A	£2.00	£2.00	£2.00
B	£2.50	£3.00	£3.50
C	£3.00	£3.50	£4.00
D	£4.50	£5.00	£5.50
E	£5.00	£5.50	£6.50
F	£6.00	£7.00	£9.00
G	£7.00	£8.00	£9.50
H	£8.00	£9.00	£10.50
J	£10.00	£11.50	£14.00
K	£6.00	£6.00	£6.00
L	£7.00	£7.00	£7.00
M	£8.00	£8.00	£8.00
N	£9.00	£9.00	£9.00
P	£10.00	£10.00	£10.00
R	£12.00	£12.00	£12.00

- (2) The applicable taxi tariffs shall be determined as follows:

- (a) taxi tariff 1 applies to any journey which commences between the hours of 6 am and 8 pm, on any day except a Saturday, Sunday or public holiday;
- (b) taxi tariff 2 applies to any journey that commences on a Saturday or Sunday (other than a public holiday) between the hours of 6 am and 8 pm, or on any day (other than a public holiday) between the hours of 8 pm and 10 pm; and
- (c) taxi tariff 3 applies to any journey that commences between 10 pm on any day and 6 am on the following day or at any time on a public holiday.

TRANSPORT FOR LONDON

BOARD

SUBJECT: PUBLIC CARRIAGE OFFICE UPDATE

MEETING DATE: 7 FEBRUARY 2007

1. Purpose

1.1 The purpose of this paper is to update the Board on taxi and private hire licensing as managed by TfL's Public Carriage Office.

2. Background

2.1 TfL is one of the world's largest licensing authorities, with well over 100,000 licensees who provide London's taxi and private hire services. Current activities will be summarised for each of the five main licensing activities.

3. Main Licensing Activities

3.1 Taxi drivers (3 year licences)

- There were 24,678 drivers licensed at the end of Period 10. The number of licensed drivers has remained static but the number of new applicants has risen sharply this year (2,203 at the end of Period 10 compared with 1,703 a year earlier). A campaign to increase the numbers of taxi driver (Knowledge) applications from women and BAME communities, launched by the Mayor, is under way.
- The number of women drivers has passed 400 (1.6% of total) for the first time; and women applicants are running at around 4% of the total this year.
- BAME applicants hit an all time high at 33% in Period 10. The average for the year so far is 27%, compared with a London population BAME proportion of 29%. Some 12% of new taxi drivers so far in 2006-7 are from BAME communities.
- City and Guilds gave official accreditation to the Knowledge examination process. Improving management information, put in place as part of the accreditation process, suggests that the high dropout rate among Knowledge applicants was largely a factor before applicants reached the stage of 'appearances' at the PCO. Most applicants who reach the appearance stage go on to achieve their licences.

3.2 Taxis (1 year licences)

- There are approximately 21,200 licensed taxis. The TX4 (with Euro 4 engine) was launched in October 2007 (with 350 licensed to date)
- Since the taxi emissions strategy started in July 2006, some 3,000 pre-Euro and Euro 1 cabs have been licensed with emissions systems retrofitted. The target 100% Euro 3 or better by July 2008 is achievable.
- From April 2007, it is expected that taxi licensing will move from a single in-house function at the PCO to three new centres at Tottenham, Deptford and Hanworth. This will be managed under contract to the PCO by SGS (United Kingdom) Ltd. Compliance activity will be enhanced and remain as an in-house function.
- An additional paper for this meeting will, if approved by the Board, make the regulatory changes necessary to transfer taxi licensing, and to require taxi mid-year licences to improve vehicle safety standards.

3.3 Private Hire Operators (5 year licences, started 2001)

- 2,185 operators licensed at Period 10. The second round of operator licensing started last year.
- Numbers have dropped slightly, partially reflecting some consolidation in the market through acquisitions.

3.4 Private Hire Drivers (3 year licences, started 2003)

- The first licences were issued in July 2003, so we are now:
 - Licensing the last of those drivers who pre-registered in 2003;
 - Relicensing the first drivers who were licensed in 2003;
 - Licensing new drivers.
- Early indications are that a high proportion (43% so far) of licensed PHV drivers does not re-apply after the first three years, indicating a high degree of churn.
- The last Temporary Permits were issued on 31 December 2006. We continue to work with the CRB to find ways of speeding up CRB processing. The CRB have indicated that electronic exchanges could be in place later this year. The PCO are negotiating with the Post Office on introducing application form checking at a network of their branches around London. This would improve the quality of applications, reducing turnaround time and the need for applicants to call or visit the PCO.
- There are currently just over 34,000 licensed drivers. We started the year with some 14,000 live temporary permits; we expect this number to fall to some 2,000 by May 2007, with the last ones being (mostly) those difficult cases, many medical and many the subject of appeals against refusal.

- A new task of licensing drivers (and operators and vehicles) who currently just work on private contracts to local authorities and others will start soon, following legislation to close a loophole in the 1998 PHV (London) Act.

3.5 Private Hire Vehicles (1 year licences, started 2004)

- There are some 42,000 vehicles licensed. Licensing requires a licensing inspection at the PCO's service provider, SGS (United Kingdom) Ltd plus two MoTs per year.
- Licensing is reaching the end of the third full year – with SGS carrying out inspections at Hanworth, Croydon, Woolwich and Enfield.
- The age of the fleet is relatively young and the proportion of vehicles whose emission standard is Euro 3 or better is technically 45%, but all petrol engined vehicles (about 37% of all PHVs) meet the levels for PMs and NOx emissions required of Euro III diesel vehicles.

4. Other Activities

4.1 Safer Travel at Night

- The PCO is a major partner in this project working with other parts of TfL, the MPS and boroughs to raise public awareness of the risks of illegal cabs and promote the use of licensed taxis and minicabs.
- The CABWISE campaign and 'Find a Ride' web-page are making it easier for customers to find licensed private hire (minicab) operators when they need them.
- The PCO funds or collaborates with others to provide late-night, marshalled taxi ranks, for example, the all-year, weekend ranks at Leicester Square (Cranbourn Street) and Bromley, the Corporation funded midweek rank at Liverpool Street, and December ranks at other places including Kingston.
- The PCO has recently acquired a licensing enforcement vehicle to raise the amount and profile of its licensing compliance work.

4.2 Traffic and taxi ranks

- The PCO works with highway authorities to find ways of improving services to taxi and private hire users, for example, agreeing criteria for taxi use of bus lanes, appointing taxi ranks in agreement with local authorities, and making arrangements to allow licensed minicabs to pick up and drop off passengers on Red Routes.

4.3 Taxicard

- The PCO manages TfL's role in Taxicard, working with London Councils, to deliver some 1.2m journeys a year to disabled Londoners.
- It also funds and manages the smaller Capital Call scheme.

- TfL will contribute over £11m for Taxicard journeys in 2007-8 and is working with London Councils on retendering the contract.

5. Equalities

- 5.1 The licensing and regulation of London's taxi and private services contribute to equality through safer travel in the Capital. The Taxicard scheme, is especially important in this context, providing reliable and accessible travel available to those who are unable, or find it very difficult, to use other major transport services.

6. Impact on Crime and Disorder

- 6.1 TfL has agreed to assess its activities for impact on crime and disorder under Section 17 of the Crime & Disorder Act 1998.
- 6.2 Taxi and private hire services provide unique door-to-door services, twenty four hours a day, seven days a week. They operate at times and in places when and where other services are not available. These services provide opportunities for safer travel, thereby reducing the potential for crime as a result, and the potential for disorder by enabling people to travel home from city centres, especially late at night.
- 6.3 The provision of late-night, marshalled taxi ranks (referred to above) are examples of the positive way in which these types of services contribute to safer travel.

7. Conclusions

- 7.1 The PCO, as part of TfL Surface, combines the roles of licensing authority with transport authority, and as such tries to facilitate taxi and private hire services which achieve high safety standards through licensing and which provide comprehensive personal transport services to supplement London's mainstream public transport.

8. Recommendations

- 8.1 It is recommended that the Board:
- (a) **notes** the work that the PCO is undertaking in respect of taxi and private hire licensing and regulation; and
 - (b) **notes** the contribution in particular to equality and crime and disorder through the provision of safer travel.

TRANSPORT FOR LONDON

BOARD

SUBJECT: Revised Terms of Reference for the Corporate Advisory Panel

MEETING DATE: 7 February 2007

1. PURPOSE

- 1.1 This paper proposes a number of changes to the operation of the Corporate Advisory Panel to strengthen the incorporation of Equalities and Inclusion issues within TfL's corporate governance.

2. DECISION REQUIRED

- 2.1 Approval of the proposed changes to the arrangements for and remit of the Corporate Advisory Panel to further strengthen the incorporation of Equalities and Inclusion issues in TfL's corporate governance including changing the name of CAP and the proposed changes to Standing Orders.

3. BACKGROUND

- 3.1 Equalities and Inclusion issues have always had a high profile within TfL. Group Equalities and Inclusion are an autonomous section within Group Services with a remit to –
- (a) Remove barriers to accessing TfL's transport services;
 - (b) Ensure TfL employs a diverse workforce that reflects the diverse population of London; and
 - (c) Ensure those who provide services on TfL's behalf have a similar commitment to equality and inclusion.
- 3.2 There is a cross modal Equalities and Inclusion Programme Board which meets quarterly. Its membership is drawn from across TfL. It is chaired by the Mayor's advisor on Equalities and Inclusion issues Lee Jasper and also attended by senior GLA officers.
- 3.3 All papers to the Board, Board Committees and Panels must include, or explain the omission of, a section on the impact on Equalities and Inclusion arising from the report. Group Equalities and Secretariat are actively managing this process as part of a wider initiative to improve the quality and coverage of Equality and Inclusion issues within corporate decision taking.

4. BUILDING ON THE CURRENT POSITION

4.1 The newly created Corporate Advisory Panel was established as a focus for discussion around corporate issues and Equalities and Inclusion was always intended to be a significant component of its work. Responding to the creation of the Panel the Mayor has written to the Commissioner suggesting that TfL consider creating a sub-committee of the Panel to specifically address Equality and Inclusion issues relating to the workforce.

4.2 The main areas for consideration would be -

- Monitoring delivery against targets for each business unit, in particular targets relating to senior management;
- Reviewing the plans put forward by the business units and Human Resources to deliver the change in workforce composition required;
- Reviewing the plans put forward by the business units and Human Resources to enable the progression through the organisation of suitable candidates from equality groups;
- Monitoring issues relating to harassment in the workplace and reviewing TfL's plans to deal with this matter;
- Monitoring the number of women bus drivers and ensuring TfL's plans are adequate to achieve the required targets; and
- Monitoring the number of BAME taxi drivers and TfL's plans to deliver the agreed increase in BAME drivers.

4.3 Although there is no dissent from the importance of considering the matters outlined above establishing a sub-committee of the Corporate Advisory Panel as suggested by the Mayor presents the following issues –

- An Equalities and Inclusion sub-committee could detract from the Corporate Advisory Panel's role since it would either divorce a critical element of the Panel's remit from its considerations or the discussions in the sub-committee would be duplicated in the Panel;
- The Panel is chaired by the Commissioner and has Board members and TfL Chief Officers as members. A sub-committee would not have such senior representatives as members and would not be in the same prominent position in TfL's corporate governance;
- The members of the Corporate Advisory Panel are all concerned with the issues of Equalities and Inclusion and many would ideally like to attend both the Panel and sub-committee but this would place inordinate demands on their time; and
- The remit of the sub-committee duplicates the Equalities and Inclusion Programme Board. Consideration was given to simply merging the two but this is not possible because a sub-committee of a panel can only have members drawn from the Board or TfL employees.

- 4.4 The proposed way of responding to the Mayor's suggestion is to reconfigure the Corporate Advisory Panel to make its role in addressing Equalities and Inclusion issues more explicit and to programme additional meetings to deal with the expanded agenda.
- 4.5 To this end it is proposed to change the name to the Corporate and Equalities Advisory Panel.
- 4.6 In order to allow more time in the annual cycle of meetings to be devoted to Equalities and Inclusion issues without detracting from the other important matters within the Corporate and Equalities Advisory Panel's area of responsibility it is proposed that consideration be given to another 2 meetings being added. These will be primarily devoted to Equalities and Inclusion issues. The extra meetings will be an additional time demand on the members but it is a balanced response to the extension of the Panel's remit.
- 4.7 The newly reconstituted Corporate and Equalities Panel will assume the responsibilities currently discharged by the Equalities and Inclusion Programme Board. The GLA's Policy Director Equalities and Policing and the Policy Adviser Women's Issues would be invited to attend Panel Meetings which concentrate on Equalities and Inclusion issues.
- 4.8 The terms of reference of the Corporate Advisory and Equalities Panel have been revised to reflect the extended Equalities and Inclusion agenda and additional meetings required. The revised terms of reference are appended to this report.

5. IMPLICATIONS FOR EQUALITIES AND INCLUSION

- 5.1 The formation of CAP and the proposals in this report are intended to give a significant boost to TfL's Equalities and Inclusion agenda and to provide a substantial additional resource to facilitate the Board's consideration and oversight of these issues.

6. IMPLICATIONS FOR CRIME AND DISORDER

- 6.1 The Corporate and Equalities Advisory Panel will provide, amongst other things, a focus for commenting and reporting on Crime and Disorder issues on a pan-TfL basis.

7. IMPLICATIONS FOR SUSTAINABILITY

- 7.1 The new Corporate and Equalities Advisory Panel will provide, amongst other things, a focus for commenting and reporting on sustainable issues, with particular reference to procurement activities, on a pan-TfL basis.

8. RECOMMENDATIONS

8.1 The Board is asked to

- a) **approve** the change of name of the Corporate Advisory Panel to the Corporate and Equalities Advisory Panel; and
- b) **approve** the revision of Standing Orders to substitute the terms of reference in the appendix for the current terms of reference.

CORPORATE AND EQUALITIES ADVISORY PANEL

Membership

- Chair : Peter Hendy
- Vice Chair : Judith Hunt
- Members : Kirsten Hearn
Dabinderjit Singh Sidhu
Paul Moore
Valerie Todd
Howard Carter
Ben Plowden
Jay Walder.
- Advisers : Murziline Parchment
Lynn Sloman
- In attendance: With the Chair's agreement other persons can attend all or any part of a meeting.
- Secretary : To be agreed by the Board Secretary.
- Quorum : 3 members

Frequency of meetings

1. The Panel shall meet at least 4 times a year or at such greater frequency as determined by the Chair. 2 meetings a year are to be primarily concerned with Equalities and Inclusion issues.

Terms of Reference

2. The Panel will advise and assist the Commissioner with issues relating to TfL corporate matters and in particular, the following -
 - (a) overseeing the development of TfL's approach in relation to corporate matters, reflecting the Mayor's transport and other strategies;
 - (b) monitoring the implementation of TfL's Equalities and Inclusion initiatives with particular reference to –
 - Monitoring delivery against targets for each business unit, in particular targets relating to senior management;
 - Reviewing the plans put forward by the business units and Human Resources to deliver the change in workforce composition required;
 - Reviewing the plans put forward by the business units and Human Resources to enable the progression

- through the organisation of suitable candidates from equality groups;
- Monitoring issues relating to harassment in the workplace and reviewing TfL's plans to deal with this matter;
 - Monitoring the number of women bus drivers and ensuring TfL's plans are adequate to achieve the required targets; and
 - Monitoring the number of BAME taxi drivers and TfL's plans to deliver the agreed increase in BAME drivers.
- (c) monitoring cross modal application of corporate matters including policies, accommodation, employment practices, equality and inclusion and Information Management;
- (d) monitoring the TfL corporate components of TfL's Business Plan and Budget proposals;
- (e) supplementary monitoring of the development and implementation of projects as agreed by the Commissioner;
- (f) evaluating overall business performance and reviewing Best Value plans and performance indicators in relation to corporate management;
- (g) monitoring TfL's approach to external communications and stakeholder relations; and
- (h) monitoring the development and implementation of the GLA group convergence framework.

Equalities and inclusion

3. In carrying out its Terms of Reference the Panel will give due regard to the principle of equal opportunity for all people. In particular it will seek to promote equality of opportunity, good relations between different groups, eliminate unlawful discrimination and provide accessible transport for all.

TRANSPORT for LONDON

TfL BOARD

SUBJECT: FINANCE COMMITTEE REPORT

MEETING DATE: 7 FEBRUARY 2007

1. PURPOSE

1.1 To report to the Board on matters discussed at the Finance Committee meeting on 18 January 2007.

2. BACKGROUND

- 2.1 The Finance Committee discussed a report on Operational and Financial performance in the third quarter of 2006/7 and the quarterly report on the progress of TfL's 5-year Investment Programme, which includes the latest monthly Olympic Transport Portfolio Executive Report to the Olympic Delivery Authority. These reports are being considered under a separate agenda item at this Board meeting. There was a lengthy discussion prompted by the section of the Operational and Financial Report on fares trends, concerning the demographics of ridership and the future of ticketing across the transport network. The Committee requested further papers on these issues for consideration at future meetings.
- 2.2 The Committee received a post transaction report on TfL's Third Bond Issue which had been approved at a special meeting of the Finance Committee on 7 December 2006. This had been a highly successful issue involving two tranches of £100m nominal value maturing in 2031 and 2042 respectively. The spread to Gilts achieved for the 2031 tranche was only 6 points greater than Network Rail (which has the benefit of a Government guarantee and is AAA rated), and 9 points tighter than where the second bond issue (also maturing in 2031) was priced. The Committee congratulated all those involved on the success of the issue.
- 2.3 The Finance Committee receives reports on approvals expected to be given in 2006/7 by the Commissioner (or in his absence, the Managing Director, Finance and Planning) for projects budgeted to cost between £25m and £100m. One project had been approved since the Committee's last meeting, namely the design and enabling work for the Tottenham Court Road station modernisation.
- 2.4 Finally, the Committee noted that the meeting was the last that Jay Walder would attend whilst Managing Director, Finance and Planning. It placed on record its thanks to Jay for his financial leadership of TfL over the past 6 years and the excellent support he had provided to the Committee in its work. Committee members wished him well in his new career.

The next regular meeting of the Finance Committee will take place on 18 January 2007.

3. RECOMMENDATION

The Board is asked to NOTE the contents of this report.

TRANSPORT FOR LONDON

BOARD

SUBJECT: AUDIT COMMITTEE REPORT

MEETING DATE: 7 FEBRUARY 2007

1. Purpose

- 1.1 The purpose of this paper is for the Board to note the matters discussed at the Audit Committee meeting held on 24 January 2007.

2. Background

- 2.1 The Audit Committee held a scheduled meeting on 24th January 2007. Members present were Judith Hunt (Chair), Dabinderjit Singh and Paul Moore, with apologies having been received from Sir Mike Hodgkinson, Patrick O’Keeffe and Murziline Parchment (Special Advisor).
- 2.2 Continued progress in Strategic Risk Management was noted via the regular report from the Head of Risk Management.
- 2.3 It was noted that management response to Internal Audit recommendations was improving in terms of the timeliness of the implementation of recommendations. As a result it has been agreed that the deadline for making special reports to the Audit Committee on recommendations that have not been implemented would be reduced from 90 days overdue to 60 days overdue.
- 2.4 The final audit reports published in Quarter 3 2006/07 were noted together with the Internal Audit Productivity and Resources report and the Request for Internal Audit Reports under the Freedom of Information Act.
- 2.5 The Director of Internal Audit presented the revised CIPFA Code of Practice for Internal Audit in Local Government to the Committee and pointed out that, as a result of the revision, the internal audit charters needed renewal and the internal audit function needed to write a strategy concerning delivery of internal audit services. Both of these papers will be presented to the Audit Committee in March for approval. The Committee also noted that KPMG is to do a review of Internal Audit’s performance against the revised Code during the course of this year.

2.6 The Annual Audit and Inspection Letter was presented on behalf of the Audit Commission to the meeting. This was discussed at the previous meeting although the final version of the letter did not become available until January. The letter summarises the outcomes of all work done by or on behalf of the Audit Commission during 2006 including the external audit report on the annual accounts. The letter notes that TfL continues to perform extremely well against all the measures and indicators used by the Audit Commission. In accordance with Audit Commission requirements a copy of the letter is attached for the attention of Board members.

2.7 The Chief Finance Officer presented two papers concerning changes to the accounts arising from CIPFA's Statements of Recommended Practice (SORP).

SORP 2006 will require TfL's Group Statement of Accounts for the year ended 31st March 2007 to be restated and a pro forma of the restated accounts was presented for the Audit Committee's consideration. The second paper outlined possible changes that could arise from the proposed SORP for 2007. The SORP is currently out for consultation and TfL will be making representations regarding some of the proposed amendments.

2.8 The Committee considered CIPFA's recently issued Toolkit for Local Authority Audit Committees which is designed to enable local authorities to establish or improve audit committee performance. It was agreed that the Self-Assessment checklist will be considered at the next meeting of the Audit Committee together with a revised proposal for audit committee training. The original proposal was put forward in the summer of 2006 but was deferred pending the arrival of new audit committee members. This proposal will be reviewed and risk management training will be added as suggested by the Head of Risk Management during the presentation of the Risk Management Progress Report mentioned above.

2.9 Finally the Committee considered standing papers on Budgetary Control and Whistle-blowing Procedures.

3. Recommendation

3.1 Board members are requested to **NOTE** the content of this report.

Annual Audit and Inspection Letter

December 2006



Annual Audit and Inspection Letter

Transport for London

Audit 2005-2006

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Our overall summary

- 1 This letter provides an overall summary of the Audit Commission's assessment of TfL during 2006. It draws on the findings and conclusions from the audit that has been undertaken in the last year and from a wider analysis of both your performance and improvement over the last year.
- 2 The report is addressed to TfL, in particular it has been written for Board members, but is available as a public document for stakeholders, including members of the community served by TfL. This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk.
- 3 This has been another year of strong progress for TfL. There has been continued improvement in the usage of bus, London Underground and Docklands Light Railways transport systems. Public satisfaction levels with these services have either improved or remained at a high level. Investment in public transport continues at an unprecedented level. TfL has effective systems in place to ensure that value for money is achieved through this investment.
- 4 You have received an unqualified opinion on your accounts; a conclusion on your VfM arrangements to say that these arrangements are adequate; and a performing strongly judgement on your Use of Resources. Taken together these indicate a strong performance overall for TfL.

How is Transport for London performing?

The improvement since last year - our Direction of Travel report

- 5 In November 2004 TfL was assessed as an 'excellent' authority following the Initial Performance Assessment (IPA) undertaken by the Audit Commission. This Direction of Travel (DoT) assessment builds on our previous work.
- 6 TfL is making good progress. This can be demonstrated by its approach to the issues that arose from the IPA. Whilst not required to, TfL produced a separate formal improvement plan with the Audit Commission to:
 - ensure appropriate arrangements are in place to deliver the organisational improvement; and
 - demonstrate commitment to continuous improvement.
- 7 Good progress has been made in completing the actions in the improvement plan. To date of the previously agreed 49 actions included in the original improvement plan 42 have now been completed, the remaining 7 actions are ongoing, and in addition 4 new ones have been added to the plan. An area which remains work in progress is the effort being expended to achieve the objective of a 'One TfL' culture across the whole business.
- 8 Public satisfaction levels are monitored and satisfaction level surveys include questions about timeliness, staff behaviour and perception of safety from the passengers' perspective. The satisfaction levels which were reported in TfL's Annual Report 2006 show an improvement in the previous year from 74 per cent to 77 per cent for bus users, and maintained at 78 per cent for Docklands Light Railways users and 78 per cent for London Underground users.
- 9 TfL has a robust approach to improving the usage of bus, London Underground and Docklands Light Railways transport systems. For example, from December 2005 all London buses have been fully accessible to users with restricted mobility, all buses also now have CCTV and audible signage is the process of being introduced on buses.
- 10 One of the priorities for the Mayor for London is a greener city and TfL contributes to the overall achievements of this by investment of 4500 Cycle parking spaces at London Underground and interchange places. In addition TfL has expanded the London Cycle Network to cover an area of 500 kilometres.
- 11 TfL set itself ambitious efficiency savings targets of £148 million in the 2005/06 year and exceeded them with £222 million. The long term target between 2002/03 and 2009/10 is to achieve efficiency savings across the whole business of over £1 billion.

- 12 The Equality Standard for Local Government in services and employment in England is designed to ensure that local authorities have systems in place to consider gender, race and disability equality issues at all levels of policy and practice. TfL has, through independent assessment, been judged to have achieved Level 4 (the top level is 5).

Financial management and value for money

Audit of the financial statements

- 13 Your appointed auditor has reported separately to the audit committee on the issues arising from the 2005/06 audit and has provided:
 - an unqualified opinion on your accounts;
 - a conclusion on your VfM arrangements to say that these arrangements are adequate; and
 - an unqualified opinion on your Best Value Performance Plan.
- 14 Your financial statements were produced well within the statutory deadline and KPMG LLP issued an unqualified audit opinion on those accounts on 21 August 2006. KPMG LLP also issued an unqualified opinion on your arrangements for securing economy, efficiency and effectiveness in the use of resources. This was the first year that such an opinion has been required on your use of resources.
- 15 The accounts production and audit timetable for the year ended 31 March 2006 was accelerated by some four weeks compared to the process in 2005. Although production of the accounts within the statutory deadline of 30 June was achieved, some of your businesses found this challenging. The accounts and audit timetable for the year ending 31 March 2007 should be reviewed with your auditors to improve the process for next year. You also experienced delays in the production of your Annual Report for the year ended 31 March 2006, and you are currently planning to reconsider your processes and timing over its production for next year.
- 16 During 2004/05 and 2005/06, you have undertaken prudential borrowing to provide a funding source for the investment programme along with funding to be made available by the Government in the form of Transport Grant. The funding agreement with Government in respect of prudential borrowing includes a borrowing profile. As a result of this agreed borrowing profile, some borrowing may be in advance of actual cash need. This results in significant cash balances in the Corporation's balance sheet in the short term.
- 17 TfL operates many large and complex projects and contracts which give rise to claims in the normal course of business. It is noted that progress has been made in improving communications between operational, legal and finance teams, to ensure the finance teams have all available information on claims received and likely to arise when considering the need for provisions and disclosures in the accounts.

Use of Resources

- 18 This is the second year that your auditor has carried out a Use of Resources assessment. In 2005, the indicative assessment covered four areas (financial reporting, financial management, financial standing and internal control). The approach for 2006 has focused on building on this work and updating it for any changes and improvements to your arrangements. This year, for the first time, we have also completed an assessment of a fifth area, value for money.
- 19 Your auditor has assessed your arrangements for use of resources in 2005/06 in these five areas as follows. Overall, TfL is performing strongly. This is the highest category.

Table 1

Element	Assessment
Financial reporting	3 out of 4
Financial management	4 out of 4
Financial standing	4 out of 4
Internal control	3 out of 4
Value for money	3 out of 4
Overall assessment of the Audit Commission	4 out of 4

(Note: 1=lowest, 4=highest)

Data Quality

- 20 The scope of your Performance Indicator audit for 2005/06 was expanded this year to include a review of the corporate management arrangements over data quality and whether you have a track record of using high quality information on costs to actively manage performance, improve value for money and target resources. KPMG LLP assessed that you performed well in respect of your arrangements over systems and processes and data use.

Closing remarks

- 21 This letter has been discussed and agreed with the Chief Finance Officer. A copy of the letter will be presented at the Audit Committee on 24 January 2007.
- 22 Further detailed findings, conclusions and recommendations on the areas covered by the audit are included in the reports issued to you during the year. These are listed in Table 2.

Table 2 Reporting

Report	Date issued
Annual Audit and Inspection Plan	March 2005
Group Highlights Audit memorandum (to those charged with governance)	June 2006
Data Quality Report	November 2006
Use of Resources Report	December 2006
Annual Audit and Inspection Letter	December 2006

- 23 The outturn fee for the year is set out in Table 3. This shows a total audit and inspection fee for 2005/06 of £373,500, against a planned fee of £373,500.

Table 3 Fee update

Audit area	Plan 2006	Actual 2006
Accounts	£265,000	£265,000
Use of resources	£90,000	£90,000
Total audit fee	£355,000	£355,000
Inspection	£18,500	£18,500
Total audit and inspection fee	£373,500	£373,500
Certification of grants and returns	£15,000	£8,415
Efficiency Review	£15,000	£15,000

- 24 TfL has taken a positive and constructive approach to our audit and inspection and I would like to take this opportunity to express my appreciation for your assistance and co-operation.

Ken Davis

Relationship Manager

December 2006