

TRANSPORT FOR LONDON

BOARD MEETING – OPEN SESSION TO BE HELD ON WEDNESDAY 7 DECEMBER 2005 IN COMMITTEE ROOMS 4 AND 5 CITY HALL, THE QUEEN'S WALK, LONDON SE1 2AA COMMENCING IMMEDIATELY FOLLOWING THE END OF THE PRIVATE SESSION

AGENDA

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

Procedural Matters

- 1.1 Apologies for Absence
- 1.2 Minutes of the Previous Meeting held on 26 October 2005
- 1.3 Any Matters Arising from the Minutes

Business Items

Sponsor

- | | | |
|----|--|--|
| 2. | The Commissioner's Report – T(2005)19 | Bob Kiley, Commissioner of TfL |
| 3. | 2 nd Quarter Finance and Performance Report – T(2005)20 | Jay Walder, Managing Director Finance & Planning |

Procedural Items

- | | | |
|----|--|---|
| 4. | Finance Committee Report – T(2005)22
- Meeting 16 November 2005 | Mike Hodgkinson, Chair of the Committee |
| 5. | Safety, Health & Environment Committee Report – 18 th November 2005 – T(2005)23 | Dave Wetzel, Chair of the Committee |
| 6. | Audit Committee Report – T(2005)24
- Meeting 23 November 2005 | John Ormerod, Chair of the Committee |

Items for Noting

- | | | |
|----|--|------------------------------|
| 7. | Mayoral Direction and Delegation: Voter Registration Project – T(2005)25 | Fiona Smith, General Counsel |
| 8. | Documents Sealed on Behalf of TfL - T(2005)26 | Fiona Smith, General Counsel |
| 9. | Any Other Business | |

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Minutes 67/10/05 – 76/10/05

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 Wednesday, 26 October 2005

Present:	Ken Livingstone Dave Wetzel David Begg Stephen Glaister Kirsten Hearn Sir Mike Hodgkinson Paul Moore Sir Gulam Noon John Ormerod Tony West	Chair of the Board (Chair for minutes 69-76/10/05) Vice Chair (Chair for minutes 67-68/10/05)
In Attendance:	Lord Toby Harris Bryan Heiser Lynn Sloman Bob Kiley Maggie Bellis Ian Brown Stephen Critchley Peter Hendy Fiona Smith Duncan Symonds Valerie Todd Jay Walder Peter Zuk Jo Chance Peter McGuirk	Special Adviser to the Board (for minutes 72 – 76/10/05) Special Adviser to the Board Special Adviser to the Board The Commissioner of TfL Managing Director, Group Services Managing Director, London Rail Chief Finance Officer Managing Director, Surface Transport General Counsel Commissioner's Chief of Staff Director, Group Equality & Inclusion, Managing Director, Finance & Planning Chief Programmes Officer, London Underground Ltd TfL Secretariat TfL Secretariat

67/10/05 Apologies for Absence

Apologies for absence were received from Patrick O'Keeffe, Honor Chapman, Murziline Parchment, Ben Plowden and Tim O'Toole.

68/10/05 Declaration of Interests

There were no interests declared.

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69/10/05 Minutes of the Last Meeting held on 28th September 2005

The minutes of the last meeting were approved subject to:

- Adding the following paragraph to the Door-to-Door Strategy minute:
In order for more money to be available for door to door services it would need to be demonstrated that the service was going to the right people and that there was an effective entitlement process.

70/10/05 Matters Arising

There were no matters arising.

71/10/05 The Commissioner's Report – T(2005)11

Bob Kiley introduced the report.

Northern Line Update

Bob Kiley highlighted the current position: Tube Lines were attempting to renegotiate their contract with Alstom, and it was hoped that the issue would soon be concluded. London Underground was issuing emergency directions, as was their right, given the safety issues involved and would continue to do so until a resolution was reached.

Olympics

A Board visit to the site of the Olympic Park at Stratford would be arranged.

ACTION: Barry Broe

Crossrail

It was noted that the issue of funding for Crossrail remained on hold awaiting further clarification from Government.

Maggie Bellis

Bob Kiley announced that Maggie Bellis' was leaving TfL and added his appreciation for her service to TfL since 2002. Maggie Bellis wished the Board and TfL well for the future and thanked Bob Kiley for his support.

72/10/05 TfL Business Plan – T(2005)12

Jay Walder introduced a slide presentation on the draft Business Plan and in particular highlighted:

- TfL had engaged with the Board and the stakeholder community for the previous 5 months and listened to the views expressed. Liaison with the London Assembly would take place once the Plan was approved by the TfL Board;
- The Board had previously adopted a financially balanced Plan and that framework had been followed in this Plan whilst accommodating internal and external factors that had arisen during the year. In particular the following external factors had been taken into account:
 - the fragile growth in the London economy;

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- the events of 7th and 21st July 2005;
 - fuel and electricity price rises as a result of the rise in oil prices;
 - London being awarded the Olympic Games in 2012.
- The Plan set-out a major capital investment programme that had been considered by both the Finance Committee and other Board Members on 18th October 2005. The borrowing plan for this investment would leave a legacy of good transport in London but also debt servicing;
- Those improvements the Plan would accomplish in the areas of Surface Transport, London Underground and London Rail;
- The Equality and Inclusion and Sustainable Development Plans.

Board members had a detailed discussion on the issues included in the Draft Business Plan and in particular highlighted / noted:

- The issue of servicing the debt in the years following the Plan;
- It was hoped that 'soft' transport demand management would receive further funding from the Transport Innovation Fund set-up by the Government;
- Consideration should be given to how TfL would deal with carbon dioxide emission reduction plans once they were introduced;
- The funding of Silverlink Metro was still the subject of discussions with Government therefore the Plan could not reflect a final position;
- It was asked that Trades Unions be included as stakeholders in TfL;
- The launch of cashless buses had been deferred to April 2007 and there would be an extensive marketing campaign to capture those customers who were still using cash.

Board members endorsed and congratulated Jay Walder and his team on the draft Plan. Jay Walder undertook to consider the suggestions highlighted by Board Members for inclusion in the Plan.

NOTED that the Finance Committee on 18 October 2005 had considered the Draft Business Plan and recommended it to the Board for approval.

APPROVED the TfL Business Plan 2005/06 – 2009/10 and delegated its finalisation to the Managing Director, Finance and Planning, for submission to the GLA;

APPROVED the Equalities and Inclusion Plan at appendix A in the Business Plan document;

APPROVED the Sustainable Development Plan at appendix B in the Business Plan document;

DELEGATED authority to the Managing Director, Finance and Planning, to finalise this Plan and issue the 5 Year Investment Programme that complemented it;

NOTED that the final 2005/06 Budget would be presented for approval by the TfL Board in March 2006, following the outcome of the GLA

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Budget process.

72/10/05 TfL Bill – T(2005)13

Fiona Smith introduced the paper and noted that the consultation process on the TfL Bill was due to end on 28 October 2005.

NOTED that the introduction of a two-tiered penalty fares system for TfL services was a power TfL only currently had on Croydon Tramlink; an Appeals Panel to deal with queries arising from this had been set-up in conjunction with Travel Watch (formerly the London Transport Users Committee);

NOTED that if the TfL Bill was agreed, policies and procedures to implements its powers would be put into place.

APPROVED in principle the promotion of a TfL Bill for deposit in Parliament on 25 November 2005; and

DELEGATED authority to General Counsel to make any necessary amendments to the TfL Bill as a result of consultation and to deposit the TfL Bill in Parliament.

73/10/05 Oral Finance Committee Report – Meetings 12 & 18 October 2005

Sir Mike Hodgkinson, Chair of the Finance Committee, noted that the two meetings of the Finance Committee held in October had been to discuss the Draft Business Plan.

74/10/05 Audit Committee Report – Meeting 5 October 2005 – T(2005)15

John Ormerod, Chair of the Audit Committee introduced the report which was NOTED by the Board.

75/10/05 Documents Sealed on Behalf of TfL – T(2005)16

The Board **NOTED** the documents sealed on behalf of Transport for London between 28th September and 26th October 2005.

76/09/05 Any Other Business

No other business was raised.

Signed by the Chair: _____

Date: _____

COMMISSIONER'S REPORT FOR DECEMBER 2005

1. PURPOSE

This report provides an overview of major issues and developments since 26 October Board meeting and updates the Board on significant projects and initiatives.

2. INTRODUCTION

2.1 Board Away Day – Transport 2025

The TfL Board Away day on 17 November covered the emerging priorities for London's key transport objectives, and examined transport policy options to meet those priorities. Feedback from this session will be incorporated into the next phase of work to produce a strategic vision document by end of March 2006.

2.2 Terrorist Attacks

Lessons learned from the impact of and the response to the terrorist attacks on the 7 and 21 July have been collated from across TfL. The high level TfL lessons learned were shared with the Board Safety Health and Environment Committee in a closed session at a meeting on 18 November 2005, and work will continue to effectuate these proposals.

2.3 BTP Review

Following the publication of the Inspectorate of Constabulary report "Closing the Gap" on 16 September, TfL has been in discussions with the Home Office, the Metropolitan Police Service and the Department for Transport on the future of the BTP.

On 11 October, Alistair Darling announced that the BTP review was to be undertaken separately by the Department for Transport. The Home Office has since confirmed that two reviews will be undertaken in parallel and to the same timescale. These reviews will be concluded by end of December 2005. The Home secretary is expected to announce the policing structure for England and Wales in March 2006. I met with Secretary of State Alistair Darling on 28 November and will report on that meeting to the board.

3. OPERATIONS

3.1 Surface Transport

3.1.1 Limehouse Link Tunnel

A fire in the eastbound Limehouse Link tunnel occurred on Sunday 30 October. The eastbound section of the tunnel was immediately closed following the incident and following round-the-clock working, re-opened on 16 November. As a result of this fire, London Buses have decided to extend the existing requirement for new buses to be fitted with engine fire suppression equipment,

to all London Buses; and an independent review of fire safety in road tunnels, both related to life preservation and structural protection is being commissioned within Surface Transport. This will be reported on further to both SHEC and the Surface Advisory Panel.

3.1.2 Battersea Bridge

Work on a design solution to repair the extensive damage caused by the vessel collision with the bridge, work has been carried out around the clock, and contracts are being let for an innovative programme of work which will result in the bridge being reopened at Easter 2006, some months earlier than first forecast,

3.1.3 Cycling Update

On 26 October the Mayor announced that cycle journeys on main roads in London doubled from 59,000 in March 2000 to 119,000 in August 2005. Cycling is growing faster in London than anywhere else in the UK. On this basis, the 2010 target for increasing levels of use has already been achieved and that target will be reviewed over the coming months. In addition the 2010 casualty reduction target for cycling has been achieved 5 years early. TfL has been awarded the SUSTAINS promotion award for excellence for its cycle maps - the citation states "The visionary set of 19 detailed maps covering the whole of London...has been central to the resurgence in cycling within the Capital."

3.1.4 Freight

The construction material consolidation centre for four Central London building sites will be in use by November 2005, reducing local construction trips by up to 40%, increasing build speed and enhancing security. An extensive programme of consultation and stakeholder involvement is planned for March 2006 to progress the development of the London Freight Plan.

3.2 London Underground

3.2.1 Customer service and performance

The team of specialist engineers and safety personnel that LU's Engineering Directorate has deployed to oversee and audit all maintenance activities carried out by Alstom on the Northern line fleet will remain in place until LU is absolutely assured that work is being carried out to the correct methods and standards. The disruption to services caused by the failures of tripcock equipment described in last month's report resulted in a loss of ¼ million train kilometres, equivalent to some 0.3% of the annual network schedule.

Passenger demand has continued to recover strongly from the events of July, such that within 3 months it had returned to almost pre-incident levels. This is a much more rapid turn-around than occurred after previous major incidents such as the Chancery Lane derailment and the Kings Cross fire.

3.2.2 Credit card fraud

Losses due to bankcard fraud have been reduced from over £200k in April 2005 to some £26k in October as a result of preventative action taken by LU. This

includes the removal of 7-day magnetic ticket stock from 'Queuebuster' ticket machines, daily (including weekends) hotlisting of bankcards where fraudulent activity is suspected and mandating 7-day travelcards to Oyster. The programme to implement Chip & PIN on ticket office machines, multi-fare machines and Queuebusters has begun and is expected to be complete by the end of January 2006.

3.3 London Rail

3.3.1 Docklands Light Railway Performance

The DLR continues to perform consistently at levels above target for both service delivery and asset availability, customer satisfaction levels also continue to exceed targets.

London City Airport - Construction of the extension is nearing completion and is expected to be open on or before the contracted date of 15 December. Successful testing of the new section of railway infrastructure and systems took place over two weekends at the end of October. The station fit out is now being completed after which permission to open will be sought from Her Majesty's Rail Inspectorate

Franchise Renewal – The remaining two bidders for the DLR franchise, Serco and Keolis, have submitted their best and final offers. These are being evaluated and DLR is confident of being able to select preferred bidder and proceed to contract signature before the end of 2005. The new franchisee is due to start on 1 April 2006. Ian Brown will provide an update at the board meeting.

North London Line Conversion / Stratford International - The objection period for the Transport & Works Act Order application closed on 12th October; there have been 32 objections (which is considered low for a scheme of this size and nature) and 9 letters of support (with more to follow). A Public Inquiry is anticipated to start in March 2006. This is a key component of TfL's Olympic Transport Plan in providing additional new stations in the Lea Valley and providing direct cross-river services between Woolwich and Stratford. Completion is programmed for early 2010.

Bank-Lewisham 3-Car Upgrade - DLR has received the Transport and Works Act Order to permit the three car works and the building of a new station at South Quay. Detailed planning work continues with tendering of the outline design work, this will be followed by the commencement of procurement for the main works in April 2006. Completion is on programme for 2009 / 10.

Including both this and the Woolwich project, DLR has 24 new railcars on order. DLR is considering the option to procure a further 31 vehicles necessary for the Stratford International and Olympic services. To accommodate the new vehicles, the contract to extend Beckton Depot is in progress and will be completed before their scheduled to arrival (starting 2007)

3.3.2 Silverlink Metro Transfer

DfT and TfL aim to conclude negotiations on the Terms and Funding levels for the Transfer of Silverlink Metro to TfL over the next few weeks. TfL aims to launch the exercise to procure an operator for the North London Line Concession (renamed from Silverlink Metro) at the start of December 2005. This marks an important first step for TfL in its goal of delivering an integrated rapid suburban rail service for the whole of London and its environs.

3.3.3 South West Trains Rail Utilisation Study

The consultation draft was published by Network Rail last week. The consultation period will last until early January 2006. A number of options are proposed which includes differential peak pricing; Network Rail is also examining the possible uses for the vacated Eurostar platforms at Waterloo.

4. MAJOR PROJECTS AND INITIATIVES

4.1 Thames Gateway Bridge

Following cross-examination of TfL's traffic expert witness at the Public Inquiry in July 2005, it was agreed to obtain a current traffic survey count in Bexley. The results were submitted to the TGB Public Inquiry on Thursday 10 November and indicate that traffic in the area has risen faster than the average for Greater London over the past few years. A commitment was made by TfL to submit measures to mitigate the effects of the high growth level detected to the inquiry by mid December 2005.

A number of objectors immediately requested the adjournment of the inquiry until all additional information has been submitted. Following discussion about the impact of the new information on the inquiry timetable, the Inspector agreed that the Inquiry will have to be adjourned after the presentation of the additional information until towards the end of January 2006. It is now expected that the Inquiry will not end until March 2006.

4.2 West London Tram (WLT)

Progress is on target for a TWO application in the summer of 2006. Additional modelling work is in hand for the submission and to prepare for the Public Inquiry.

Hillingdon Council is moving towards a position of objection to the scheme. The implications of this for the project are being considered.

4.3 Stratford

A station upgrade scheme has been developed which meets additional demand from property developments, London Plan growth and the 2012 Olympics demand. TfL is taking the lead in coordinating all works at Stratford to ensure delivery for the Olympics. Funding for the station upgrade remains an issue and all parties are working towards resolving this. Detailed design needs to begin in January 2006 and £8m funding for this is awaiting approval from DCMS.

4.4 East London Line

Enabling works continue satisfactorily with works to bridges and viaducts being undertaken on the Northern section of the route. The first part of the Main Works Tender documentation was issued at the end of September to the four pre-qualified bidders, this will be followed by detailed terms and conditions and by further technical information in December.

Tender documentation has also been issued for the Rolling Stock necessary to operate the extended East London Line. A base case of 20 x 4-car units are being sought, the process includes options for further vehicles for Phase 2 and also for the Silverlink North London Line services where it is likely that similar vehicles will be required. As part of this tender, the project is considering the merits of providing a dedicated maintenance facility at New Cross Gate. Whilst this would be beyond the current project scope it should allow more efficient and cost effective maintenance of the fleet in the future.

4.5 Crossrail

Work continues to address the 358 petitions that were received in the summer. Membership of the Select Committee, which will consider the Bill and petitions, is currently being finalised. It is considered unlikely that it will sit before Christmas. The order in which petitions are to be heard is currently under consideration. In the meantime, discussions continue with major stakeholders / petitioners including Network Rail, other rail industry representatives, BAA and the Corporation of London.

4.6 Investment Programme Oversight

The Interim Oversight engagement is now coming towards the end of its development stage. This signals the establishment of the permanent Oversight structure with its head scheduled to be appointed by the end December 2005.

New executive structures designed to manage the Investment Programme (both modal-level Investment Management Review (IMR) forums and the Investment Programme Chief Officer's Meeting) are now in place. These constructs are key to ensuring the Investment Programme delivery risk is mitigated and tracked.

4.7 London 2012 Olympic & Paralympic Games

In October TfL provided a joint submission, with London 2012 and the GLA, to the Transport Select Committee hearing. In preparation for the hearing the Committee attended site visits and briefings. TfL then gave oral evidence to the Committee on 26 October 2005. The Committee report is due out in December.

The London Olympic and Paralympic Bill has finished the Committee stage and is due to achieve third reading prior to end December 2005.

Jack Lemley was been appointed as chairman and David Higgins has been named chief executive of the Olympic Delivery Authority.

5. GROUP SERVICES

I am pleased to announce that Valerie Todd is to take up the role of Interim Managing Director Group Services.

Formally Director of Group Equality & Inclusion, Valerie's responsibilities will include the current group services portfolio plus Group Equality & Inclusion, for which Yvonne Howard has been appointed as Interim Director.

5.1 Equality & Inclusion

TfL has now set a precedent for all future TfL projects with the main works tender for the East London Line extension and the DLR franchise renewal. These contracts will include ground breaking provisions relating to Equality and Inclusion that are designed to ensure that the benefits of the Investment Programme are shared by all minority and disability groups.

6. FINANCE & PLANNING

6.1 Business Plan and Mayoral Budget

Following the comments and recommendations on the Business Plan made at the last board meeting, the finalised version of the document was posted on the TfL website on Friday 25 November. Printed versions of the Business Plan and Investment Programme will be available from 2 December and 14 December respectively.

TfL has submitted its contribution to the Mayor's Budget and has participated in its 'consultation' with presentations to the London Business Board, the ALG and the Equalities Groups.

**Robert R. Kiley
Commissioner for Transport
December 2005**

TRANSPORT FOR LONDON

STAFF SUMMARY

TfL BOARD

**SUBJECT: TfL OPERATIONAL, FINANCIAL AND INVESTMENT PROGRAMME
REPORTS – 2ND QUARTER 2005/06**

MEETING DATE: 7 DECEMBER 2005

1. PURPOSE

- 1.1 To inform the Board of TfL's operational and financial performance, and progress of the Investment Programme over the second quarter of 2005/06 (26 June 2005 to 17 September 2005).

2 INTRODUCTION

- 2.1 Attached are two reports which detail TfL's performance over the second quarter of 2005/06. They are as follows:
- The TfL Operational and Financial Report – Appendix 1
 - The TfL 5-year Investment Programme Report – Appendix 2

3 RECOMMENDATION

- 3.1 The Board is asked to note:
- TfL's operational and financial performance over the second quarter, 2005/06
 - TfL's progress on the Investment Programme over the second quarter, 2005/06

4 CONTACTS

- 4.1 For detailed enquiries on the content of these reports, please contact:

Richard Browning – Director, Group Business Planning & Performance
Telephone: 020 7941 4740 or email richardbrowning@tfl.gov.uk

TRANSPORT FOR LONDON

STAFF SUMMARY

BOARD

SUBJECT: TfL OPERATIONAL AND FINANCIAL REPORT – 2ND QUARTER

MEETING DATE: 7 DECEMBER 2005

1. PURPOSE

- 1.2 To inform the Board of TfL's financial position and highlight related performance issues arising during the second quarter of 2005/06 (26 June 2005 to 17 September 2005).

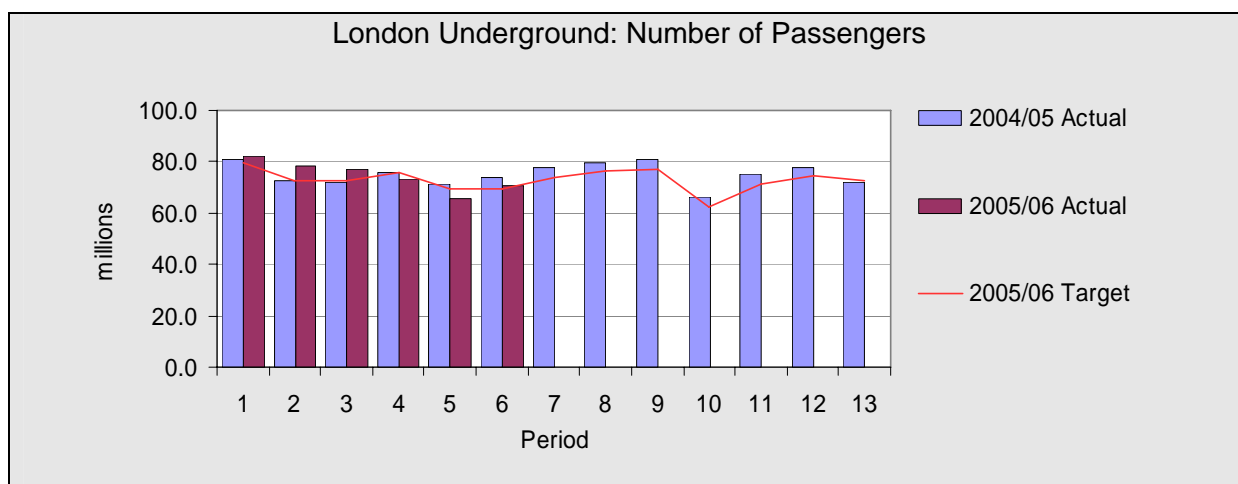
2 KEY HIGHLIGHTS

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

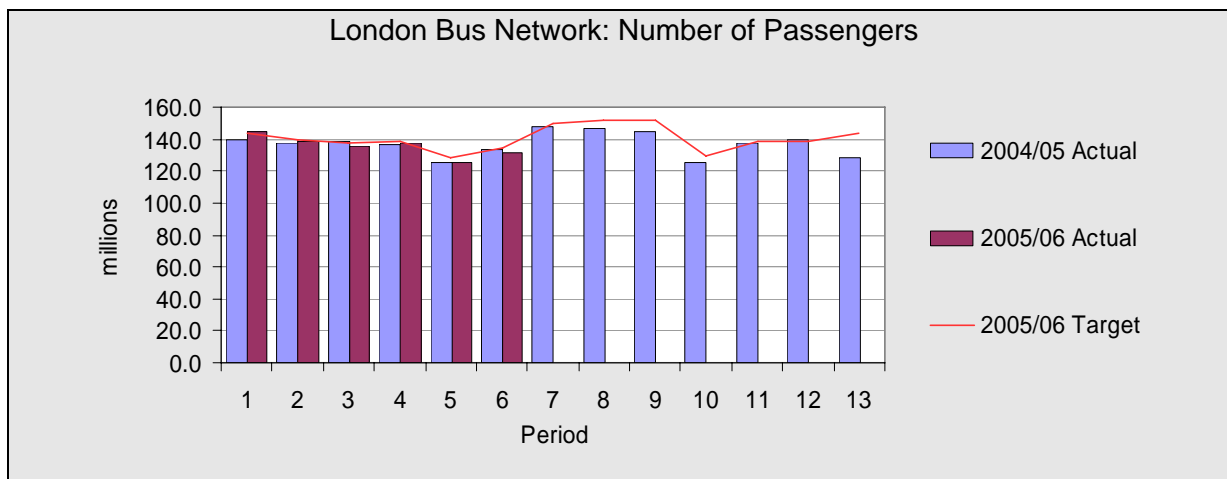
- TfL's operations have shown overall a strong recovery in levels of service following the incidents on 7 and 21 July early on in the quarter.
- Demand across most of the network, while sharply impacted by 7 and 21 July incidents, recovered strongly. By the end of the quarter overall demand was back to within 1% of budgeted levels. Although the longer-term impact is still being assessed, it appears the effects this financial year are not as significant as first thought in the period 3 forecast.
- Income levels for the quarter were ahead of budget, leading to a year to date result that was £27m above budget. This was led by strong levels of income from ticket fares on the Underground.
- Demand on the Underground continued to recover such that by the end of the quarter traffic revenue had returned to above budgeted levels. In view of this, London Underground's revenue forecast for the year has been increased by £30m. Bus, DLR and Congestion Charging income are all forecast to be at or above budget for 2005/06.
- Service delivery performance (Percentage of Scheduled Services Operated and Reliability of Service) also recovered to near target levels. There remained some driver/fleet shortage on the Circle and Hammersmith & City Lines on the Underground, and while security alerts continued to impact reliability, the number of incidents has steadily diminished.
- Overall customer satisfaction levels were up on last quarter and better than budget. Improvement was recorded across most indicators and across all modes, with London Underground achieving its best ever overall satisfaction.

3 DELIVERY

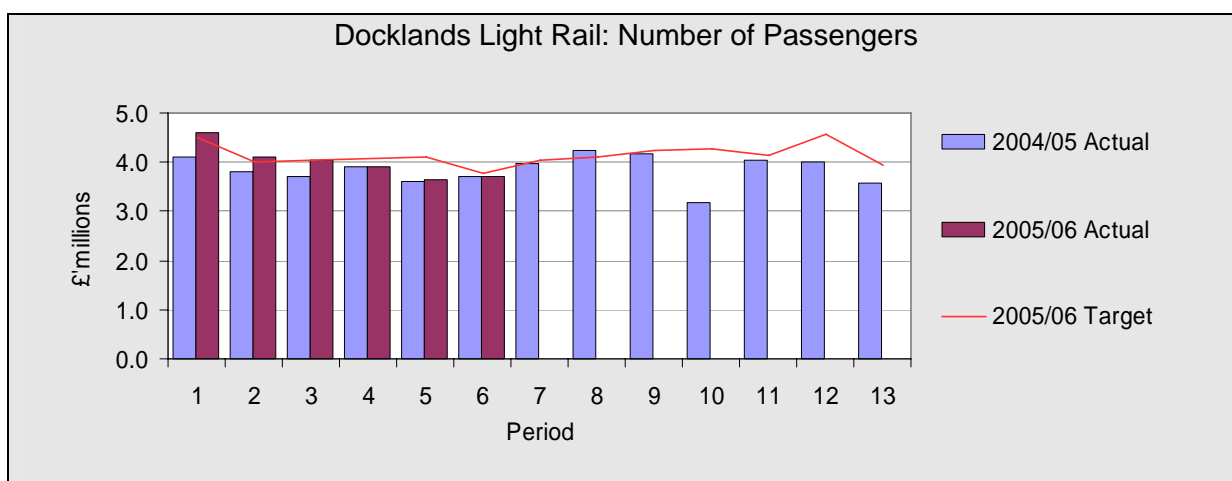
- 3.1 Demand across the TfL network was significantly impacted by the incidents of 7 and 21 July. Overall passenger numbers fell short of targeted levels and were down some 16m (or 2.5%) compared to the same quarter last year. However, despite this there is evidence of a strong recovery with demand returning close to budgeted levels by the end of the quarter.
- 3.2 Journeys on the London Underground were down by 4m compared to budget over the quarter and were also slightly down compared to the previous year. As expected, London Underground was most affected by the incidents on the 7 and 21 July with closure of the Circle Line and large sections of the Piccadilly Line for up to 4 weeks during the quarter. Demand recovered such that by the end of the quarter traffic revenue returned to above budgeted levels. In view of this London Underground's revenue forecast for the full year was increased by £30m.



- 3.3 Passenger numbers on the bus network were slightly below budgeted levels over the quarter and have showed no growth in demand in comparison to levels seen in the previous year. Although the incidents on the 7 and 21 July did have an impact on bus demand, it was not as pronounced as on the Underground. Factors including the later start dates of school terms are thought to have impacted travel patterns and growth over the last quarter. Additionally the introduction of free travel for under 16's on 1 September is thought to have altered travel patterns for this age group. Work is continuing to ensure accurate estimation of under 16 travel, particularly for those age groups who do not have to carry Oystercards. Further, the introduction of free travel to under 16's and the significant fares changes proposed in January 2006 make it difficult to judge whether the current passenger budget for the full year will be met.

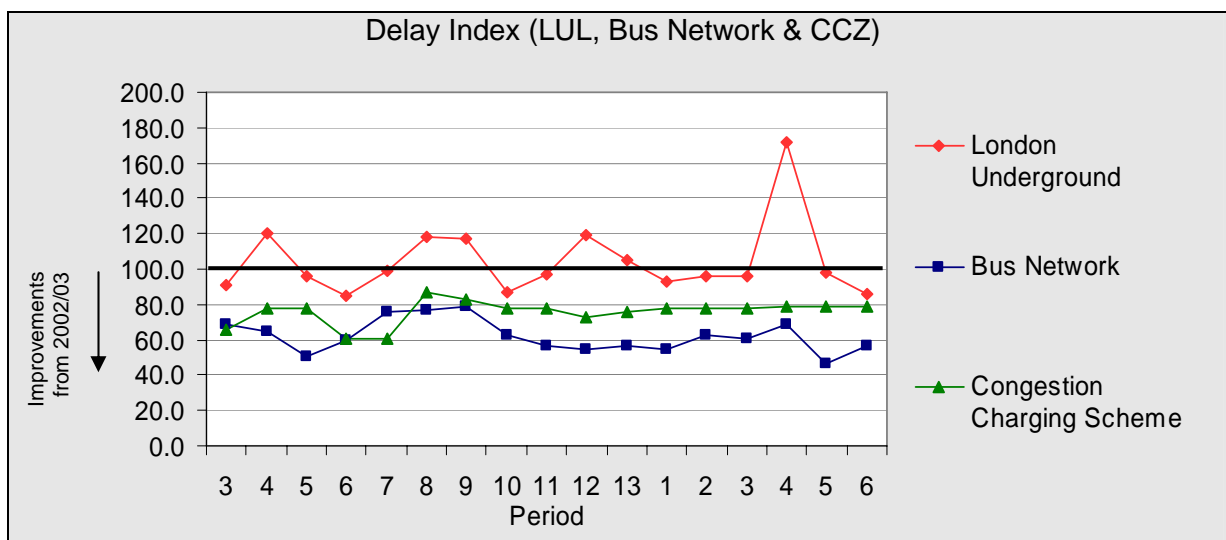


- 3.4 Following strong levels of growth in the previous quarter, demand on the DLR in the second quarter remained flat and was slightly below budgeted levels (some 6.7% or around 800,000 journeys). The slowdown in demand was thought to be attributable to the incidents on the 7 and 21 July. There are signs of a recovery in passenger levels on weekday trips; weekend travel remains subdued.

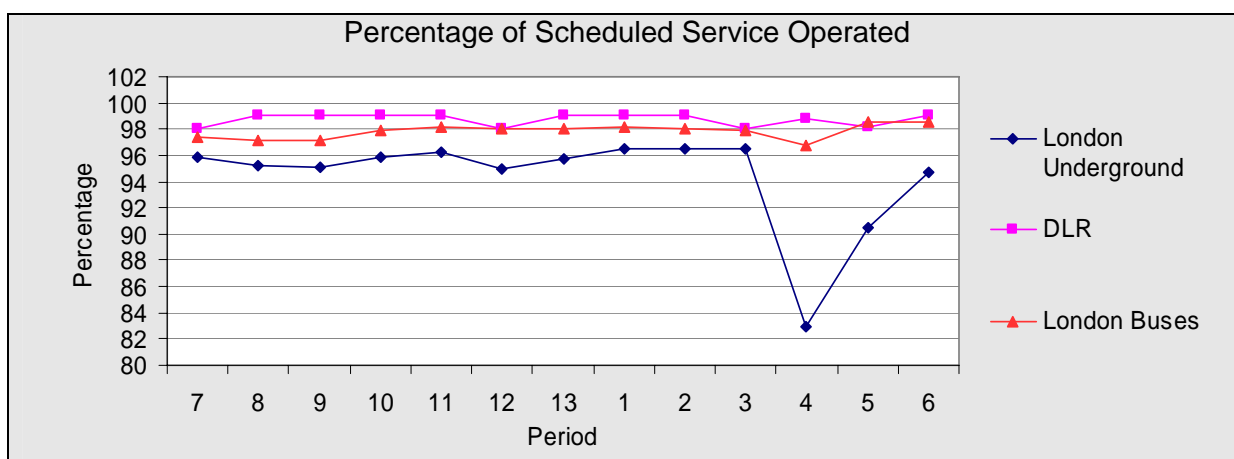


- 3.5 Although operational reliability across the network recovered following the incidents from 7 July, the overall Delay Index¹ for the second quarter was nearly 8 points worse than budget.

¹ The Delay Index measures Excess Journey Time indicators for the Underground and Buses and the National Delay Measurement for the Central London Congestion Zone. A score below 100 represents a reduction in delay minutes against the 2002/03 base.



- 3.6 London Underground's Delay Index returned to better than targeted levels of performance following the restoration of full services on the Piccadilly, Circle & Hammersmith and District lines part way through Period 5. Over the quarter, Excess Journey Time fell from a high of 11.3 minutes in Period 4 to 6.5 minutes in Period 6 which was slightly better than target.
- 3.7 Delay on the Bus Network improved over the quarter following a spike in the number of security alerts impacting performance in Period 4. The improvement reflects the reduction in security alerts and its effect on Excess Wait Time. Ongoing improvements to Excess Wait Time are expected going forward as Quality Incentive Contracts, better service control and bus priority measures take effect.
- 3.8 The London-Wide congestion flow rate (CCZ Delay Index) remained unchanged over the quarter.



- 3.9 Following a significant fall in the percentage of Scheduled Services Operated on the Underground at the beginning of the quarter, the restoration of service to all lines during period 5 saw the overall Percentage of Schedule Operated improve to 94.7% by period 6, only slightly below target. Some planned cancellations continued on the Circle & Hammersmith Lines while security alerts have still been having a residual, albeit diminishing, effect on performance. Suspension of the Northern Line in October occurred after the close of period 6. The impact of this will be discussed in more detail in the next quarterly report.

- 3.10 Scheduled Services Operated on Buses continued to improve averaging 97.9% over the quarter. This reflects improved management (lower staff shortages), better bus priority, the effects of the Congestion Charge and reduction in losses for mechanical reasons.
- 3.11 On the DLR, performance improved, primarily driven by vehicle reliability. Tougher operational performance targets are planned to be in place upon the start of the new DLR franchise scheduled to start in April 2006.
- 3.12 A summary of TfL's performance over the quarter against key indicators is provided in **Annex 1**.

4 CUSTOMER IMPACTS

- 4.1 TfL's second quarter Customer Satisfaction Score (CSS) overall evaluation rose to 79, equivalent to its previous high. This strong result was underpinned by London Underground achieving its highest ever score at 79. While safety and security ratings on the Underground were down, as were scores for PA and train driver announcements, the score for station staff availability rose, as did ratings related to crowding. London Buses overall satisfaction increased by 1 point this quarter to 79, which is above target. Improvements were seen in customer information provided. Satisfaction in the DLR was maintained either at or above targeted levels.

5 QUARTER RESULTS – FINANCIAL POSITION

- 5.1 Net expenditure at the end of the second quarter was £48m below budget. This result directly reflected TfL's gross margin result at £48m better than budget, which reflected a combination of both higher than budgeted income and lower than budgeted operating expenditure. Net capital expenditure which was in line with budget, comprising of lower than budgeted capital expenditure (directly managed) offset by lower receipts & reimbursements and a central overprogramming reduction of £72m.
- 5.2 TfL's full year net expenditure forecast has been reduced by £138m in comparison to the first quarter. Stronger than originally anticipated recovery from the incidents of 7 and 21 July, has meant that London Underground has been able to revise full year forecast traffic income up £30m. In addition, operating expenditure within London Underground has been reduced by £31m primarily as a result of lower than anticipated spend on PPP and PFI contract payments. Capital expenditure forecasts were also revised down £32m in Surface Transport as a result of re-phasing expenditure on the Western Extension into 2006/07 and on A406 Hanger Lane works, and within the Group Directorates which was down £31m primarily as a result of delays to Oystercard Ticketing on National Rail.

£'millions	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
Operating Budget				
Income	(1,281)	(27)	(2,768)	(39)
Operating expenditure	2,192	(31)	4,911	(39)
Overprogramming (operating)	-	9	-	20
Gross margin	911	(48)	2,143	(59)
Capital Budget				
Capital expenditure	277	(102)	792	(225)
Capital receipts/reimbursements	(55)	27	(157)	45
Property sales	(6)	3	(13)	-
Overprogramming (capital)	-	72	(5)	135
Net capital expenditure	216	-	618	(45)
Contingency	-	-	-	(26)
Net expenditure	1,127	(48)	2,761	(130)

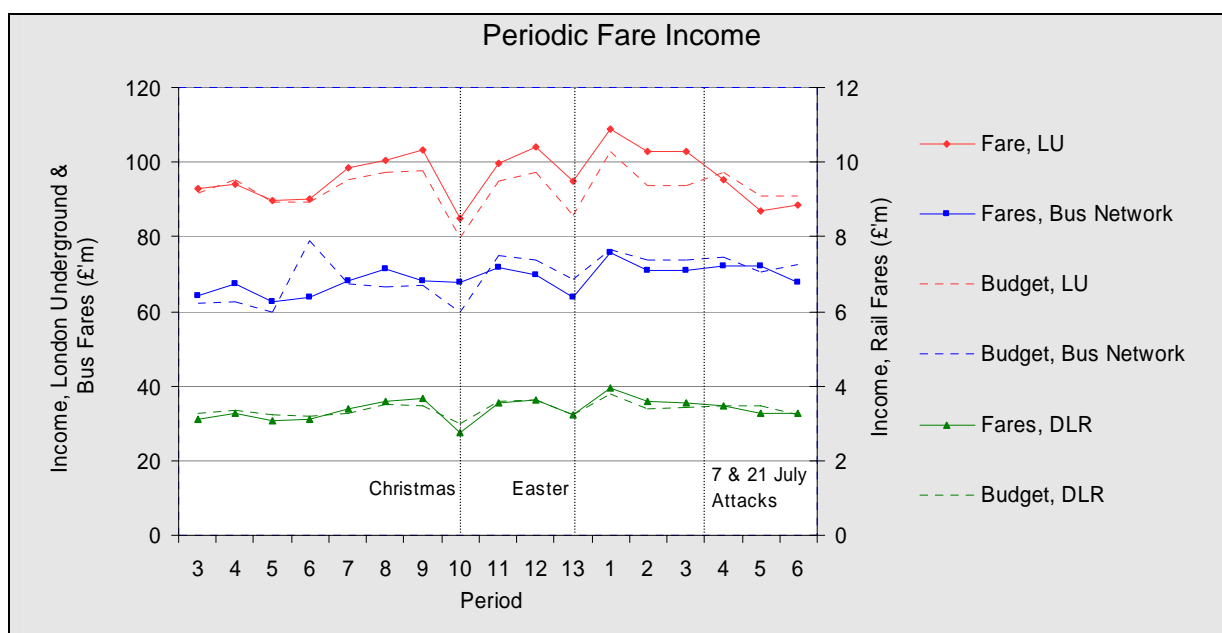
6 INCOME

- 6.1 TfL Group income was £27m (or 2%) better than budget. While strong growth was recorded across most areas of the business, income from the bus network fell slightly short of budget, by 3%.

Income (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
Underground Traffic Income	(585)	(15)	(1,285)	(30)
Bus Network Income	(427)	15	(941)	-
Congestion Charging Income	(115)	(19)	(229)	(13)
Other	(154)	(8)	(313)	3
Total	(1,281)	(27)	(2,768)	(39)

- 6.2 London Underground income recovered by the end of the quarter from the incidents of 7 and 21 July 2005. Year to date traffic income was still £15m above budget and 6% better than last year. An improvement in passenger demand, particularly on weekdays income led the recovery. Given the strong recovery, the full year traffic income forecast has been increased to £1,285m, and total income is now forecast at £1,378m, up £34m from budget (as detailed in **Annex 2**).
- 6.3 In Surface Transport, total income at £593m was broadly in line with budget (as detailed in **Annex 2**). Bus Network income was down £15m as lower revenues from bus cash fares were only partially offset by increases in non-cash fare revenue. Congestion Charging income was £19m better than budget primarily from the better than estimated yield per PCN issued and an improvement in the percentage of recoveries.

- 6.4 DLR revenues were in line with budget and up 14% from last year. TfL Group Directorates income increased in the second quarter and was in line with budget following an improvement in property income.
- 6.5 The growth in Oyster use continued in the second quarter with Pre-Pay sales up to 6% of tube and 3% of bus trips. The growth of Oyster has been at the expense of Cash Single, Carnet/Savers and Weekend/Tourist Travelcards. The introduction of Pre-Pay capping has sped up the growth in Oyster take-up.
- 6.6 Fare income trends were impacted by the incidents of 7 and 21 July. As expected, London Underground dropped in the second quarter but showed signs of recovery at the end of the quarter. The Bus Network was broadly unchanged from the first quarter, reflecting the predicted slower growth in passenger journeys, in part linked to the January 2005 fares increase.



7 OPERATING EXPENDITURE

- 7.1 Operating expenditure year to date was £21m under budget and the full year is forecast to be £19m below budget, after taking into account overprogramming reductions.

Operating Expenditure (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	1,092	(49)	2,456	(18)
Surface Transport	950	7	2,108	(10)
London Rail	59	9	128	11
Group Directorates	91	3	219	(23)
Overprogramming (Operating)	-	9	-	20
Total ²	2,192	(21)	4,911	(19)

² As presented in **Annex 2**, operating expenditure variance year to date before overprogramming is £31m below budget and for the full year is £39m below budget.

- 7.2 London Underground's operating expenditure was £49m below budget, mainly reflecting lower than budgeted performance payments to Infracos and other variances relating to the PPP and PFI contracts and savings in central expenses including rates, insurance and commissions. Full year forecasts have been lowered by some £18m, reflecting downward adjustments to costs relating to the incidents on 7 and 21 July. In addition, the downward adjustment reflects ongoing lower than budgeted PPP and PFI contract payments.
- 7.3 Lower PPP costs of £539m year to date, which are £13m below budget, reflect lower payments to Metronet SSL and Tube Lines JNP partly offset by slightly higher than budgeted payments to Metronet BCV.
- 7.4 PFI costs to date at £96m are some £7m below budget. This includes re-phasing of the Connect Enabling work schedule that has resulted in payments being made later than budgeted.
- 7.5 Operating expenditure in Surface Transport was £7m above budget. This primarily reflects accelerated expenditure for Borough Principal Road Maintenance in the first half of the year. The full year forecast is below budget reflecting the effect of better than expected outcomes of contract negotiations in Bus Operations and a forecast re-phasing of the Congestion Charge Zone extension programme.
- 7.6 Year to date expenditure on London Rail was £9m over budget as a result of re-classification of capital expenditure to operating expenditure on National Rail security projects where the assets are being purchased by a third-party. The full year forecast has been revised upwards by £7m since the last quarter due to additional costs relating to DLR re-franchising and other study costs.
- 7.7 Group Directorates were £3m over budget. This is within Group Services where the variance has been caused by timing differences between actual and budgeted spend on property related costs. Full year expenditure is expected to be £23m less than budget which relates to group interest. The value and timing of Prudential borrowing draw-downs has resulted in lower than budgeted interest costs.

8 CAPITAL EXPENDITURE

Capital Expenditure (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	141	(44)	339	(36)
Surface Transport	97	(30)	324	(115)
London Rail	35	(5)	86	(8)
Group Directorates	3	(22)	43	(67)
Gross Capital Expenditure	277	(102)	792	(225)
Capital receipts/reimbursements	(55)	27	(157)	45
Property sales	(6)	3	(13)	-
Overprogramming (Capital)	-	72	(5)	135
Net Capital Expenditure	216	-	618	(45)

- 8.1 Net capital expenditure year to date at £216m was in line with budget. For further detail on capital expenditure please refer to the **Investment Programme Report** (see **Appendix 2**).

9 BALANCE SHEET

TfL Group Balance Sheet at the end of Period 6 (£m)	Variance to Budget
Fixed Assets	(58)
Debtors and payments in advance (higher than budget)	106
Creditors (higher than budget)	(57)
Cash (i.e. an increase in cash)	27
Provisions and deferred grant (higher than budget)	(73)
Total Net Assets	(55)

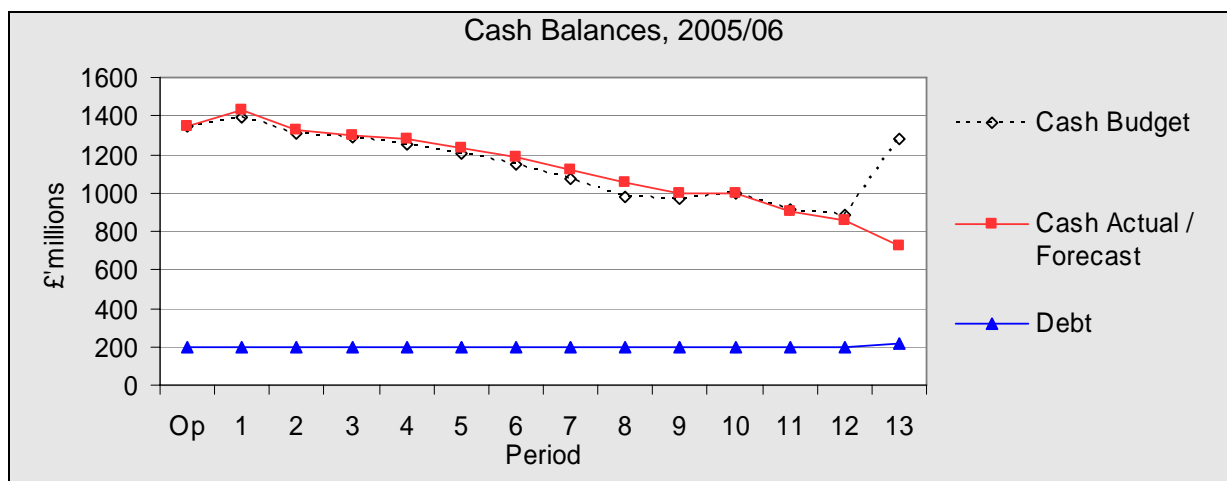
- 9.1 Net working capital balances (excluding provisions and deferred income) are £49m higher than budget (i.e. a call on cash), although, as can be seen above, the gross movements show an increase over budget of £106m in debtors and prepayments and an increase in creditors of £57m.
- 9.2 Underground's variances include an increase of £45m in the finance lease creditor balance. This is largely as a result of the cancellation of TIMIS (i.e. Underground have received a refund of payments which has been credited to the PPP lease creditor). This is partially offset by higher debtors of £20m.
- 9.3 London Buses net working capital position is broadly aligned to budget. Payments in advance are £8m higher some £5m of which is due to payments for the iBus contract. The budget assumed (prior to finalisation of the contract) that milestone payments would be matched with assets under construction. In reality the contract allows for an element of pre-payment. This has been offset by an increase in capital creditors.
- 9.4 Elsewhere within Surface Transport net working capital is broadly on budget, with the provisions created at last year end (£39m) offsetting lower capital and revenue creditors (£37m) reflecting in part the lower capital expenditure.
- 9.5 The improvement in the overall group working capital position and below budget net expenditure position has resulted in an increase in cash balances of £27m over budget, up to £1,187m.
- 9.6 In period 6 the number of invoices paid within 30 days increased by 1% to 88% reflecting improvements to the Group purchase to pay process. As a result this brought the cumulative figure to 84%, which means we have hit the Best Value Performance Indicator target for accounts payable for the first time this financial year.

Forecast Position

TfL Group Balance Sheet Year End Forecast (£m)	Variance To Budget
Fixed Assets	(197)
Debtors and payments in advance	99
Creditors	138
Cash (i.e. a decrease in cash)	(547)
Total Net Assets	(507)

- 9.7 The full year balance sheet contains material variances largely caused by the current assumptions for Prudential borrowing. This is covered in more detail in section 10.1.
- 9.8 Given the forecast reduction in capital activity, and the full year impact of some of the issues identified above (eg: TIMIS in London Underground) other trading balances are within expected tolerances.

10 CASH



Op = Opening cash balance

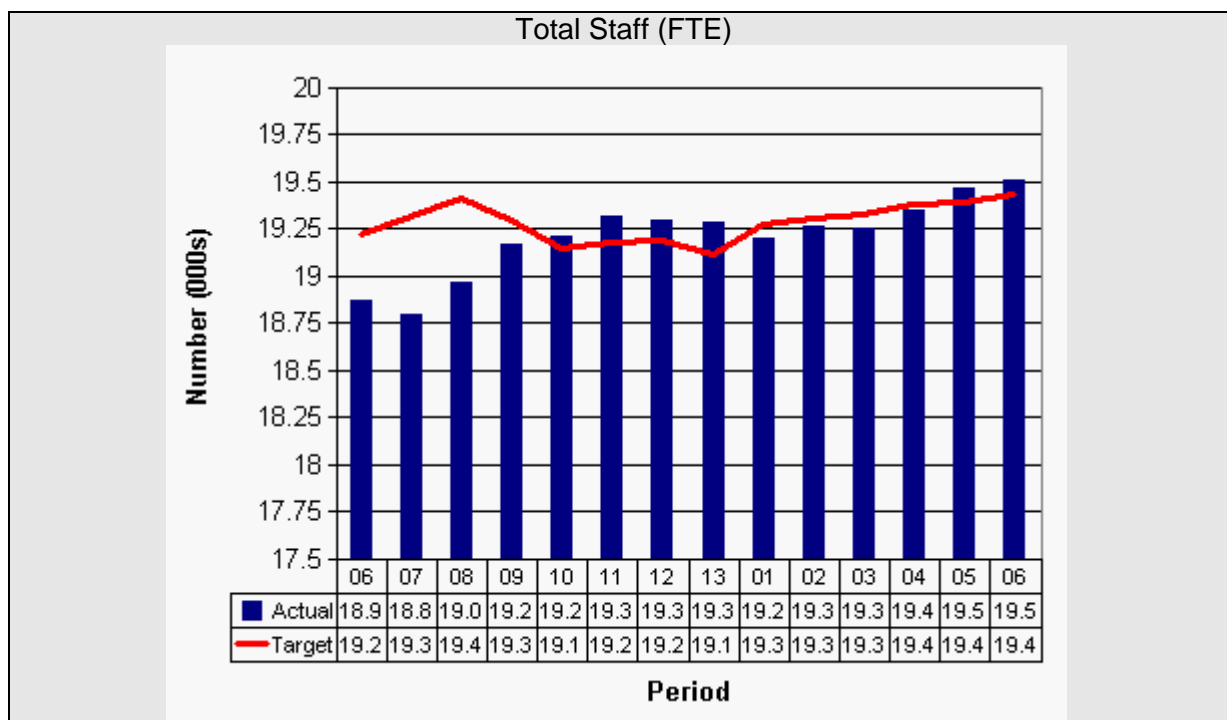
- 10.1 **Annex 5** shows an analysis of a number of Cash indicators. This includes the variance of actual cash versus budget and the profile of cash and investments. Cash balances at the close of the quarter to 17 September of £1,187m, were £43m above budget. Cash balance forecast to 31 March 2006 is £722m compared to budget of £1,279m. Period 6 forecast assumes only Board approved borrowing. As a result of this, the forecast assumes that TfL will fund its capital activities from reserves.
- 10.2 Treasury use an earnings benchmark of average 3 month's LIBOR minus 15 basis points. TfL continues to perform above this benchmark, currently within a range of 10 to 13 basis points. The average yield for the year to date is 4.79%, 8 basis points above benchmark.

Treasury Management Yield (%)	Period 4	Period 5	Period 6
Benchmark	4.72	4.63	4.54
Average Rate of Return	4.82	4.76	4.64
Excess over Benchmark	0.10	0.13	0.10
Interest Earned	£4.6m	£4.3m	£4.1m

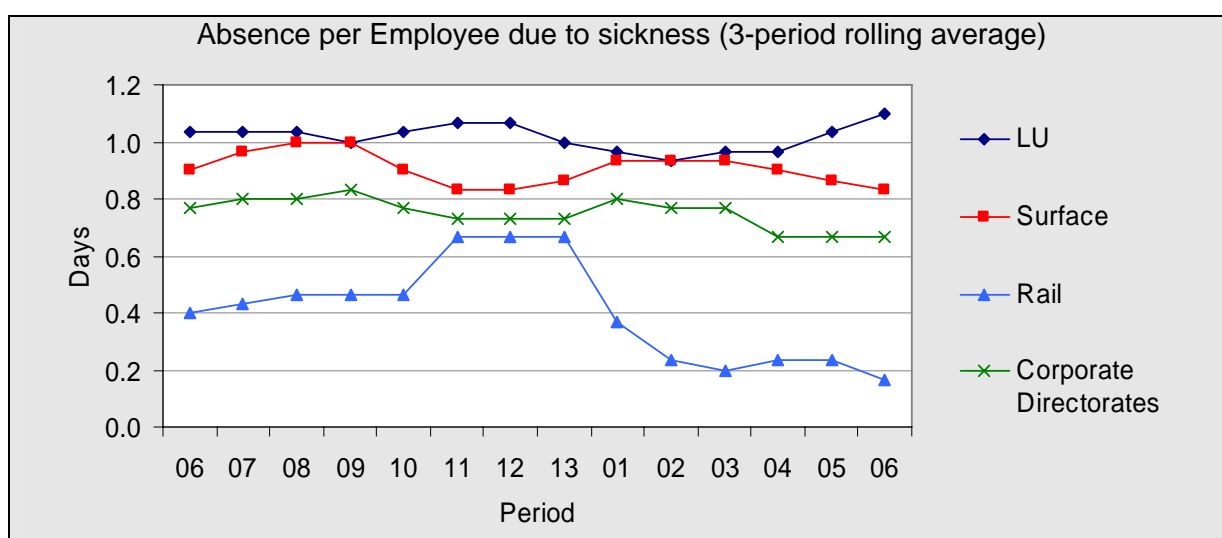
- 10.3 Base Rate has fallen from the budgeted 5.0% to 4.5%. The consensus is currently that interest rates will not move either way before the close of the financial year and is reflected in a flat yield curve. Forecast interest income has dropped from Period 3 by a further £2m to £55m and compares to budget of £62m.

11 STAFF

- 11.1 The total number of effective staff at the end of the second quarter was 19,505 FTE, an increase of 248 FTE during the quarter. Over half of this increase was within Surface Transport as a result of restructuring within the Streets Directorate. The remaining increases relate to other areas within the business primarily associated with investment programme project workloads.

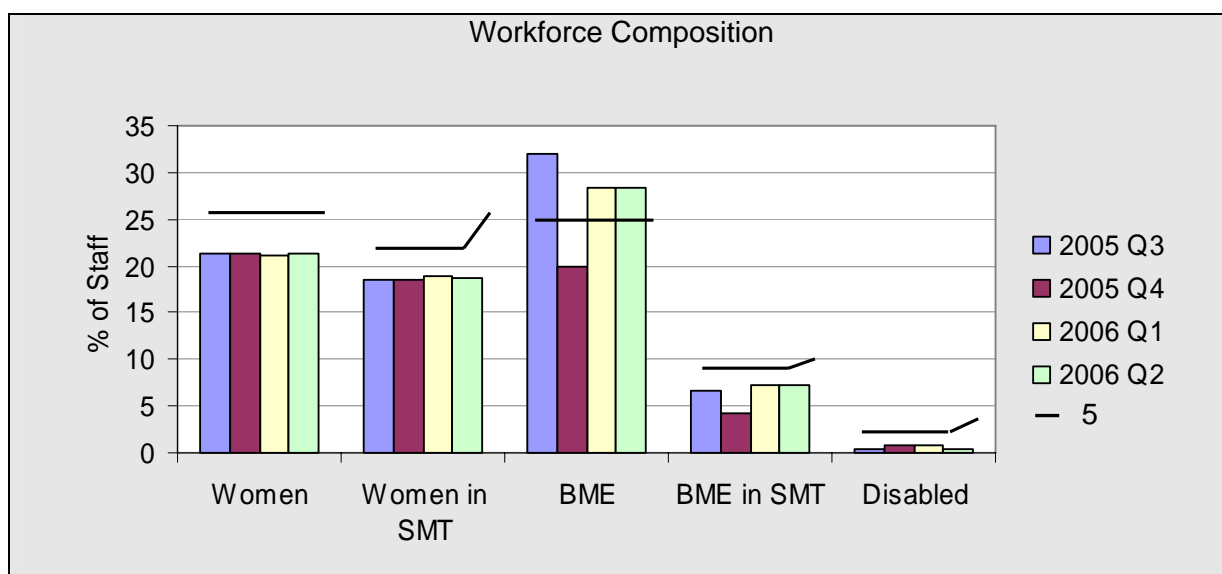


- 11.2 Working days lost per employee due to sickness over the quarter increased to 2.94 days per employee up from 2.80 days per employee in the previous quarter. The increase reflects an upward trend in London Underground over the quarter.



- 11.3 In terms of workforce composition, the Percentage of Women Staff employed by TfL has remained largely unchanged and continues to fluctuate between 21.1% and 21.3%. The provision of dedicated facilities for women in operational roles is

anticipated to help in the retention of female staff. At the end of the second quarter the number of senior women in the organisation was at 18.9%.



12 EFFICIENCIES

- 12.1 The efficiencies programme full year target is £148m, including £74m of savings achieved in previous years, and £74m to be delivered within this current financial year. At the end of quarter 2, £52m of these savings had been delivered, with forecast full year savings at £171m, £23m above target.
- 12.2 Additionally during the quarter, the 2004/05 efficiencies programme was subject to an external audit by KPMG, which confirmed that TfL has in place robust processes to accurately capture and report efficiency gains delivered.

ANNEX 1: PERFORMANCE SUMMARY

Performance Indicators		Second Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
TfL GROUP									
Total passenger journeys	Millions	621.1	633.3	(12.2)	636.8	2893.9	2850.2	43.8	2751.4
Operating cost per passenger journey	£	1.77	1.77	-	1.57	n/a	1.75	-	1.23
Reliability of service (Delay Index)	#	84.7	77.0	7.7	105.1	80.0	80.0	-	79.8
CSS: Overall satisfaction	Score	79	78	1	78	78	78	-	79
Major Fatalities and Injuries	#	307	n/a		236	n/a	n/a		898
Number of Staff	#	19,506	19,432	74	19,018	n/a	19,533		19,340
Percentage of Women Staff	%	21.1	24.3	(3.2)	21.1	n/a	24.3		21.0
Absence per Employee	Days	2.94	n/a		2.73	n/a	n/a		12.48
LONDON UNDERGROUND									
Passenger Journeys	Millions	209.8	214.0	(4.2)	221.1	958.4	947.0	11.4	975.9
Train Kilometres Operated	Millions	15.3	16.4	(1.0)	16.1	69.9	70.8	(0.9)	69.4
Percentage of Scheduled Service Operated	%	89.4	95.1	(5.7)	94.0	94.1	95.1	(1.0)	95.3
Peak Hour Trains Cancelled due to ONA	%	0.2	0.6	(0.4)	0.14	n/a	0.6		0.1
Excess Journey Time - Unweighted	Minutes	3.93	3.25	0.68	3.44	n/a	3.25		3.23
CSS: Overall Satisfaction	Score	79	78	1	76	n/a	78		78
CSS: Personal Safety and Security	Score	80	80	-	80	n/a	80		81
CSS: Crowding	Score	75	68	7	74	n/a	68		74
CSS: Information	Score	78	77	1	77	n/a	77		78
Lost Customer Hours	M Hours	3.89	3.72	0.17	3.10	n/a	16.20		14.08
LONDON BUSES									
Passenger Journeys	Millions	394.4	400.8	(6.4)	398.7	1,856.6	1,824.3	32.3	1,702.0
Bus Kilometres Operated	Millions	104.8	106.1	(1.3)	103.9	457.2	461.2	(4.0)	436.9
Percentage of Scheduled Service Operated	%	98.0	98.0	-	97.8	97.9	97.8	0.1	97.2
Excess Wait Time - High Frequency Routes	Mins	1.1	1.1	-	1.1	1.2	1.2	-	1.4
On Time Performance - Low Frequency Routes	%	78.5	78.1	0.4	78.3	76.8	77.0	(0.2)	74.6
On Time Performance - Night Buses	%	83.2	81.8	1.4	81.5	82.3	82.0	0.3	79.3
CSS: Overall Satisfaction	Score	78	78	-	78	78	78	-	77
CSS: Personal Safety and Security	Score	82	81	1	82	82	81	1	82
CSS: Crowding	Score	79	78	1	78	78	77	1	77
CSS: Reliability - Journey/Wait Time	Score	81	79	2	80	79	79	-	79
CSS: Information	Score	74	75	(1)	74	75	75	-	73
Percentage of 'Low Floor' Buses	%	98	96	2	93	100	100	-	95

Notes/Key:

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

n/a = KPI data not available / not measured.

ANNEX 1: PERFORMANCE SUMMARY (CONTINUED)

Performance Indicators		Second Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
LONDON TRAMS									
Passenger Journeys*	Millions	4.4	n/a		4.4	n/a	21.1		19.3
Percentage of Scheduled Service Operated	%	96.0	98.0	(2.0)	97.2	98.0	98.0	-	95.4
CSS: Overall Satisfaction	Score	86	n/a		87	88	88	-	86
PUBLIC CARRIAGE OFFICE									
Number of Taxi Drivers Licensed	'000	24.7	24.7	-	24.9	24.7	24.7	-	24.7
Number of Private Hire Drivers Licensed	'000	21.3	22.5	(1.2)	10.1	30.0	30.0	-	16.3
LONDON RIVER SERVICES									
Passenger Journeys (Multi stop)	'000	148	100	48	85	358	350	8	371
Passenger Journeys (Excluding Multi Stop)	'000	736	755	(19)	913	1,852	1,750	102	1,887
Percentage of Scheduled Service Operated	%	97.9	98.5	(0.6)	98.5	98.2	98.0	0.2	98.0
VICTORIA COACH STATION									
Number of Coach Departures	'000	47.8	54.9	(7.1)	52.1	178.1	226.6	(48.5)	215.3
CSS: Overall Satisfaction	Score	n/a	n/a		n/a	76	72	4	72
DIAL-A-RIDE									
Total Costs per Trip	£	18.4	14.1	4.3	16.1	18.4	13.9	4.5	17.0
CSS: Overall Satisfaction	Score	92	93	(1)	92	93	93	-	93
ROAD NETWORK									
No. of Major Injuries and Fatalities (TLRN)	#	209	270	(61)	303	n/a	1,058		1,093
No. of Major Injuries and Fatalities (Londonwide)	#	763	1,009	(246)	1,146	n/a	4,031		4,169
Cycling on TLRN (Index April 2000 = 100)	#	204	150	54	161	n/a	150		142
Journey Time Reliability (TLRN)**	%	n/a	n/a		n/a	n/a	19.7		18.7
Traffic Signals Operating Effectively (Londonwide)	%	98.6	97.0	1.6	97.1	n/a	97.0		97.3
DOCKLANDS LIGHT RAILWAY									
Passenger Journeys	Millions	11.2	12.0	(0.8)	11.2	53.8	53.8	-	50.1
Train Kilometres Operated	Millions	0.8	0.8	-	0.7	3.4	3.4	-	3.3
Percentage of Scheduled Service Operated	%	98.7	98.0	0.7	98.6	98.0	98.0	-	98.5
On-Time Performance - Adherence to Schedule	%	97.7	96.0	1.7	97.4	96.0	96.0	-	97.1
CSS: Overall Satisfaction	Score	94.7	83.5	11.2	95.0	83.5	83.5	-	95.0
CSS: Personal Safety and Security	Score	90.1	86.3	3.8	90.3	86.3	86.0	0.3	90.6
CSS: Information	Score	96.2	86.0	10.2	95.3	86.0	86.0	-	95.6
Percentage of System Accessible	%	100	100	-	100	100	100	-	100

Notes/Key:

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

* Passenger journey targets are estimated, due to the service being provided by a third party

** Measured annually

n/a = Data not available/not measured

ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
OPERATING BUDGET					
LONDON UNDERGROUND					
Income	(629)	(19)	(1,378)	(1,344)	(34)
Operating expenditure	1,092	(49)	2,456	2,474	(18)
Gross margin	463	(68)	1,078	1,130	(51)
SURFACE TRANSPORT					
Income	(593)	(6)	(1,265)	(1,258)	(6)
Operating expenditure	950	7	2,108	2,117	(10)
Gross margin	357	1	843	859	(16)
LONDON RAIL					
Income	(24)	(2)	(48)	(48)	1
Operating expenditure	59	9	128	117	11
Gross margin	35	7	81	68	12
GROUP DIRECTORATES					
Income	(35)	-	(77)	(77)	-
Operating expenditure	91	3	219	242	(23)
Gross margin	56	2	142	165	(23)
TOTAL					
Income	(1,281)	(27)	(2,768)	(2,728)	(39)
Operating expenditure	2,192	(31)	4,911	4,951	(39)
Overprogramming (operating)	-	9	-	(20)	20
Gross margin	911	(48)	2,143	2,202	(59)

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

ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE (CONTINUED)

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
CAPITAL BUDGET					
London Underground					
Capital expenditure	141	(44)	339	376	(36)
Capital receipts/reimbursements	(45)	12	(129)	(142)	13
Property sales	(6)	3	(13)	(13)	(0)
Total Capital Expenditure	90	(30)	198	221	(23)
Surface Transport					
Capital expenditure	97	(30)	324	438	(115)
Capital receipts/reimbursements	(5)	-	(14)	(12)	(2)
Total Capital Expenditure	92	(30)	309	426	(117)
London Rail					
Capital expenditure	35	(5)	86	93	(8)
Capital receipts/reimbursements	(2)	(2)	(2)	(0)	(1)
Total Capital Expenditure	33	(7)	84	93	(9)
Group Directorates					
Capital expenditure	3	(22)	43	110	(67)
Capital receipts/reimbursements	(3)	17	(12)	(47)	35
Total Capital Expenditure	-	(5)	31	63	(31)
Total					
Capital expenditure	277	(102)	792	1,017	(225)
Capital receipts/reimbursements	(55)	27	(157)	(202)	45
Property sales	(6)	3	(13)	(13)	-
Overprogramming (capital)	-	72	(5)	(140)	135
Net Capital Expenditure	216	-	618	663	(45)

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

NET EXPENDITURE					
London Underground	553	(98)	1,276	1,351	(75)
Surface Transport	449	(29)	1,152	1,285	(133)
London Rail	69	-	165	162	3
Group Directorates	56	(3)	173	228	(55)
Central Overprogramming	-	81	(5)	(160)	155
Contingency	-	-	-	26	(26)
Total Position	1,127	(48)	2,761	2,891	(130)

ANNEX 3: BALANCE SHEET

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Fixed assets					
Tangible assets	13,156	(58)	13,737	13,933	(197)
	13,156	(58)	13,737	13,933	(197)
Current assets					
Stocks	5	-	5	5	-
Debtors	305	60	276	200	76
Payments in advance	112	47	83	60	23
Cash at bank and in hand	1,187	27	722	1,269	(547)
	1,609	134	1,086	1,534	(449)
Current liabilities					
Revenue	(792)	64	(907)	(861)	(46)
Receipts in advance	(143)	(65)	(114)	(155)	42
Capital	(238)	(56)	(207)	(223)	16
	(1,173)	(57)	(1,228)	(1,239)	11
Long term liabilities					
Balances with Infracos	(1,001)	-	(1,209)	(1,178)	(31)
Prudential loans	(196)	-	(214)	(738)	524
Creditors due after one year	(230)	-	(376)	(378)	2
Capital grants	(6,919)	(35)	(6,931)	(6,605)	(327)
Pension liabilities	(1,004)	-	(1,004)	(1,004)	-
Provisions for liabilities and charges	(207)	(38)	(211)	(169)	(42)
Total net assets	4,035	(55)	3,650	4,157	(507)
Capital reserves					
Reserves	3,341	(55)	2,952	3,452	(500)
Earmarked reserves	528	-	528	539	(11)
General fund	166	-	170	166	4
Total capital employed	4,035	(55)	3,650	4,157	(507)

ANNEX 4: CASH FLOW STATEMENT

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Net revenue expenditure	(799)	59	(1,937)	(1,793)	144
Working capital movements	(106)	43	(149)	(105)	44
Cash spend on operating activities	(905)	101	(2,086)	(1,898)	189
Net capital expenditure	(573)	(48)	(1,535)	(1,652)	(118)
Working capital movements	126	(91)	67	86	19
Cash spend on capital activities	(448)	(139)	(1,468)	(1,566)	(99)
Funded by:					
Transport grant	912	9	2,143	2,143	-
Precept funding	8	-	20	20	-
Other grants	22	(11)	27	25	(1)
Prudential borrowing	-	-	18	543	524
Finance lease obligations	198	1	552	522	(31)
Third party contributions	49	13	165	140	(26)
Total funding	1,189	11	2,925	3,392	467
Net movement in cash	(163)	(27)	(629)	(72)	557

ANNEX 5: CASH ANALYSIS

Approved Investments and Cash (£m)	Period 4	Period 5	Period 6
Budget	1,248	1,206	1,144
Cash Balances	1,280	1,236	1,187
Variance	32	30	43

Net Cash Balances comprise:			
Investments	1,222	1,189	1,137
Investments-Guernsey	41	31	30
Cash & Credits in Transit	17	16	20

Investment Profile			
Up to 1 Month	198	155	146
1-2 Months	145	168	169
2-3 Months	235	255	325
3-4 Months	173	217	128
4-5 Months	46	-	-
5-6 Months	35	25	67
>6 Months	390	369	302
Total	1,222	1,189	1,137

TRANSPORT FOR LONDON

STAFF SUMMARY

BOARD

SUBJECT: TfL 5-YEAR INVESTMENT PROGRAMME REPORT – 2nd QUARTER

MEETING DATE: 7 DECEMBER 2005

1. PURPOSE

- 1.3 To inform the Board on the performance of the Investment Programme in the second quarter of 2005/06 (26 June 2005 to 17 September 2005). This first TfL 5 year Investment Programme will continue until 2009/10 and this report will be published quarterly.

2 KEY HIGHLIGHTS

- 2.2 Principal highlights and issues of the Investment Programme arising over the second quarter of 2005/06 are as follows:

- On 30 September the Mayor approved plans for the Western Extension to the Congestion Charging Zone.
- Enabling works and detailed design continued on the East London Line Extension. The ITT 'Part A' for the main works was issued on the 28th September.
- Testing and commissioning are underway on the DLR London City Airport Extension and construction work on the Woolwich Arsenal Extension is progressing ahead of schedule.
- On the Wembley Park Station project the Supervisors' Office became operational on 16 September 2005. Capacity enhancement works remain on schedule for completion by end of December 2005, while station modernisation elements are ahead of programme with a forecast completion of May 2006.
- The core London Underground Tunnel Cooling project team is now in place. Eighteen stations have been surveyed and some important "quick-win" solutions have been identified.
- As reported in the previous quarter, obtaining the required planning consent remains a significant issue on a number of key projects including A406 Bounds Green, A406 Hanger Lane Bridges and the Hanworth Road and North Acton Bus Garages. This represents a systemic risk to all 'new asset' type projects within the Investment Programme and possible mitigations are being explored through the Oversight function.

- The interim Oversight Group has now completed the first 'Design the Function' stage and is now entering a period that sees them fulfilling the operational demands of the Group as a precursor to hiring and transitioning over to a permanent TfL-staffed team.

3 DELIVERY

3.1 The interim Oversight Group has made significant progress over the last quarter. Key outcomes of this included:

- The introduction of an Investment Programme focused (modal level) Investment Management Review (IMR) session in parallel with the Business Management Review (BMR) process
- Decision to introduce a Chief Officer level Investment Programme focused executive forum
- Following a risk categorisation exercise, a list of key projects (top 12 and top 50) has been formulated which will form the focus of the IMR reviews.

3.2 During the second quarter, a programme of Independent Engineer reviews of Oversight projects began. A report reviewing Channel Tunnel Rail Link (CTRL) works at Kings Cross was received and discussed at the period 6 London Underground BMR.

PROJECTS OVER £100m

3.3 Major projects which have a total budget within the Investment Programme of more than £100m are listed in the table below. Refer to **Annex 1** for further detail.

Code	Project	Total Budget	IP	Status
LU-PJ03	Sub-Surface Train Capacity	N/A ¹	N/A ¹	●
LU-PJ26	Camden Town Congestion Relief	£318m	£135m	■
LU-PJ110	Channel Tunnel Rail Link at Kings Cross	£757m	£101m	●
ST-PF38	Congestion Charging Western Extension	N/A ¹	N/A ¹	●
LR-PJ01	East London Line Extension	£896m	£896m	●
LR-PJ06	DLR Capacity Enhancements 3 Car	£102m	£102m	●
LR-PJ08	London City Airport DLR Extension	£150m	£80m	●
LR-PJ09	Woolwich Arsenal DLR Extension	£150m	£150m	●

Notes:

¹ Information is commercially sensitive

Total Budget = Budget for the duration of the project

IP = Total project spend budgeted in the 5 year Investment Programme

- = Will be delivered according to authorised plan
- ▲ = Variance exists but either the impact is not deemed significant or recovery plans are in place or no current variance but requires close management attention
- = Variance will have significant impact on project delivery schedule and cost

Delivery highlights and key issues over the quarter are as follows:

- 3.4 **Camden Town Congestion Relief** – Following the unsuccessful TWA application for upgrade of the station which was reported in the first quarter report, discussions have commenced with the London Borough of Camden and GLA to establish an acceptable basis for re-submitting the scheme. Overall delay to the project is expected to be in the order of 2 years and until a way forward is agreed it has been removed from the Investment Programme.
- 3.5 **Channel Tunnel Rail Link (CTRL) at Kings Cross** – Phase 1 handover dates remain unchanged and on target to complete in 2006 with the New Western Ticket Office due to open in February 2006 and the enlarged Tube Ticket Hall to open in August 2006. Phase 2 of the programme (Northern Ticket Hall, deep level tunnels and MIP access) remains delayed. However resolution of remaining issues is progressing and is expected to be concluded early in the third quarter. On conclusion of these DfT are expected to release phase 2 and enable progression of works.
- 3.6 **Congestion Charging Western Extension** – On 30 September, the Mayor approved plans to extend the central London Congestion Charging Zone westwards into Westminster and parts of Kensington and Chelsea. Contracts for core services, Enforcement Infrastructure and for telecoms were awarded at the beginning of October. The programme is currently running in line with the schedule to deliver as planned early in 2007.
- 3.7 **East London Line Extension** – Project is currently running to schedule. During the quarter London Underground were appointed as the Infrastructure Controller of the project. Phase 2 enabling works are now underway and Invitations to Tender (ITT) were issued for the main works on 28 September and rolling stock on 31 October.
- 3.8 **DLR Capacity Enhancements 3 Car** - Project is currently running to schedule. TWA powers were confirmed on 17 October 2005.
- 3.9 **London City Airport DLR Extension** - Testing and commissioning works continue towards the planned opening date in December 2005. Work to complete outstanding glazing on stations is underway with final completion expected in early November.
- 3.10 **Woolwich Arsenal DLR Extension** – Construction work for the Tunnel Boring Machine (TBM) launch chamber continued to progress some 3 months ahead of schedule. Work is also continuing on land issues and detailed design.

PROJECTS UNDER £100m

These projects are defined as those whose expenditure is less than £100m over the 5 year investment programme. It should be noted that some projects will have significant expenditure after the Investment Programme period which will lead to total project values above this level.

Delivery highlights and other key issues during the second quarter of 2005/06 for other projects under £100m include:

- 3.11 **Jubilee Line 7th car project** - The first test train ran on 24 August 2005, and full integration testing has now begun. Progress is still on target to introduce 7 Car

services on the Jubilee Line in January 2006. Rolling stock production remains on schedule, and the second train has now been delivered.

- 3.12 **A406 Bounds Green** – The timescale for this project is under review. This reflects the local authority's decision that a planning application is required and the need to re-phase the project to ensure there is no conflict with the Highway Agency's planned work on the M25 Holmesdale Tunnel.
- 3.13 **A406 Hanger Lane Bridges/A40 Western Avenue Bridges** – As at the end of quarter 2, both bridge replacement projects suffered delays as a result of planning approval issues. However on 20 October Ealing Council gave approval to the A406 Hanger Lane Bridges project allowing this project to proceed in line with the current Business Plan forecast. A40 Western Avenue has recovered some slippage which arose from delays in obtaining necessary Network Rail approvals.
- 3.14 **Tunnel Refurbishment** – Re-phasing of works on Rotherhithe and Blackwall northbound tunnels has occurred to ensure that the two projects do not conflict. Both projects are proceeding in accordance with their respective current authorised plans.
- 3.15 **DLR Railcar Refurbishment** – An additional 15 vehicles were delivered during the second quarter, bringing the total number of refurbished vehicles in service to 53. It is anticipated that all 94 refurbished vehicles will be in service by November 2006.
- 3.16 **Stratford Regional Station Modernisation** – Preliminary works by the contractor commenced on the site during the second quarter. Necessary approvals have also been gained ahead of commencement of construction of new platforms and structures.
- 3.17 **Stratford International DLR Extension** – The TWA submission was made in August 2005. The consultation period will continue into the next quarter.
- 3.18 **Stratford Interchange Development** – A comprehensive station upgrade scheme has been developed which incorporates demand from property development, planned growth within London and anticipated 2012 Olympics demand.
- 3.19 **Thames Gateway Bridge** - The second phase of the public inquiry commenced on 13 September and is now expected to continue into fourth quarter of 2005/06.
- 3.20 **Ticketing** – As reported in the previous report Train Operating Companies have not yet identified a business case for the installation of Oyster Card validators on National Rail stations serving the London area. TfL remains ready to engage with train operators to start integration in the event that this situation changes.

4 INVESTMENT PROGRAMME EXPENDITURE

- 4.1 The Investment Programme comprises both directly managed capital programmes by TfL and indirectly managed programmes where delivery is the responsibility of a third party under a PPP/PFI type contract or other arrangement.

DIRECTLY MANAGED

- 4.2 Net Value of Work Done (VOWD) on projects directly managed by TfL at the end of the second quarter was in line with budget, after overprogramming. The full year forecast is anticipated to be £45m under budget, after overprogramming, capital receipts and reimbursements.

VOWD (Directly Managed) £'millions	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	141	(44)	339	(36)
Surface Transport	97	(30)	324	(115)
London Rail	35	(5)	86	(8)
Group Directorates	3	(22)	43	(67)
Gross Capital Expenditure	277	(102)	792	(225)
Capital receipts/reimbursements	(55)	27	(157)	45
Property sales	(6)	3	(13)	-
Overprogramming (capital)	-	72	(5)	135
Net Capital Expenditure	216	-	618	(45)

- 4.3 A detailed modal breakdown of capital expenditure is provided in **Annex 2**.

London Underground

- 4.4 Expenditure for the year to date within London Underground's own managed works was below budget by £44m. Principal variances continue to be from cost savings and delays in Connect enabling works of £22m and Phase 2 CTRL works at Kings Cross of £10m, which is matched by lower reimbursements from DfT. Phase 2 works are likely to receive full DfT release early in the third quarter. Budget costs will then be finalised as scope is agreed with the DfT. In addition, delays to station upgrade works at Camden (following rejection of TWA application) and Tottenham Court Road resulted in further reduction in expenditure of £6m to date.

- 4.5 Underground full year forecast is £36m below budget, mainly consisting of CTRL works at Kings Cross (£18m) and Connect enabling works (£15m).

Surface Transport

- 4.6 Expenditure for the year to date of £97m is £30m below budget. This result reflects lower than budgeted expenditure of £19m on capital renewal on the Transport for London Road Network, an increase from the £8m at the end of the last quarter. This is largely due to the later than expected awarding of the contracts for Hanger Lane/Western Bridges and a change to the spend profile on Fore Street tunnel.
- 4.7 The current full year capital expenditure forecast shows that spend within Surface Transport will be some £115m below budget. Congestion Charging Western Extension expenditure has been reduced following both the successful negotiation with service providers and a re-phasing of traffic management and enforcement infrastructure works. This has resulted in lower than budgeted spend for 2005/06 of £41m. Lower than budgeted expenditure is also forecast on the capital renewal on

the Transport for London Road Network (TLRN) of £34m, on the Bus Priority schemes of £11m as the programme has been rephased to take account of resource constraints, and iBus of £20m. Lower spend on iBus follows later than planned award of the contract and the subsequent revised payment profile which now aligns to achievement of project milestones, and the removal of a number of related projects now not needed.

London Rail

- 4.8 The year to date variance of £5m is mainly due to minor delays to the commencement of construction on the Stratford Station (£2.2m) and Beckton Depot (£1.7m). In addition £2.6m of direct costs is due to slower than anticipated activity on the Railcar Refurbishment project. This is partially offset by accelerated spend on the East London Line Enabling Works (Phase 2), additional expenditure in resolving the Bishopsgate Goodsyards claim and design costs for Dalston Commercial Development.
- 4.9 The current full year capital expenditure forecast is that London Rail will spend £7m below its budget, which is broadly in line with the year to date variance.

Group

- 4.10 As reported in the previous quarter, the actual and forecast reduction in spend is mainly as a result of the delay to Oystercard National Rail Validator Installation project (£35m) as the Train Operating Companies have not yet identified a business case for the installation of Oyster Card validators on National Rail stations serving the London area. Additionally property related expenditure is forecast to be £20m lower than budget.

INDIRECTLY MANAGED

- 4.11 These are projects where delivery is the responsibility of a third party under a PPP/PFI type contract and other arrangements. Reportable values represent the assessed capital value of assets delivered.

London Underground

- 4.12 Work has continued with the Infracos to populate London Underground's Major Projects Database (MPD) with information regarding indirectly managed capital expenditure. Tube Lines reporting structure is closely aligned with the MPD structure. As a result, Tube Lines has managed to provide almost 100% of the required data. However, Metronet's reporting structure is considerably different to that of MPD. London Underground has seen some improvements in the quality of data presented by Metronet, but it is as yet not fully complete. The Programme Offices of both organisations continue to work closely together to improve the situation. Further refinements are expected over the next few reporting periods, with a permanent solution being sought to enable Metronet's use of MPD to supply complete and accurate data by the end of quarter 3.
- 4.13 The VOWD as at the end of the second quarter, at £141m was £28m below budget. Expenditure by Tube Lines is in line with plan. Expenditure under the PFI contracts is behind schedule due to phasing and revised allocation between directly managed

and PFI funded expenditure. The Tube Lines budget numbers have been revised to reflect the latest Annual Asset Management Plans (AAMPs).

- 4.14 The amounts included in the Investment Programme represent capital payments the Infracos plan to make to their subcontractors, which in some cases run ahead of the actual delivery of the capital work. London Underground has yet to formally approve the plans and the quality and validity of the data contained in those plans is yet to be proven.
- 4.15 Tube Lines expects to deliver the ten station enhancements due this year ahead of the contracted dates. There has been significant work with the Infracos in the production of their AAMPs in order to develop more robust and clear programmes of work, which means that the approval of their plans has been delayed.

Surface Transport

- 4.16 Indirectly Managed capital expenditure in Surface Transport relates to Improvements to the bus fleet, A13 DBFO and Borough Road renewal. The full year forecast variance of £10m is the result of lower expenditure Bus Network fleet improvements of £6m resulting from a reduction in expected contract price increases from re-tendering and on A13 DBFO of £3.6m.

London Rail

- 4.17 Indirectly Managed capital expenditure in London Rail relates to the assessed capital value of assets delivered on the London City Airport, Woolwich Arsenal DLR Extension and DLR Capacity Enhancement 3 car. These costs are now included for reporting purposes and therefore budgets have been revised to reflect this approach.

5 BASELINE

- 5.1 As discussed in the last quarterly report, the Baseline Plan is the Investment Programme published in 2004 against which TfL will continue to compare and monitor performance. TfL will also monitor against the updated programme which will be published following approval of the 2006/07 Business Plan.
- 5.2 The Baseline consists of a separate directly managed capital plan for investment on transport infrastructure and a capital plan for further capital investment that is delivered indirectly through payments made to Boroughs, PPP, PFI and Bus contracts. It represents gross value of VOWD to deliver the Investment Programme.
- 5.3 The table below sets out the Baseline VOWD included in last year's Business Plan set against the revised Investment Programme included in the 2006/07 business plan approved by the Board.

Baseline Plan Value of Work Done VOWD (£m)	2005/06	2006/07	2007/08	2008/09	2009/10	Total
London Underground	1,063	1,051	1,124	1,076	1,139	5,453
Surface Transport	558	520	545	486	448	2,556
London Rail	101	198	337	437	237	1,309
Group Services	26	11	6	4	3	50
Finance and Planning	87	40	60	27	31	246
Boroughs	108	104	105	101	99	517
TfL Group	1,943	1,924	2,178	2,130	1,957	10,132
2006/07 Investment Programme	2,198	2,490	2,638	2,790	2,566	12,682
Variance	255	566	460	660	609	2,550

- 5.4 The £2,550m Investment Programme increase includes an additional £1,348m from London Underground. The original Investment Plan baseline set in 2004 incorporated an accounting estimate of the likely value of capital works that would be provided by the Infracos under the PPP contracts. London Underground has now started to receive more information from the Infracos on their investment plans. The revised plan has been recast to reflect the capital expenditure proposed in the most recent Annual Asset Management Plan (AAMP), provided directly by the Infracos. A further £241m relates to the expenditure generated by the London Rail PFI schemes which were not previously included in the Investment Programme.
- 5.5 The awarding of the 2012 Olympics to London has resulted in the inclusion of new initiatives totalling £137m over the 5 year Investment Programme. Additional amounts have been included for existing commitments on directly managed TfL projects in respect of increased scope and costs for TLRN improvements and other Streets projects of £121m, increased costs on existing accessibility schemes of £79m, change in financing on the London Underground power upgrade resulting in a further £74m cost and the increased cost of the enforcement equipment for the Low Emission Zone (LEZ) of £65m.

6 PROCUREMENT AND EFFICIENCY

- 6.1 The procurement of Investment Programme contracts, goods and services are an area which provides an opportunity to find savings. This allows procurement to demonstrate their contribution to the efficient delivery of major projects.
- 6.2 Savings this quarter have been secured against professional consultancy fees on Cross River Tram, Thames Gateway Bridge and West London Tram totalling approximately £3m.
- 6.3 Opportunities are being sought where ever possible to further the Equality & Inclusion (E&I) agenda through major procurement contracts as part of the Investment Programme. An example of this is the robust supplier diversity clauses in the Main Works contract for the East London Line ITT issued during the last quarter.


Annex 1: Projects over £100m


The following Annex provides progress details of projects in excess of £100 million which are being implemented and are in the Investment Programme.


The overall project status reflects the Modes latest view of schedule and cost performance over the total life of the project (inclusive of and beyond the length of the Investment Programme).


Total Budget = Budget for the duration of the project


IP = Total project spend budgeted in the 5 year Investment Programme


LU-PJ03	Sub-Surface Train Capacity	Total Budget = N/A IP = N/A	
Baseline:	<p>The aim of this project is to provide additional train capacity (above that already to be provided through PPP upgrades). The initial phase of the project is focused on the central area of the sub-surface network and the Wimbledon branch.</p> <p>Phase 2 feasibility and design study which primarily concentrated on the platform extensions required to allow an extra car to be added to C Stock Trains has now completed. The study also looked into the signalling implications, the requirement for cable diversions and also refined the depot strategy, plus delivering a revised cost estimate for the project. Negotiations with MRSSL to enact the Specified Right for this project are expected to be concluded shortly.</p>		
Schedule:	<p>The decision to enact the Specified Right is expected soon. No further work is being accrued until the decision is made.</p>		
Forecast:	<p>No material spend to date with the whole year forecast on budget at around £1m.</p>		
Approval:	<p>Full authority was approved on 9 February 2005. The figures are confidential.</p>		


LU-PJ26	Camden Town Congestion Relief	Total Budget = £318m IP = £135m	
Baseline:	<p>The objectives of the station redevelopment are to develop a scheme that maximises the capacity of the station (expanded ticket hall and additional escalators) and provide step free access to platform level.</p> <p>The Secretary of State has refused the TWA application.</p>		
Schedule:	Discussions are ongoing with London Borough of Camden and GLA to establish an acceptable basis for re-submitting the scheme. Overall delay is expected to be at least 2 years. Further discussions are needed in order to decide which strategic direction London Underground should follow.		
Forecast:	Year to date expenditure is £0.9m against a budget of £1.2m. The project whole year forecast and lifecycle costs are uncertain as discussions continue.		
Approval:	Authority for preliminary design and supporting costs for securing formal planning application/TWA powers of £18.5m approved on 4 February 2004 by Managing Director Finance & Planning. No further authority will be sought until a solution to the planning issues has been found.		


LU-PJ110	Channel Tunnel Rail Link (CTRL) at Kings Cross	Total Budget = £927m IP = £101m (DfT funded)	
Baseline:	<p>King's Cross Congestion Relief (Channel Tunnel Rail Link) covers increased capacity at King's Cross St Pancras in the form of an expanded Tube ticket hall, step-free access to Metropolitan & Circle lines and links to the new Channel Tunnel Rail Link Terminal.</p> <p>The King's Cross project is funded by the DfT and contracted by London Underground to Metronet. London Underground is currently negotiating a revised contract with Metronet to deliver the remainder of Phase 1 and Phase 2.</p>		
Schedule:	Phase 1 handover dates remain unchanged and on target to complete in 2006 with the New Western Ticket Office due to open in February 2006 and the enlarged Tube Ticket Hall to open in August 2006. Phase 2 programme (Northern Ticket Hall, deep level tunnels and MIP access) agreement with DfT is expected shortly.		
Forecast:	Year to date expenditure totalled £41m against a budget of £51m with the full year forecast £96m against a budget of £110m, reflecting delays in DfT approval of additional funds for Phase 2.		
Approval:	Authority of £462m approved at London Transport Board on 6 February 2003. Additional authority of £465m was approved at IRMC 20 September 2005 for onward submission to PRG. TfL Board approval was received on 26 October 2006 with DfT approval to follow.		

ST-PF38	Congestion Charging Western Extension	Total Budget = N/A IP = N/A	
Baseline:	Overall, the 3 Programmes (WEZ Traffic & Technology, WEZ Setup Costs and Trials) remain on schedule. In respect of WEZ, the Mayor confirmed the variation order on 30 September and contracts for core services, New technology Enforcement Infrastructure (EI) and telecoms were given the go ahead on 3 October.		
Schedule:	Award of the EI Contract and Mayors confirmation of scheme completed. Completion of monitoring cameras installation due 31 March 2006, ahead of target.		
Forecast:	Year to date expenditure totalled £8.8m against a budget of £14.6m with the full year forecast £32m against a budget of £75m reflecting the timing of the scheme confirmation.		
Approval:	The February 2005 TfL Board approved in principle the entering into of contracts required to implement the Western Extension.		

LR-PJ01	East London Line Extension	Total Budget = £896m IP = £896m	
Baseline:	This project scope covers the rail link between Dalston Junction, Crystal Palace and New Cross Gate. This includes 4 new stations, 6 refurbished stations and 3 major bridges.		
Schedule:	The project continues to make good progress with the tender issued for the Main Works package and Rolling Stock tender issue due during the 3rd Quarter. Stage 2 Enabling Works are in progress.		
Forecast:	Accrued expenditure for the year to period 6 amounts to £15.3m against a budget of £13.0m and whole year forecast £44.4m against a budget of £37.2m.		
Approval:	April 2005 - Approval of budgeted funds		

LR-PJ06	DLR Capacity Enhancement 3 Car	Total Budget = £102m IP = £102m	
Baseline:	<p>This scope of this project covers the structural works (platform extensions, track realignment, viaduct strengthening) necessary for 3 car operations between Bank/Tower Gateway & Lewisham.</p> <p>Design development work is progressing pending the receipt of TWA powers to enable procurement of the scheme. The procurement stage is expected to start in early 2006.</p>		
Schedule:	TWA powers were confirmed in October 2005. Tender documents are scheduled to be returned in October 2006.		
Forecast:	Accrued expenditure for the year to period 6 amounts to £0.5m against a budget of £1.9m with the whole year forecast £4.5m against a budget of £4.6m.		
Approval:	October 2005: DLR - Capacity Enhancements (3 Car) - Project approval prior to tender.		

LR-PJ08	London City Airport DLR Extension	Total Budget = £150m IP = £150m	
Baseline:	<p>This scope of this project covers the extension of DLR to London City Airport and onward to King George V, including intermediate stations at West Silvertown and Pontoon Dock. This includes passive provision for two further stations to be opened in line with future development. It has been let as a 30 year DBFM concession.</p> <p>Works are progressing well towards the planned opening date in December. Testing and Assimilation are now complete to all rail systems. Final System Performance Demonstration was completed on 30 October 2005. Final building works should be complete by second week in November 2005, with a potential to open the Railway slightly earlier.</p>		
Schedule:	Completion date on schedule for December 2005.		
Forecast:	Accrued expenditure for the year to period 6 amounts to £1.3m against a budget of £1.7m and whole year forecast £4.2m against a budget of £5.3m.		
Approval:	No additional approvals are required as the project is nearing completion.		

LR-PJ09	Woolwich Arsenal - DLR Extension	Total Budget = £150m IP = £150m	
Baseline:	This scope of this project covers extension of the railway under the Thames from King George V to Woolwich Arsenal with a new combined station at Woolwich Arsenal linking the town centre, buses, South Eastern rail services and Waterfront Transit.		
Schedule:	<p>Land transfer is ongoing with serving of formal notices. Works to the Tunnel Boring Machine (TBM) chamber are progressing well and are on programme. The TBM is confirmed as being on site by the end of January 2006. Construction forecast to commence 3 months ahead of plan (January 2006) with baseline plan completion date confirmed as January 2009.</p>		
Forecast:	Accrued expenditure for the year to period 6 amounts to £9.9m against a budget of £10.0m, and whole year forecast £12.8m against a budget of £11.9m.		
Approval:	No further approvals 2005/06. Funding for construction is now under a concession agreement and no further capital funding will be sought.		

ANNEX 2: Modal Summary of Capital Expenditure

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
London Underground					
Capital expenditure	141	(44)	339	376	(36)
Capital receipts/reimbursements	(45)	12	(129)	(142)	13
Property sales	(6)	3	(13)	(13)	-
Net Capital Expenditure	90	(30)	198	221	(23)
Surface Transport					
Capital expenditure	97	(30)	324	438	(115)
Capital receipts/reimbursements	(5)	-	(14)	(12)	(2)
Net Capital Expenditure	92	(30)	309	426	(117)
London Rail					
Capital expenditure	35	(5)	86	93	(8)
Capital receipts/reimbursements	(2)	(2)	(2)	-	(1)
Net Capital Expenditure	33	(7)	84	93	(9)
Group Directorates					
Capital expenditure	3	(22)	43	110	(67)
Capital receipts/reimbursements	(3)	17	(12)	(47)	35
Net Capital Expenditure	-	(5)	31	63	(31)
Total					
Capital expenditure	277	(102)	792	1,017	(225)
Capital receipts/reimbursements	(55)	27	(157)	(202)	45
Property sales	(6)	3	(13)	(13)	-
Overprogramming (capital)	-	72	(5)	(140)	135
Total Net Capital Expenditure	216	-	618	663	(45)

() variance is a below budget spend for capital expenditure except for capital receipts/reimbursements and property sales

TRANSPORT for LONDON

TfL BOARD

SUBJECT: FINANCE COMMITTEE REPORT

MEETING DATE: 7 DECEMBER 2005

1. PURPOSE

To report to the Board on matters discussed at the Finance Committee meeting on 16 November 2005.

2. BACKGROUND

The Finance Committee considered a report on Operational and Financial performance in the second quarter of 2005/6 and the second quarterly report on the progress of TfL's 5-year Investment Programme. These reports are being considered under a separate agenda item at this Board meeting.

The Committee received an oral update on the on the works being undertaken at Stratford Station which include elements in the Investment Programme relating to the Docklands Light Railway as well as works arising from private development (Stratford City) and to support the 2012 Olympics. The Committee recognised the importance of the Stratford project for TfL, in general, and for the Olympics, in particular. The Committee understood that there was clarity and general agreement about what the project was seeking to achieve but the Committee also recognised the construction, access and commercial risks inherent in a project of this scale, with a challenging timetable and involving a variety of different elements, many of which were outside TfL's control.

The Committee received a half year update on the status of TfL's Efficiency Programme, focussing on progress towards the 2005/06 efficiency target of £148M. It was explained that there was still work to do to realise the efficiencies target for 2005/06 and progress needed watching during the remainder of the financial year. They also received a report on an external audit of TfL's efficiency programme which had been carried out by KPMG. This report was generally positive but did make some recommendations to further improve systems and processes.

The Finance Committee receives reports on approvals expected to be given in 2005/6 by the Commissioner (or in his absence, the Managing Director, Finance and Planning) for projects budgeted to cost between £25m and £100m. No such projects had been approved since the last report to the Committee on 12 October 2005.

The next regular meeting of the Finance Committee will take place on 12 January 2006.

3. RECOMMENDATION

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

**TRANSPORT FOR LONDON
STAFF SUMMARY**

TfL BOARD

SUBJECT: Report from Safety Health and Environment
Committee Meeting – 18th November 2005

MEETING DATE: Wednesday 7th December 2005

1. PURPOSE / INTRODUCTION

To update the Board on Health, Safety and Environmental (HSE) and Resilience matters.

2. BACKGROUND

The main matters at the SHEC meeting of 18th November 2005 were the Q2 performance highlights from the businesses and a review of HSE in major projects across TfL.

A closed session, for reasons of confidentiality and security, was held on Resilience matters.

Business Q4 HSE reports

Corporate Directorates: Members noted the report from Corporate Directorates.

London Rail: Members noted the report from Ian Brown and in particular the good performance on RIDDOR (Reporting of Injuries, Diseases, and Dangerous Occurrences Regulations) incidents, staff assaults and employee injuries. Members also noted that Her Majesty's Railway Inspectorate had 'signed-off' on the City Airport extension and that 7 days full running would take place prior to carriage of passengers.

London Underground: Members noted the report from Tim O'Toole. The underlying decrease in work related violence reported was welcomed as was the action taken by LUL to control the increase in verbal violence to ethnic minorities following the July attacks. An increase in sickness absence due to mental illness was attributed to stress following the July attacks. Members reviewed the rationale for the suspension of the Northern Line following problems with the trip cocks. In response to a question as to whether Signals Passed At Danger (SPADs) were higher than they had been 10 years ago Tim O'Toole responded that since 1995, and particularly as a result of the Ladbroke Grove disaster in 1999, reporting systems for SPADs have been radically changed following a review led by HMRI. This has resulted in data being more effectively captured, and therefore, the overall level of SPADs is almost certainly better than it was in 1995. What has changed is the process for capturing and reporting information. LU continues to actively work to reduce the number of SPADs.

Surface Transport: Members noted the report from Mike Weston/Peter Hendy. Members welcomed the fact that a letter had been sent to the Secretary of State at the DfT regarding limitation on the deployment of additional speed cameras by the London Safety Camera Partnership and that 66 additional safety cameras would be installed and some drivers who were caught speeding might be offered Driving Speed Awareness Training. Members noted that the Limehouse Link fire was being investigated to determine the root causes of the bus fire and related aspects of the damage to the tunnel. As a result of the fire Peter Hendy had written to all bus operators asking them to accelerate the retrofitting of fire suppression measures. Members welcomed the improved bus Driver Quality Monitoring results

Review of HSE in Major Projects

Members noted that Arthur D Little had conducted a high level review of HSE in major projects across TfL and reported that there were no major gaps identified in HSE management.

Sustainability Unit

Members noted that a Sustainability Unit was being set up in General Counsel and that SHEC would monitor its activities on behalf of the Board, whilst recognizing that given the breadth of sustainability matters in TfL SHEC would not be the only way in which these matters would be presented to the Board. In recognizing this duplication of reporting would be avoided. It was agreed that members would be provided with more detail on the proposed activities of the Sustainability Unit at the next meeting.

Health and Well Being Project

Members noted that a Health and well being project had previously been piloted in LUL and that this was now being extended to selected parts of TfL. If these pilots prove successful it is hoped to introduce the well being project throughout TfL.

Closed Session on Resilience Matters

A closed session addressed resilience matters, including the lessons learned and actions taken following the events of July 7th and 21st. In addition members noted that a Review of Resilience matters had been undertaken by KPMG.

Members also noted that planning for a possible 'flu pandemic was underway in conjunction with the GLA and other functional bodies. This includes plans for making the antiviral drug Tamiflu available to all staff and essential contractors who fall ill and considering the wider business continuity issues a pandemic might pose.

3. IMPACT ON FUNDING

None.

4. RECOMMENDATIONS

The Board is asked TO NOTE the content of the report.

Further details on the content of the report can be obtained from:
Richard Stephenson (Tel: 0207 126 4905)
Director Group HSE

TRANSPORT FOR LONDON

TfL BOARD

SUBJECT: AUDIT COMMITTEE REPORT

MEETING DATE: 7 December 2005

1. PURPOSE

To update the Board on the meeting of the Audit Committee held on 23 November 2005.

2. BACKGROUND

The Committee held a scheduled meeting on 23 November at which it considered the following matters.

In reviewing the Work Plan for 2006, the Committee requested a preview of the process of preparing the Statement of Assurance on Corporate Governance and the opinions of General Counsel and the Director of Internal Audit thereon. This would be discussed in private session at the March meeting in advance of the final statement and opinions being presented on the main agenda in June as part of the Annual Report and Statement of Accounts.

The Director of Internal Audit reported on the clearance of audit recommendations by management and presented the 13 final audit reports that were issued in quarter 2. It was agreed that LUL will attend the January Audit Committee meeting to discuss their approach to clearance of audit items.

KPMG reported on the non-audit fees earned for the six months to 30 September 2005. They also presented their unqualified audit opinions on the best value performance indicators and the best value performance plan.

General Counsel presented a paper on developments in establishing a bespoke corporate governance framework for TfL. Further work is to be carried out on the detail of how the framework would operate in practice, but the Committee endorsed the approach outlined in the paper.

The next meeting of the Committee is on 18 January 2006.

3. RECOMMENDATION

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

TRANSPORT FOR LONDON

STAFF SUMMARY

BOARD

SUBJECT: ELECTORAL REGISTRATION DRIVE

MEETING DATE: 7 DECEMBER 2005

1. Purpose

- 1.1. To inform the Board of a Direction and Delegation to TfL from the Mayor in relation to a London-wide voter registration and participation campaign.

2. Background

- 2.1. The Electoral Commission has reported that nearly 1 in 5 people in inner London have not registered to vote. Research shows Londoners are amongst the worst in the country at registering, with 11 per cent of people in outer London and 18 per cent in inner London not registering. In contrast, the average number of people not registering in England is just 8 to 9 per cent, or slightly more than 1 in 14. The same research shows that registration levels are particularly low among certain minority ethnic groups, young people and recent immigrants. Such groups form a significant proportion of London's population.
- 2.2. Not being on the electoral register means that people cannot vote in elections and therefore lose their chance to engage with the democratic process. It can also affect their credit rating, making it difficult to open a bank/building society account or even get a mortgage.
- 2.3. The Government, together with the London boroughs and the Electoral Commission, are proposing conducting a publicity drive in January/February 2006 in order to make it easier for people to register and encourage people to register. To vote in next year's local council elections, people must be registered by mid March.
- 2.4. Harriet Harman, Minister for Constitutional Affairs, has approached the Mayor to ask the GLA to participate in this project. The project will be managed by officers from the Public Consultation team of the GLA, whose business plan objectives include improving communication and engagement with all Londoners. Similarly, the involvement of the London Stakeholders team will ensure that GLA stakeholder groups from London communities are given the opportunity to participate in this process.
- 2.5. GLA officers have met with officers from the Department of Constitutional Affairs to discuss proposals. It is proposed that a publicity drive is carried out in January/ February 2006, comprising activity on three levels:

- Pan London advertising campaign
- Borough activity e.g. sending out letters to non registered households
- Targeting groups with low levels of registration such as students, home movers, minority ethnic groups

2.6. It is proposed that TfL uses some of its existing poster sites and space on TfL's page in The Metro newspaper to carry adverts. TfL has been consulted in relation to the use of its resources in support of the campaign and has agreed to act in accordance with the Direction and Delegation by the Mayor in support of the campaign.

2.7. Under TfL's Standing Order No.1 paragraph 5, TfL is required to report any Directions and Delegations from the Mayor at the next Board Meeting.

3. Legal Background

3.1. The Mayoral Direction and Delegation fall within the Mayor's statutory powers under the Greater London Authority Act 1999. Section 30 of the GLA Act allows the Mayor, acting on behalf of the Authority, and after appropriate consultation, to do anything which the Mayor considers will further the promotion of the economic and social development of Greater London and the improvement of the environment within Greater London. The relevant purpose in this case is the promotion of social development and improvement in Greater London as it is intended to promote participation in the democratic process by and for the benefit of Londoners.

3.2. The Mayor is empowered to direct TfL under section 155 of the Act as to the exercise of its functions. The Mayor may direct TfL to do all things necessary to facilitate the implementation of the London-wide publicity drive to increase voter registration in the capital and participation in the democratic process in London, subject to any conditions imposed by the Mayor.

3.3. The Mayor is further empowered to delegate the exercise of his powers to TfL under section 38 of the Act.

4. Mayoral Direction

4.1. The Mayor has directed TfL to provide support to the London wide publicity drive to increase voter registration in the capital and participation in the democratic process in London ("the Publicity Drive") by making available the use of up to 1,200 poster sites and TfL's page in the Metro as appropriate, subject to certain conditions.

4.2. The conditions laid in the Direction require TfL to adopt such arrangements for the Publicity Drive as the Mayor may notify to TfL from time to time. All expenditure incurred pursuant to this Direction are to be in accordance with TfL's internal corporate governance arrangements, existing contractual obligations, statutory functions and all relevant legislation and rules of law.

5. Mayoral Delegation

5.1. The Mayor has delegated authority to TfL to do all things necessary to facilitate the Publicity Drive to increase voter registration in the capital and

participation in the democratic process in London and to take any other action TfL considers necessary for the purpose of the London wide publicity drive to increase voter registration in the capital and participation in the democratic process in London subject to certain conditions.

- 5.2. TfL is required to notify the Mayor if the income foregone pursuant to this delegation is estimated to be in excess of £200,000. All expenditure incurred or income foregone pursuant to this Delegation shall be in accordance with TfL's internal corporate governance arrangements, existing contractual obligations, statutory functions and all relevant legislation and rules of law;
- 5.3. In exercising this Mayoral Delegation, TfL is required to comply with any directions issued by the Mayor, and instructions issued by any officer authorised by the Mayor (and duly notified to TfL that such person acts as an officer of the Mayor in relation to this Delegation).
- 5.4. TfL is also required to afford to the Head of Law of the Greater London Authority all co-operation and access to documents and facilities as he may from time to time reasonably require in respect of his duties as Monitoring Officer under section 5(2) of the Local Government and Housing Act 1989 as substituted by section 73(6) of the Greater London Authority Act 1999.

6. Recommendations

- 6.1. The Board is requested to NOTE the receipt of the Direction and Delegation from the Mayor.

AGENDA ITEM 8

T(2005)26

DOCUMENTS SEALED ON BEHALF OF TRANSPORT FOR LONDON
27th October – 28th November 2005

- 1 x AGREEMENT UNDER SECTION 106 TOWN AND COUNTRY PLANNING ACT 1990
- 1 x UNILATERAL UNDERTAKING IN RELATION TO BUS PRIORITY MEASURES
FUNDING AT EDGWARE ROAD
- 2 x SECTION 8 AGREEMENT UNDER HIGHWAYS ACT 1980
- 1 x 125 YEAR LEASE IN RELATION TO LAND AT WESTBOURNE GREEN
- 8 x AGREEMENT RELATING TO FINANCIAL ASSISTANCE

The TfL Seal Register will be available for inspection by Board Members at the meeting.