

Board

Date: 17 March 2016

**Item: Operational and Financial Performance and Investment
Programme Reports – Third Quarter 2015/16**

This paper will be considered in public

1 Summary

- 1.1 This paper informs the Board of TfL's Operational and Financial Performance and presents the Investment Programme Report for the third quarter of 2015/16. An executive summary is also provided.
- 1.2 On 2 March 2016, the Finance and Policy Committee reviewed the reports.

2 Recommendation

- 2.1 **The Board is asked to note the TfL Operational and Financial Performance and Investment Programme Reports – Third quarter 2015/16.**

List of appendices to this report:

Appendix 1: Executive Summary for TfL's quarterly finance, investment and operational performance reports and Operational and Financial Performance Report – Third Quarter 2015/16

Appendix 2: Investment Programme Report – Third Quarter 2015/16

List of Background Papers:

None

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TfL's quarterly finance, investment and operational performance reports

Quarter 3, 2015/16

About Transport for London

We are the integrated transport authority for London. Our purpose is to keep London working and growing and to make life in the Capital better. We reinvest all of our income to run and improve London's transport services.

Our operational responsibilities include London Underground, London Buses, Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line.

On the roads, we regulate taxis and the private hire trade, run the Congestion Charging scheme, manage the city's 580km red route network, operate all of the Capital's 6,200 traffic signals and work to ensure a safe environment for all road users.

We are delivering one of the world's largest programmes of transport capital investment, which is building Crossrail, modernising Tube services and stations, improving the road network and making the roads safer, especially for more vulnerable road users, such as pedestrians and cyclists.

We are pioneers in integrated ticketing and providing information to help people move around London. Oyster is the world's most popular smartcard, and contactless payment is making travel ever more convenient. Real-time travel information is provided by us directly and through third parties who use the data TfL makes openly and freely available to power apps and other services.

Improving and expanding transport in London is central to driving economic growth, jobs and housing across the country.

Executive Summary

Quarter 3 (Periods 7-9), 20 September 2015 – 12 December 2015

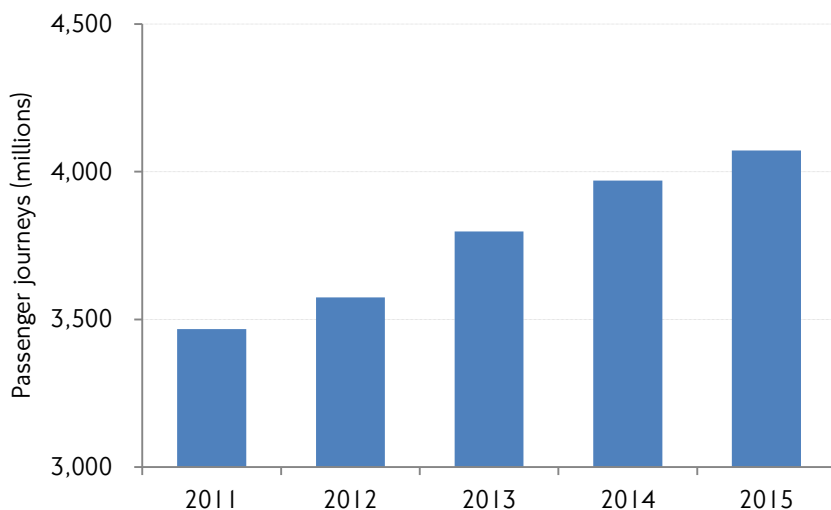
We continued to perform well in Quarter 3, with record passenger journeys on the Tube while also maintaining record high levels of customer satisfaction. Bus passenger journeys continue to be under target as a result of a slight deterioration in reliability levels; we now expect bus reliability and passenger journeys to start picking up in 2016/17.

Our finances show some slippage from Quarter 2, with cash balances at the end of the Quarter £345m higher than we expected. This is primarily the result of rephasing of £400m of project expenditure to later this year and future years.

Customer

- Customer satisfaction levels remain high, with all services better, or equal to, target. LU maintained its record customer satisfaction levels in the quarter – this is now the third successive quarter this score has been achieved. The number of customers stating they had experienced a delay or disruption remained at a record low of four per cent, first achieved in Quarter 2, 2015/16. This has been achieved against a backdrop of record passenger journeys.
- Bus customer satisfaction has dropped from its record level of 86; reliability and time waited scores have dropped by two points, returning to levels from Quarter 3 last year.
- Quarter 3 saw a record breaking number of journeys on the Tube, with four out of five of the busiest weeks and the five busiest days on record. Daily demand topped 4.8 million twice, and weekly demand exceeded 29 million journeys for the first time. Passenger journeys have increased by almost 18 per cent in LU's busiest period, in the weeks immediately prior to Christmas, between 2011 and 2015.

Chart 1: LU average daily passenger journeys in Period 9, 2011-2015

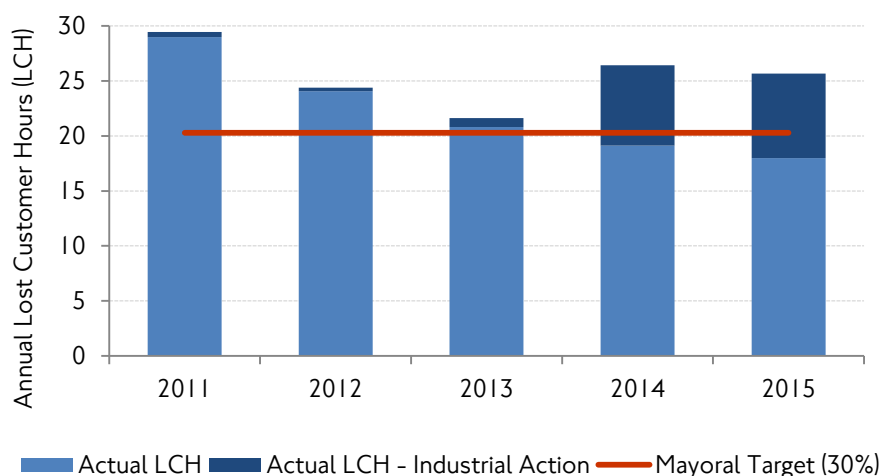


- Bus passenger journeys remain down against target and last year. Over the full year we expect bus passenger journeys to be 19 million lower compared to last year and 79 million under target. The primary cause of this decline in demand is due to the deterioration in bus reliability from increased congestion - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population – and short-term disruption from our Road Modernisation Plan (which will improve London's roads and alleviate congestion once complete).

Reliability

- LU delivered a 38 per cent reduction in delays from 2011 to 2015, with delays on the Tube now at their lowest ever level. On the Victoria, Jubilee and Northern lines, reliability has improved by 74 per cent, 67 per cent and 40 per cent respectively.

Chart 2: LU reliability measured by Lost Customer Hours, 2011-2015



- Quarter 3 LU reliability was better than the same period last year, although was below target. Reliability was affected by poor fleet availability on the Central line and a high number of trains which were unfit for service on the Piccadilly line.
- Both bus excess wait time and Transport for London Road Network (TLRN) journey time reliability continue to be affected by increased traffic levels, a rapidly rising population, and by our Roads Modernisation Plan and town centre improvements. In Quarter 3, TLRN journey time reliability (JTR) was 0.8 index points better than target, but worse than the comparable quarter last year.
- This has led to a worsening in bus reliability. Quarter 3 bus excess wait time was 1.4, 0.1 minutes worse than target and last year. We have introduced measures to improve reliability and reduce the impact from the Roads Modernisation Plan, but we expect reliability over the full year to be 1.2 minutes, 0.1 worse than target and last year.

Safety and security

- The number of people killed and seriously injured (KSI) continued to fall. Quarter 3 saw the lowest level of KSIs on record for this quarter, with KSIs down by 46.4 per cent from the 2005-2009 baseline.¹ We expect to reduce KSIs by 42.4 per cent this year and are on track to achieve a 50 per cent reduction from the baseline by 2020.
- Crime rates are stable on the LU and DLR network. Nevertheless we saw some increases in crime on buses and London Overground in the Quarter. We are continuing to encourage more reporting of sexual offences on London's transport network through Project Guardian.

Financial update

- At the end of Quarter 3, TfL's net service expenditure was £245m under Budget, due to:
- Lower fares income of £23m, due to £48m lower bus fare income – from less passengers as a result of a deterioration in bus reliability - which was partly offset by higher income on the Tube and London Rail

¹ The UK standard for measuring reductions in KSI statistics: *Strategic framework for road safety* (May, 2011)

- Operating expenditure is £142m under Budget, due to rephasing of projects (including Fit for the Future – Stations, Night Tube, and commercial development initiatives) and cost savings of £59m
- Capital expenditure is £60m under Budget in the year to date, a result of significant rephasing to later this year and future years, with key slippages including the Four Lines Modernisation project (£90m), LU station upgrades (including Victoria station fit-out works) (£33m), Borough programmes (£23m) and the Northern Line Extension (£19m).
- At the end of Quarter 3, total TfL cash balances (including funds ring fenced for the Crossrail project) stood at almost £4.0bn, £345m higher than Budget.
- By year end, we now expect our cash balances to reduce to £3.1bn, £84m more than Budget, with £1.4bn of our cash balances committed to the completion of Crossrail, and the remainder - up to a prudent minimum cash level of £500m - to finance key improvements set out in our new Business Plan and Budget:



£2.6bn cash funding
for investment projects



| | |
|--|--------|
| Crossrail | £1.4bn |
| Cycle Superhighways | £0.1bn |
| New Routemasters | £0.1bn |
| Jubilee, Northern and Victoria line upgrades | £0.5bn |
| Bank and Victoria station upgrades | £0.5bn |

Delivery

Reliability

| Rail reliability | Quarter 3 | Variance to Target |
|--|-----------|--------------------|
| LU: Lost Customer Hours ¹ | 4.9 | 0.5 ▲ |
| LU: Excess Journey Time ² | 4.8 | 0.4 ▲ |
| DLR departures ³ | 96.5 | -2.5 ▼ |
| DLR departures (excl. industrial action) | 99.0 | 0.0 ► |
| London Overground PPM ⁴ | 94.2 | -0.3 ▼ |
| TfL Rail | 93.6 | 1.6 ▲ |

| Bus and roads reliability | Quarter 3 | Variance to Target |
|--|-----------|--------------------|
| Buses: Excess Wait Time ⁵ | 1.4 | 0.1 ▲ |
| TLRN journey time reliability ⁶ | 86.9 | 0.8 ▲ |

LU has achieved a 38 per cent reduction in delays from 2011 to 2015, with delays on the Tube now at their lowest-ever level. On the Victoria, Jubilee and Northern lines, reliability has improved by 74 per cent, 67 per cent and 40 per cent respectively.

Quarter 3 LU reliability was better than the same period last year, although below target. Reliability was affected by poor fleet availability on the Central line and a high number of trains which were unfit for service on the Piccadilly line. Underlying DLR reliability was three index points up on last year. Service was also affected by industrial action in November 2015. London Overground performance was lower than target and the same quarter last year; performance was down due to weather related infrastructure problems, and a high volume of small incidents. TfL Rail's reliability has now improved in every quarter we have run this service.

Both bus excess wait time and Transport for London Road Network (TLRN) journey time reliability continue to be affected by increased traffic levels and roadworks. In Quarter 3, TLRN journey time reliability (JTR) was 0.8 index points better than target, but worse than the comparable quarter last year.

This has led to a worsening in bus reliability. Quarter 3 bus excess wait time was 1.4, 0.1 minutes worse than target and last year. We have introduced measures to improve reliability and reduce the impact from the Roads Modernisation Plan and we expect reliability over the full year to be 1.2 minutes, 0.1 worse than target and last year.

¹ Total additional journey time, measured in million hours, experienced by all customers as a result of delays that lasted two minutes or longer

² The average extra time that it took to complete a journey, compared to the time it would have taken if there were no delays, measured in minutes

³ Docklands Light Railway (DLR) departures: the percentage of actual train departures of the base service departures

⁴ The percentage of trains which arrive at their destination on time

⁵ The number of minutes that a passenger has had to wait in excess of the time that they should expect to wait if buses ran as scheduled

⁶ Transport for London Road Network (TLRN) journey time reliability: the percentage of journeys completed within an allowable excess of 5 minutes for a standard 30 minute journey during the AM peak

Crime and safety

| Recorded crime ¹ | Quarter 3 | Variance to Target |
|-----------------------------|-----------|--------------------|
| LU and DLR | 7.2 | 0.8 ▲ |
| London Overground | 6.8 | -1.2 ▼ |
| London Buses | 7.6 | 0.6 ▲ |

We have reduced the rates and levels of crime across our services over recent years; from 2010/11 to 2014/15 the crime rate fell by over 40 per cent on the bus network and by 31 per cent on the LU and DLR networks.

Crime rates on the LU, DLR and bus network were, however, above target in the Quarter. There is evidence to suggest crime rates have risen from the combined effects of increases in the recording violence against the person (VAP) offences and more reporting of sexual offences. Increases in VAP offences reflect wider increases across London and the UK, primarily due to new recording practices established in Summer 2014. VAP offences are being closely monitored and resources have been put in place to address the increases.

In line with Project Guardian expectations, there has been an increase in the number of sexual offences reported to the police on the bus network and on LU and DLR. Project Guardian was launched in July 2013 to reduce unwanted sexual behaviour on public transport in London, which has been historically underreported. Project Guardian aims to increase confidence in reporting of sexual offences, to reduce the risk of becoming a victim and to target offenders.

| Safety | Quarter 3 | Variance to target |
|---|-----------|--------------------|
| Cumulative reduction in killed and seriously injured ² | 46.4 | 2.4 ▲ |

The number of people killed and seriously injured (KSI) continued to fall. Quarter 3 saw the lowest level of KSIs on record in any quarter 3, with KSIs down by 46.4 per cent from the 2005-2009 baseline. We expect to reduce KSIs by 42.4 per cent this year and are on track to reduce KSIs by 50 per cent from the baseline by 2020.

During Quarter 3 we published 'Safe London Streets: Our Approach' with the Mayor, setting out our new approach to further improve road safety by more effectively targeting the key sources of road danger, and to reduce KSIs by 50 per cent by 2020. This was launched alongside a new 'One Risk is One Too Many' campaign consisting of posters, radio adverts and an online interactive quiz. We also introduced average speed camera trials went live on the A40 and we hosted a conference for all London boroughs to promote best practice in delivering 20 mph schemes.

¹ Recorded crime per million passenger journeys

² The UK standard for measuring reductions in KSI statistics: *Strategic framework for road safety* (May, 2011).

Project and milestone progress

| Budget milestone completion ¹ | Full-year forecast |
|--|--------------------|
| Completed on time or early | 89% |
| Late by less than 90 days | 5% |
| Late by 90 days or more | 6% |

| £m | Year to date actuals | Variance to Budget | Full-year forecast variance to Budget |
|---------------------|----------------------|--------------------|---------------------------------------|
| Capital expenditure | (1,822) | 44 ▲ | 43 ▲ |
| Revenue investment | (205) | 20 ▲ | 50 ▲ |
| Total investment | (2,027) | 64 ▲ | 92 ▲ |

We now expect to complete 89 per cent of our planned milestones on time. This quarter:

- We took formal control of the Metropolitan line extension following its transition from Hertfordshire County Council
- On the Northern Line Extension we started construction of the retaining walls within which the new Battersea and Nine Elms Underground stations and track junctions will be built in subterranean boxes
- the Central line platforms at Tottenham Court Road re-opened following an 11-month closure, during which we constructed a new step-free access lift shaft, a new passageway that will link to the new larger ticket hall, and refitted the platforms and refurbished escalators
- The Department for Transport approved the Bank station capacity Transport and Works Act order application. The works, which will increase space and step-free access for customers and reduce interchange times, are expected to start in spring 2016.

Investment expenditure² – including all capital expenditure and £330m of operating costs that are included in investment projects in 2015/16 – is £64m lower than Budget in the year to date, a variance of just over three per cent. The variance to Budget was largely due to project timing (£314m), including the Four Lines Modernisation project, LU Capacity Optimisation projects, the Northern Line Extension, and New Routemaster and Cycle Superhighways. This was partially offset by £236m of central overprogramming provision. Over the full year, investment expenditure is now forecast to be £92m – also just over three per cent - lower than Budget.

¹ Automatic Train Control (ATC) milestones have been excluded from these scores following the cancellation of the ATC contract in December 2013

² A reconciliation between the investment programme financials and the OFR is provided in Appendix B, page 44.

Value

Financial summary

| £m | Year to date actuals | Variance to Budget | Full-year forecast variance to Budget |
|---------------------------|----------------------|--------------------|---------------------------------------|
| Fares income | 3,216 | (23) ▼ | (56) ▼ |
| Other income | 484 | 35 ▲ | 34 ▲ |
| Operating expenditure | (4,381) | 142 ▲ | 141 ▲ |
| Group Items | (224) | 16 ▲ | 26 ▲ |
| Margin | (905) | 170 ▲ | 145 ▲ |
| Net capital expenditure | (1,390) | 60 ▲ | 58 ▲ |
| Crossrail expenditure | (1,055) | 15 ▲ | (78) ▼ |
| Net service expenditure | (3,350) | 245 ▲ | 125 ▲ |
| DfT grants | 1,070 | (27) ▼ | (41) ▼ |
| GLA precept | 4 | 0 ► | 0 ▲ |
| Business rates retention | 565 | 0 ► | (75) ▼ |
| Other grants | 84 | (18) ▼ | (23) ▼ |
| Crossrail funding sources | 696 | 32 ▲ | 13 ▲ |
| Working capital | (356) | 138 ▲ | 88 ▲ |
| Net borrowing | 589 | (24) ▼ | (3) ▼ |
| Cash movements | 698 | (345) ▲ | (84) ▲ |

At the end of Quarter 3, TfL's net service expenditure was £245m under Budget, although we expect to close the year £125m lower than Budget. At the end of Quarter 3, total TfL cash balances (including funds ring fenced for the Crossrail project) stood at £3.9bn, £345m higher than Budget. By year end, we now expect these to reduce to £3.1bn, £84m more than Budget.

Year to date variances are driven by a combination of:

- Lower fares income of £23m mainly due to £48m lower bus fare income, due to less passengers as a result of a deterioration in bus reliability. This has been partly offset by better than expected performance on the Tube and London Rail from increased passenger journeys.
- Operating expenditure is £142m under Budget in the year to date from a combination of rephasing of revenue projects (including £23m for Fit for the Future – Stations and Night Tube implementation and £26m for commercial development), £20m from staff savings, and lower bus contract costs of £18m due to lower diesel prices than assumed when we completed the Budget.
- Group items are £16m under Budget, mainly as a result of lower debt service costs where we have benefitted from low market rates and from executing a low-cost £400m Green Bond at the start of the financial year
- Overall our operating margin is £170m lower than Budget. Our operating account, after taking in to account revenue grants, is £142m lower than Budget, which reflects the reduction in Department for Transport (DfT) General Grant of £34m following the Summer Budget
- Capital expenditure is £60m under Budget in the year to date, a result of rephasing. Key slippages include the Four Lines Modernisation project (£90m), LU station upgrades (including Victoria station fit-out works) (£33m), Borough programmes (£23m), including Cycle Quietways (£11m) and the Northern Line Extension (£19m)
- Crossrail project expenditure is £15m lower than Budget.

Cash balances and movements

| £m | End of Quarter 3 | End of Quarter 3 variance to Budget | End of year forecast variance to Budget |
|---------------------|------------------------|--|---|
| Crossrail SFA | 1,809 | 17 ▲ | (126) ▼ |
| Other TfL | 2,171 | 328 ▲ | 210 ▲ |
| Closing cash | 3,980 | 345 ▲ | 84 ▲ |

TfL has cash reserves which it uses solely for investment; in the year to date we have used almost £700m of cash reserves to help fund our extensive investment programme, and plan to use a further £900m in the final quarter. By the end of 2017/18 we expect to have fully used cash reserves funding the improvements outlined in the new Business Plan and updated in the 2016/17 Budget.

| £m | End of Quarter 3 variance to Budget | End of year forecast variance to Budget |
|-------------------------------------|--|---|
| Timing differences | | |
| Investment rephasing | 400 ▲ | 482 ▲ |
| Crossrail | 15 ▲ | (78) ▼ |
| Overprogramming | (218) ▼ | (191) ▼ |
| Grant changes | 14 ▲ | (11) ▼ |
| Working capital | 138 ▲ | 88 ▲ |
| Total timing differences | 349 ▲ | 290 ▲ |
| Underlying differences | | |
| Net cost reductions/ (increases) | 5 ▲ | (99) ▼ |
| Group items | 16 ▲ | 26 ▲ |
| Fares income | (23) ▼ | (56) ▼ |
| Grant changes | (27) ▼ | (115) ▼ |
| Other | 25 ▲ | 38 ▲ |
| Total underlying changes | (4) ▼ | (206) ▼ |
| Total cash movements | 345 ▲ | 84 ▲ |

Efficiencies

| £m | Year to date actuals | Variance to Budget | Full-year forecast variance to Budget |
|-----------------------|----------------------|--------------------|---------------------------------------|
| Gross savings secured | 83 | (2) ▼ | (19) ▼ |
| Implementation costs | (26) | 4 ▲ | 29 ▲ |
| Net efficiencies | 58 | 1 ▲ | 9 ▲ |

Our £16bn efficiency programme aims to deliver improvements to London's transport network ensuring the Capital continues to work and grow, while keeping fares affordable and managing with less government funding. We have already secured £14bn of our long-term savings target of £16bn and have plans to secure at least a further £2bn by the end of 2020/21.

Our efficiencies programme is largely in line with Budget in the year to date. New initiatives are currently being identified to mitigate the shortfall over the rest of the Business Plan.

The recent government Spending Review has presented us with a significant new challenge to reduce our cost base. As a result we will reset the savings target to zero from 2016/17 and develop new cost reduction targets which will run over one to three years. These costs reductions will be hard wired into the annual budget and long-term business plan.

Customer

Passenger journeys

| Million | Quarter 3 | Variance to Target |
|-----------------------|-----------|--------------------|
| London Underground | 338.4 | 1.5 ▲ |
| London Buses | 559 | -34 ▼ |
| DLR | 27.9 | -1.2 ▼ |
| London Overground | 47.3 | 5.8 ▲ |
| Tramlink | 6.6 | -1.0 ▼ |
| Emirates Air Line | 0.3 | 0.0 ▲ |
| TfL Rail | 11.8 | 2.7 ▲ |
| London River Services | 1.9 | -0.2 ▼ |

Quarter 3 saw a record breaking number of journeys on the Tube with four out of five of the busiest weeks and the five busiest days on record. Daily demand topped 4.8 million twice, and weekly demand exceeded 29 million journeys for the first time. Passenger journeys were up 4 per cent from the same quarter last year. Bus passenger journeys are down against target and last year. Over the full year we expect bus passenger journeys to be 19 million lower compared to last year and 79 million under target. The primary cause of this decline in demand is due to the deterioration in bus reliability from increased congestion - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population - and short-term disruption from our Road Modernisation Plan (which will improve London's roads and alleviate congestion once complete). Underlying passenger growth remains strong on the DLR. Quarter 3 was under target, due to 48-hour strike; passenger journeys remained 3 per cent higher than the same quarter last year.

Cycling

| Cycling levels | Quarter 3 | Variance to Target |
|-------------------------------------|-----------|--------------------|
| Cycling growth per cent | 0.2 | -2.8 ▼ |
| Cycling levels on TLRN ¹ | 317 | -43 ▼ |
| Cycle Hire | 2,190 | 64 ▲ |

More than 645,000 journeys are made by bike every day in London, and cycling in London has more than doubled in the last decade. Levels of cycling in central London reached a daily average of 527,931 kilometres, or an estimated 172,600 journeys. This represents a 0.2 percent increase in cycling compared to the same quarter in 2014. Over the full year, we expect cycling levels to increase two per cent from 2014. Since 2010, cycling journeys in Central London have trebled.

The highest levels of cycling are usually reported during the summer and weather conditions are associated with this increase. Cyclists are more sensitive than other road users to the weather and Quarter 3 of 2015 was both colder and wetter than the same quarter during 2014, with over 50 percent more rainfall. August 2015 was the wettest August since 1977. This may have contributed to a slowing of cycling growth within central London during Quarter 3 of 2015.

£913m will be spent on cycling schemes up to 2021/22, to boost cycling levels, delivering a step-change in cycling provision to support the growing numbers of cyclists in the

¹ Cycling levels on the Transport for London Road Network (TLRN), indexed at 100 in March 2000

capital.

Customer satisfaction and complaints

| CSS score | Quarter 3 | Variance to Target |
|--------------------|-----------|--------------------|
| London Underground | 85 | 1 ▲ |
| London Buses | 85 | 1 ▲ |
| DLR | 89 | 1 ▲ |
| London Overground | 83 | 1 ▲ |
| Tramlink | 89 | 1 ▲ |
| Emirates Air Line | 94 | 1 ▲ |
| TfL Rail | 83 | 3 ▲ |
| Dial-a-Ride | 92 | 0 ► |

| Complaints per 100,000 journeys | Quarter 3 | Variance to Quarter 3, 2014/15 |
|---------------------------------|-----------|--------------------------------|
| London Underground | 0.98 | -0.16 ▼ |
| Docklands Light Railway | 1.30 | -1.05 ▼ |
| London Overground ¹ | 3.40 | 0.21 ▲ |
| Emirates Air Line | 2.89 | -2.25 ▼ |
| London Buses | 3.76 | 0.47 ▲ |
| Congestion Charge | 7.89 | 0.31 ▲ |
| Santander Cycle Hire | 4.06 | -1.54 ▼ |
| London Tramlink | 2.72 | 1.10 ▲ |
| Dial-a-Ride ² | 95.89 | -67.74 ▼ |

Customer satisfaction levels remain high, with all services better, or equal to, target. LU maintained its record overall Customer Satisfaction Survey in the quarter – this is now the third successive quarter this score has been achieved. The number of customers stating they had experienced a delay or disruption remained at a record low of four per cent first achieved in Quarter 2, 2015/16. This has been achieved against a backdrop of record passenger journeys. Bus customer satisfaction has dropped from its highest level of 86; reliability and time waited scores have dropped by 2 points, returning to levels from Quarter 3 last year. Customer satisfaction with Dial-a-Ride reached 92, in line with target and one point higher than last quarter.

Dial-a-Ride, the EAL, Santander Cycle Hire and the DLR all saw significant reductions in their complaints rate in the Quarter. London Tramlink complaints have increased, focussing on service reliability and crowding following the reopening of the service to Wimbledon. Customers' expectations were that the frequency of trams would improve with the new platform, but extra trams are not planned until Spring 2016. Bus complaints are up 0.47 per million journeys this quarter, largely due to reduced reliability levels. Short-term changes to timetables have been introduced where possible to mitigate against planned works, and options for improved bus priority are being considered.

¹ Includes West Anglia services from 31 May 2015

² Per 100,000 journey requests

People

Headcount

| FTE | End of Quarter 3 | End of Quarter 3 variance to Budget | End of year variance to Budget |
|--------------------|------------------|-------------------------------------|--------------------------------|
| London Underground | 21,725 | (548) ▲ | (1,240) ▲ |
| London Rail | 354 | (46) ▲ | (71) ▲ |
| Surface Transport | 3,785 | (69) ▲ | (119) ▲ |
| Shared Services | 4,376 | (322) ▲ | (390) ▲ |
| Crossrail | 1,006 | 56 ▼ | 0 ▼ |
| Total TfL | 31,246 | (929) ▲ | (1,820) ▲ |

At the end of Quarter 3, TfL's headcount – measured in full-time equivalent (FTE) – was 31,246, 929 higher than Budget due to:

- 143 additional headcount to deliver the Four Lines Modernisation programme
- 98 additional FTE in Taxi and Private Hire due to higher volumes and enhanced licencing & compliance activities, which are funded from the licence fee
- 141 project-funded additional staff in IM working on projects including Fit for Future - Stations, Mobile Desktop, SAP Run Better and Night Tube
- 52 additional roles on projects across Customer Experience, Marketing and Communications including the London Road User Project and Web Integration, and various others
- A central vacancy overlay of 260, reducing the Budget to adjust for anticipated recruitment delays, which is no longer required.

At the end of the financial year, we expect to employ 31,063 FTE, 1,820 more than Budget with:

- 810 higher in LU Operations, as a result of the Budget anticipating that staff members affected by the Fit for the Future Stations programme would leave during the final quarter of 2015/16; the majority of these staff will now leave in the first quarter of 2016/17. The impact on staff costs is small as these staff have been employed for an additional three periods
- 385 FTE higher in LU capital programmes, mainly due to 203 additional staff on the Four Lines Modernisation programme following review. The cost was included in the Budget, but we then anticipated staff would be employed indirectly through the contractor. In addition, 134 Project Management Office (PMO) staff transferred from shared services, where the cost impact to TfL is neutral
- A further 45 FTE in LU to support commercial activities and Fit for the Future Stations, which is an unbudgeted increase in staff costs
- 30 increase in Trams mainly relating to maintenance being brought in-house. This is cost beneficial, with

reduced maintenance costs

- 33 increase in LO including additional project resource including Barking Riverside Extension, and Gospel Oak to Barking electrification. The costs of employing staff was included in the Budget, but not the FTE
- 167 additional third-party funded FTEs in Surface Transport, including Taxi & Private Hire to process increased numbers of applications which have been partly offset by vacancies in other areas
- 371 project staff across shared services, including: 272 in IM; 71 in Customer Experience, Marketing and Communications working on Cycle Hire re let and the Future Ticketing Project; 17 in Finance; and a further 28 additional staff to support transformation projects. The staff costs for these additional roles were fully costed into the project, but were not included as FTE in the Budget
- an increase of 50 FTEs in HR to support higher recruitment demand across the business. This is an unbudgeted increase in staff costs
- 20 additional FTEs in Planning to support Crossrail 2 feasibility work. As above, this is also an increase in staff costs
- A further 53 FTEs across shared services, including additional Lost Property Office staff to deal with increased demand. This is an unbudgeted increase in staff costs
- These were offset by a transfer of 104 FTEs from Project Management Office into LU, which has no financial impact on TfL
- Overall staff costs are expected to be £6m – 0.3 per cent - higher than Budget over the full year. The costs of additional non-project funded staff have been largely mitigated through lower than budgeted pay awards - as a result of lower inflation and a new pay for performance framework – and through employment of staff on lower pay grades.

Operational and Financial Performance Report

Quarter 3, 2015/16

Operational and Financial Performance Report

Quarter 3 (Periods 7-9), 20 September 2015 – 12 December 2015









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Delivery

Reliability

Table 1: Rail and Underground reliability

| Performance indicator | Unit | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|---|-------------------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|---|
| | | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▼ lower is better | | | | | | | | |
| London Underground: total lost customer hours | Millions of hours | 4.9 | 0.5 ▲ | -0.2 | 25.8 | 7.0 ▲ | 3.1 |  |
| London Underground: total lost customer hours (excl. industrial action) | Millions of hours | 4.9 | 0.5 ▲ | -0.1 | 18.2 | -0.6 ▼ | -0.6 |  |
| London Underground: excess journey time | Minutes | 4.8 | 0.4 ▲ | -0.2 | 4.6 | 0.1 ▲ | -0.1 |  |
| London Underground: excess journey time (excl. industrial action) | Minutes | 4.8 | 0.4 ▲ | -0.2 | 4.3 | -0.2 ▼ | -0.2 |  |
| ▲ higher is better | | | | | | | | |
| DLR: Departures | % | 96.5 | -2.5 ▼ | -2.7 | 98.5 | -0.5 ▼ | -0.8 |  |
| DLR: Departures (excl. industrial action) | % | 99.0 | 0.0 ► | 3.1 | 99.1 | 0.1 ▲ | -0.2 |  |
| London Overground: public performance measure ¹ | % | 94.2 | -0.3 ▼ | -1.6 | 94.0 | -0.5 ▼ | -1.2 |  |
| TfL Rail | % | 93.6 | 1.6 ▲ | 2.4 | 94.0 | 1.4 ▲ | 1.8 | N/A |
| Emirates Air Line: availability | % | 91.7 | -3.3 ▼ | -5.7 | 95.0 | 0.0 ► | -1.3 |  |

Rail and Underground reliability

1.0 LU delivered a 38 per cent reduction in delays from 2011 to 2015, with delays on the Tube now at their lowest-ever level. On the Victoria, Jubilee and Northern lines, reliability has improved by 74 per cent, 67 per cent and 40 per cent respectively. This has been achieved from:

- sustained investment in modernisation of Tube signalling, track and trains
- New techniques to predict when maintenance on the lines is required to prevent unexpected equipment failure and delays to customers
- Working with the British Transport Police to respond to incidents more quickly by getting engineers to incidents under 'blue light' conditions

¹ Includes services between Liverpool Street and Enfield, Chestnut and Chingford from 31 May 2015

- Locating engineering and operations staff in one control centre to speed up incident recovery times
- The installation of covers on train passenger alarms, which has significantly reduced the number of accidental activations.

- I.1 Underlying LU reliability in Quarter 3 was better than last year, although down on target. The Central line experienced poor fleet availability in Period 7 of the quarter, due to train motors failing with flashovers four times more frequently than expected. We have taken steps to improve this, and our recovery plan has seen reduced frequency of flashovers in subsequent periods. Towards the end of the quarter, the Piccadilly line saw a high number of trains unfit for service due to wheel flats. The causes are currently being investigated but are likely to be a combination of seasonal rail adhesion issues and driving technique.
- I.2 DLR departures in the Quarter were down on both last year and target. This was due to the 48-hour strike on 3 and 4 November 2015. Excluding strike action, reliability was very good, up 3.1 index points from the same quarter last year.
- I.3 LO's operational performance -measured by the public performance measure (PPM) moving annual average (MAA) - was 94.2 per cent in the Quarter, lower than both target and the comparable quarter from 2014/15. LO had a challenging quarter in terms of rail adhesion and weather related infrastructure issues. Network Rail performance was down across the network, most notably due to the volume of small incidents created by the challenging conditions on the worst days of autumn, but also due to infrastructure faults affecting key routes. Despite missing target. LO performance continues to exceed the national average for Train Operating Companies (TOCs) - of 89.3 per cent - and is ranked as the fourth most reliable TOC in the national PPM table.¹
- I.4 Performance has continued to improve on TfL Rail services running from Liverpool Street to Shenfield, which will form part of Crossrail. The PPM MAA has improved in every period TfL has controlled these services and is now comfortably better than target. TfL Rail is now ranked fifth in the national PPM league (based on the MAA) and performance in Period 9 was the second best out of all the TOCs in the country.
- I.5 Quarter 3 performance on the Emirates Air Line (EAL) was significantly affected by gusting winds, particularly in Period 9 when availability was reduced to only 78.1 per cent. Despite this, operational availability averaged 91.7 per cent over the full Quarter, achieving 99.9 per cent availability in Period 7.

¹ Latest data on TOC performance can be found at <http://www.networkrail.co.uk/about/performance/>

Road and bus reliability

- 1.6 Since late 2014/15 roads and bus reliability has been affected by increased traffic levels - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population - and construction of the Road Modernisation Plan.
- 1.7 In Quarter 3, traffic levels were down 1.6 index points from the same quarter last year; however, this has not resulted in improvement to journey time or bus reliability. Journey time reliability achieved target in Quarter 3 with reliability of 86.9 per cent, but was 0.6 index points lower than the comparable quarter last year. Journey time reliability in Central London in the morning peak was 85.7 per cent; this is 0.4 index points lower than the same quarter in 2014/15.
- 1.8 Bus reliability – measured by excess wait time (EWT) – was 0.1 minutes worse than both target and the comparable quarter from last year. Reliability was adversely affected by a high level of major road schemes, including those for the East-West and North-South Cycle Superhighways. Congestion was particularly severe at locations where these works coincided with other improvement schemes, such as at Aldgate and Elephant and Castle. As a result, reliability over the full year is forecast at 1.2 minutes. A range of measures has been introduced to reduce the impacts of major roadworks and a wider deterioration in traffic congestion upon service reliability.
- 1.9 Congestion and bus reliability is expected to improve during 2016 as individual road schemes are completed and the benefits of the Road Modernisation Plan start to materialise.

Table 2: Road and bus reliability

| Performance indicator | Unit | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|---|-----------------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|-------------------|
| | | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▼ lower is better | | | | | | | | |
| London Buses: excess wait time | Minutes | 1.4 | 0.1 ▲ | 0.1 | 1.2 | 0.1 ▲ | 0.1 | |
| TLRN: planned serious and severe disruption | Hours | 509 | N/A | 320 | 1,500 | - ► | 569 | |
| TLRN: unplanned serious and severe disruption per event | Hours per event | 2.0 | - ► | 0.1 | 2.0 | - ► | N/A | N/A |
| ▲ higher is better | | | | | | | | |
| TLRN: journey time reliability (AM peak) | % | 86.9 | 0.8 ▲ | -0.6 | 87 | 0.0 ► | -1.3 | |
| TLRN: carriageway in state of good repair | % | Annual measure | | | 92 | 0.0 ► | 1 | |
| Dial-a-Ride: trip requests scheduled | % | 88.6 | -2.4 ▼ | -0.8 | 90.0 | -1.0 ▼ | -0.2 | |

- 1.10 In Quarter 3, 88.6 per cent of Dial-a-Ride trip requests were scheduled. This was 2.4 index points below target; the service continues to experience difficulties in covering core driving duties, due to

a shortage of drivers. Dial-a-Ride has reduced the levels of trips allocated to taxi and private hire contractors following concerns about reliability. Our contracted community transport groups - whilst maintaining existing service levels - are unable to provide any further additional assistance due to their own lack of driving staff.

- I.11 Dial-a-Ride is now expecting full-year performance of 90 per cent, which is one per cent lower than target, but in line with last year. This is at risk if delays in Enhanced Disclosing and Barring Service certification continue, delaying new drivers from entering active service in Quarter 4.

Safety and security

Table 3: Crime

| Performance indicator | Unit | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|--|----------------------------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|-------------------|
| | | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▼ lower is better | | | | | | | | |
| LU and DLR recorded crime ¹ | Million passenger journeys | 7.2 | 0.8 ▲ | 0.3 | 7.1 | 0.3 ▲ | 0.3 | |
| London Overground recorded crime | Million passenger journeys | 6.8 | -1.2 ▼ | 1.2 | 7.5 | 0.0 ► | 1.8 | N/A |
| London Buses: recorded crime | Million passenger journeys | 7.6 | 0.6 ▲ | 0.2 | 7.3 | 0.1 ▲ | 0.1 | |

- 1.12 The rate of crime per million passenger journeys on the LU, DLR and bus network is above the Quarter 3 target and the same quarter last year, although remains historically low. Maintaining the low rates of crime throughout 2015/16 is challenging due to the combined impact of continued increases in the recording of violence against the person (VAP) offences, increased reporting of sexual offences and, for the bus network, the recent decline in bus passenger numbers.
- 1.13 Recorded sexual offences have increased, with a rise of 52.8 per cent - 214 additional offences on the LU and DLR network, and 19.8 per cent - an additional 87 offences - in the first three quarters of 2015/16 (April – November 2015) compared with the same period last year. This was anticipated and is considered a positive result of Project Guardian. Project Guardian was launched in July 2013 in partnership with the British Transport Police, City of London Police and the Metropolitan Police Service to reduce unwanted sexual behaviour on public transport in London which has historically been underreported. Project Guardian aims to increase the confidence in reporting sexual offences which occur on the London's public transport system, reduce the risk of becoming a victim, challenge unwelcome sexual behaviour and target offenders. With the Metropolitan Police Service we launched a joint communications campaign – Report it to stop it - to encourage passengers to report any unwanted sexual behaviour on the transport network, which is helping to narrow the underreporting gap. The campaign is running in parallel to ongoing targeted police activity and investigation of these offences. Project Guardian has received very positive feedback and wide public and political support.
- 1.14 The increase in VAP on the transport network reflects a wider increase in VAP across London and other UK police forces, primarily due to changes in national recording practices in Summer 2014. In the first three quarters of 2015/16 (April – November), there was a 20.7 per cent increase - 302 additional offences - in VAP offences on the LU and DLR network and a 16.8 per cent increase - an additional 622 offences - on the bus network. Levels of VAP across the network are being monitored closely, with resources reallocated and additional measures put in place to address this

¹ Quarter 3 refers to snapshot crime figures for September – November 2015. The information reported here may be different to other quarterly crime information published by TfL.

increase in some areas on the network; BTP patrols of the network have been stepped up every Thursday, Friday and Saturday evenings in hotspot locations.

- I.15 The rate of crime on LO in Quarter 3 was significantly below target, but is above 2014/15 levels. The increase in crime on LO reflects the higher levels of crime that have historically been seen on the West Anglia part of the network which we started operating from May 2015. Currently, crime on the West Anglia part of the network accounts for approximately 35 per cent of crime on the LO network. TfL and the BTP have put measures in place such as infrastructure improvements and proactive policing operations to tackle the higher levels of crime seen on this part of the network. Despite the increase seen during Quarter 3, both the rate and volume of crime on LO remains at a very low level and LO continues to be one of safest modes of travel in London.


Table 4: Safety

| Performance indicator | Unit | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|--|------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|-------------------|
| | | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▼ <i>lower is better</i> | | | | | | | | |
| London Underground & Rail significant injuries per million hours | Rate | 0.18 | -0.22 ▼ | -0.21 | 0.18 | -0.22 ▼ | -0.21 | NA |

- I.16 Rail & Underground significant injuries per million hours includes death (excluding suicide) and RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable injuries to all customers, staff and contractors. It is aligned with the revised Office of Roads and Rail (ORR) standard. The downward trend throughout last year has continued throughout 2015/16, with the rate in Quarter 3 at 0.18. This was 54 per cent better than the same quarter last year and 18 per cent better than the previous quarter.

Road safety

Table 5: Killed and seriously injured (KSI) reduction from 2005–2009 average

| Performance indicator | Unit | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|---|------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|---|
| | | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▲ higher is better | | | | | | | | |
| Cumulative reduction in KSI Londonwide ¹ | % | 46.4 | 3.7▲ | 4.7 | 42.4 | 2.4▲ | 2.1 |  |

- I.17 Provisional data for Quarter 3 of 2015 shows that 494 people were killed or seriously injured (KSI) on London’s roads. This is the lowest level of KSIs on record for Quarter 3 and a 46.4 per cent reduction from the 2005–2009 baseline.²
- I.18 Our full-year target is to reduce KSIs by 40 per cent against the 2005–09 baseline, which will ensure we are on track to achieve the Mayor’s new long-term target of a 50 per cent reduction by 2020. We now expect to reduce KSIs by 42.4 per cent this year, solidly on track to achieve the 2020 target.
- I.19 During Quarter 3 of 2015, the Mayor and TfL published ‘Safe London Streets: Our Approach’, which sets out our new approach to further improve road safety by more effectively targeting the key sources of road danger, and to reduce KSIs by 50 per cent by 2020. This was launched alongside a new ‘One Risk is One Too Many’ campaign consisting of posters, radio adverts and an online interactive quiz. We also introduced average speed camera trials went live on the A40 and we hosted a conference for all London boroughs to promote best practice in delivering 20 mph schemes. Work continued on the Pedestrian Town Centre programme in Tooting and Peckham, which will improve pedestrian safety through a combination of behaviour change, marketing and enforcement activities. The Intelligent Speed Assistance (ISA) trial on London buses, which limits vehicles to the speed limit of the road it is driving on, has continued and will enable us to better understand the benefits of ISA and the potential to widen its use on the bus fleet.

¹ Reduction from a baseline of the 2005–2009 average, July 2015 to September 2015

² The UK standard for measuring reductions in KSI statistics: *Strategic framework for road safety* (May, 2011)

Value

The operating and capital accounts below show financial variances for actuals as of the end of Quarter 3 2015/16 against the Budget, as well as our full-year forecast as of the end of Quarter 3. The table highlights TfL's operating contribution to fund investment, after revenue grants, including DfT General Grant, Business Rates Retention and the Greater London Authority (GLA) precept. The operating contribution is used to help fund investment and is allocated to projects through the annual business planning process.

Table 6: TfL group finances – Operating account

| TfL group (£m) | Year to date | | Full year 2015/16 | | | |
|---|--------------|--------------------|--------------------|---------------------------------|------------------------------|-------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget | |
| Fares income | 3,216 | (23) ▼ | 4,584 | (8) | (56) ▼ | -1% |
| Other operating income | 484 | 35 ▲ | 675 | 13 | 34 ▲ | 5% |
| Total income | 3,700 | 12 ▲ | 5,259 | 4 | (22) ▼ | 0% |
| Operating expenditure (net of third-party contributions) | (4,381) | 142 ▲ | (6,492) | 30 | 141 ▲ | -2% |
| Operating margin | (681) | 154 ▲ | (1,234) | 34 | 119 ▲ | -9% |
| Interest income ¹ | 19 | 4 ▲ | 23 | (0) | 0 ▲ | -1% |
| Debt interest | (262) | 18 ▲ | (378) | (0) | 23 ▲ | -6% |
| Contingency and group items | 18 | (6) ▼ | 37 | (0) | 2 ▲ | 7% |
| Margin | (905) | 170 ▲ | (1,552) | 34 | 145 ▲ | -9% |
| Finance sources | | | | | | |
| General grant | 403 | (34) ▼ | 591 | (0) | (48) ▼ | -8% |
| Overground grant | 27 | 7 ▲ | 37 | (0) | 8 ▲ | 26% |
| GLA precept | 4 | 0 ▲ | 6 | (0) | 0 ▲ | 0% |
| Business Rates Retention | 565 | 0 ▲ | 773 | (0) | (75) ▼ | -9% |
| Other revenue grants | 0 | 0 ▲ | 1 | (0) | 1 ▲ | |
| Total revenue grants | 998 | (27) ▼ | 1,408 | (0) | (115) ▼ | -8% |
| Operating contribution to fund investment ² | 93 | 142 ▲ | (144) | 34 | 30 ▲ | -17% |

¹ Includes interest on the Crossrail Sponsors' Fund Account

² The operating contribution to fund investment is allocated to projects in our annual Business Plan. Any in-year variances to these values are assessed as part of our planning process.

Table 7: TfL group finances – Capital account

| TfL group (£m) | Year to date | | Full year 2015/16 | | | |
|---|--------------|--------------------|--------------------|---------------------------------|------------------------------|-----------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget | |
| Capital expenditure | (1,822) | 44 ▲ | (2,526) | 74 | 43 ▲ | -2% |
| Third-party contributions – capital | 50 | 15 ▲ | 65 | (0) | 7 ▲ | 13% |
| Sales of property and other assets | 381 | 1 ▲ | 393 | (0) | 8 ▲ | 2% |
| Net capital expenditure excl. Crossrail | (1,390) | 60 ▲ | (2,068) | 74 | 58 ▲ | -3% |
| Crossrail capital expenditure | (1,055) | 15 ▲ | (1,613) | (82) | (78) ▼ | 5% |
| Net capital expenditure incl. Crossrail | (2,445) | 75 ▲ | (3,681) | (8) | (20) ▼ | 1% |
| Finance sources | | | | | | |
| Surplus/ -deficit to fund investment | 93 | 142 ▲ | (144) | 34 | 30 ▲ | -17% |
| Investment grant | 640 | 0 ▲ | 925 | (0) | 0 ▲ | 0% |
| Crossrail funding sources | 696 | 32 ▲ | 906 | (0) | 13 ▲ | 1% |
| Other capital grants | 84 | (18) ▼ | 141 | (0) | (24) ▼ | -15% |
| Working capital | (356) | 138 ▲ | (339) | 7 | 88 ▲ | -21% |
| Net borrowing and reserve movements | 1,287 | (368) ▼ | 2,192 | (33) | (87) ▼ | -4% |
| Total | 2,445 | (75) ▼ | 3,681 | 8 | 20 ▲ | 1% |

Fares income

2.0 As in previous quarters, fares income remains close to Budget, with a variance of £23m – 0.7 per cent. LU and London Rail have both seen higher than expected levels of passenger journeys, as both the economy and population continue to grow. Bus fares income is 4.2 per cent lower than Budget in the year to date, from lower than expected passenger numbers. This is largely due to reduced bus reliability, which has been affected by high levels of traffic flows and our Road Modernisation Plan.

Table 8: Fares income

| Fares income (£m) | Year to date | | Full year 2015/16 | | |
|---------------------------|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| London Underground | 1,804 | 16 ▲ | 2,561 | (0) | 5 ▲ |
| London Rail | 331 | 9 ▲ | 489 | 5 | 17 ▲ |
| London Buses | 1,081 | (48) ▼ | 1,534 | (14) | (77) ▼ |
| Total fares income | 3,216 | (23) ▼ | 4,584 | (8) | (56) ▼ |

2.1 LU passenger demand has remained strong, with record passenger numbers in December 2015; the Tube saw its busiest day ever on Friday 4 December 2015 with 4,821 million customers. Four of the busiest days on the network were in Quarter 3.¹ Fares income was £16m higher than Budget in the year to date:

- £37m additional income largely due to increased passenger numbers coupled with a favourable travelcard allocation and ticket yield
- Offset by £16m lower income due to industrial action in July and August 2015 and £5m due to Night Tube delays.

2.2 Over the full year, LU fares income is expected to be £5m higher than Budget.

- £49m increase from higher passenger demand and travelcard apportionment, offset by
- £19m reduction from lower fare increases in January 2016 – due to a lower than previously assumed inflation rate and a real terms fares freeze
- industrial action and the delayed Night Tube launch resulted in shortfalls of £16m and £9m respectively.

2.3 LR (including TfL Rail) fares income was £9m higher than Budget in the year to date. This was mainly due to continued passenger journey growth in London Overground and improved ticket yield on DLR.

2.4 Over the full year, fares income in LR is expected to be £17m higher than Budget. This is driven by higher passenger demand and improved yield totalling £20m, offset by £3m from the real terms fares freeze.

2.5 Bus fares income was £48m down against Budget in the year to date. This is due to lower fare paying passengers – down 60 million against Budget – than anticipated, with lower travelcard and

¹ 4 December 2015 (4.821 million); 27 November 2015 (4.795 million); 9 October 2015 (4.735 million); 28 November 2014 (4.734 million); 29 October 2015 (4.719 million)

PAYG journeys than previously budgeted. This decline in bus passengers is due to the deterioration in bus reliability, which has been affected by increased congestion – due to higher traffic levels from economic and population growth - and TfL's Road Modernisation Plan.

- 2.6 The previous fares forecast assumed a return to year-on-year passenger growth from January 2016 following signs of recovery mid year. However, the latest projections are that whilst conditions will ease from January 2016, year-on-year declines will continue for the remainder of 2016/17. The bus fares income forecast has been adjusted down by £14m and is now expected to be £77m under Budget over the full year.

Other operating income

Table 9: Other operating income

| Other operating income (£m) | Year to date | | Full year 2015/16 | | |
|--|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| London Underground | 96 | 2 ▲ | 147 | 7 | 7 ▲ |
| London Rail | 19 | 0 ▲ | 28 | 0 | 3 ▲ |
| Congestion Charge, LEZ and Road Network Compliance | 214 | 1 ▲ | 300 | (0) | (1) ▼ |
| Santander Cycles | 12 | 0 ▲ | 16 | (0) | 0 ▲ |
| Other Surface Transport | 80 | 9 ▲ | 115 | 1 | 13 ▲ |
| Shared services | 63 | 22 ▲ | 68 | 5 | 10 ▲ |
| Total other income | 484 | 35 ▲ | 674 | 13 | 34 ▲ |

- 2.7 LU other operating income was £2m higher than Budget in the year to date. The increase was mainly property rental income due to backdated rents and phasing which will unwind later in the year. For the full year, LU other operating income is expected to be £7m higher than Budget, mainly due to increased advertising income resulting from additional advertising space and contractual rebate.
- 2.8 Other Surface Transport operating income is £9m higher than Budget in the year to date. Increases in income are partly due to £4m from higher than expected private hire licensing income, with driver licenses up by 38 per cent compared to last year and private hire vehicle licenses up by 27 per cent. This trend is expected to continue over the rest of the year, with an additional £5m income added to the latest forecast. This income is reinvested to meet the higher cost of licencing and compliance activities associated with more private hire vehicles and drivers. In addition, income was £2m up from the provision of replacement bus services to Network Rail and from higher advertising revenue on New Routemasters.
- 2.9 Shared services income was up £22m in the year to date. £11m of income was received earlier than expected, including £7m of tax rebates, £2m from early vacating of leased property, and £2m of backdated rents across TfL's property portfolio. In addition, we received £9m of higher income, with £4m from increased levels of applications for Oyster cards such as 16, 18 and 60+ schemes £5m from higher income for GLA and Crossrail projects with services provided by us. The latter offsets additional operating expenditure (see Section 2.17).

Operating expenditure

Table 10: Operating expenditure

| Operating expenditure (£m) | Year to date | | Full year 2015/16 | | |
|------------------------------------|----------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| London Underground | (1,547) | 57 ▲ | (2,306) | 10 | 43 ▲ |
| London Rail | (365) | 10 ▲ | (544) | 9 | 13 ▲ |
| Surface Transport | (1,974) | 37 ▲ | (2,898) | 11 | 58 ▲ |
| Shared services | (495) | 39 ▲ | (744) | (0) | 28 ▲ |
| Total operating expenditure | (4,381) | 142 ▲ | (6,492) | 30 | 141 ▲ |

- 2.10 Total TfL operating expenditure is £142m under Budget in the year to date, a variance of 3.1 per cent. This is due to rephasing of project expenditure totalling £127m (offset by a £33m overprogramming provision) and cost savings of £59m, including £18m from bus contracts and £16m from lower staff costs.
- 2.11 LU operating expenditure (including Renewals and Reliability expenditure) was £57m lower than Budget in the year to date. Key changes include:
- £68m of rephased expenditure, including £23m on the Fit for the Future – Stations programme and Night Tube implementation, £27m on operations largely from Central and Victoria line heavy overhaul maintenance delays and £9m from Legacy Train systems due to revised ramp up of bearing replacement work from last year and prolongation of the track monitoring system works (ATMS) from changes to scope
 - Staff costs were £15m lower than Budget – mainly due to lower than expected pay awards – which were offset by additional maintenance expenditure and contractual incentive fees
 - Project rephasing was offset by the release of a £19m overprogramming provision.
- 2.12 Over the full year, LU operating expenditure is now forecast to be £43m lower than Budget:
- £28m of deferred expenditure including delayed heavy overhaul maintenance, Night Tube and Fit for the Future – Stations
 - £12m from the Legacy Trains Systems revised view of currently unapproved works reprofiled to later years
 - £6m from a 3-month deferral within the Integrated Stations Programme following a scope review
 - £6m due to rephasing on Greenwich power station due to extended contractual negotiations
 - Offset by increased maintenance costs and contractual incentive fees.
- 2.13 LR and TfL Rail operating expenditure was £10m lower than Budget in the year to date. This was mainly driven by lower operational performance payments and increased profit share in relation to the LO train operating company.
- 2.14 For the full year, LR and TfL Rail operating expenditure is expected to be £13m lower than budget. The main movements include:

- Cost decreases of £8m, mainly due to DLR project savings from reduced scope and LO profit share received on concession contract
- Phasing of £9m across a number of areas including DLR Customer Experience project and LO West Anglia stations and staff accommodation works
- These reductions were partly offset by increased expenditure for additional rail devolution work and expenditure carried over from last year.

2.15 Surface Transport operating expenditure was £37m under Budget in the year to date:

- Bus contract costs are £18m under Budget due to lower bus contract costs, mainly due to lower than expected diesel prices and worse than expected bus contractor performance. An Outer London Incentive scheme has been introduced for bus contractors from Quarter 2 2015/16 to improve reliability for the participating routes
- £15m of expenditure has been rephased to later this year including strategic outcome planning on marketing and various activities including Cycle Super Hubs, Monitoring and Research, Road Safety & Environment), which are now expected to be delivered during the latter part of the year
- Staff costs were £8m lower than Budget due to slower recruitment in the first half of the year with average staff vacancies of 42 FTEs
- The Borough LIPs programme was £8m behind schedule at Quarter 3 due to a combination of resource issues and phasing of Crossrail complementary measures following more detailed plans being available
- Ticket commission was £4m below budget as a result of lower bus fares revenue
- These underspends were partly offset by £8m of London Highways Alliance Contract (LoHAC) costs for contractual entitlements for prior year compensation events and north west area emergency call out clause
- £14m overprogramming to offset project rephasing
- additional spend on service initiatives to prevent a further deterioration in bus reliability and rephasing of costs associated with installing Selective Catalytic Reduction Technology (SCRT) on buses with £4m of expenditure carried forward from 2014/15.

2.16 Over the full year, Surface Transport forecast to be £58 million below Budget:

- £31m lower bus network costs, with £26m from reduced contract costs and £5 from lower ticket commission
- £8m of project expenditure rephased into future years, including Bus Priority reliability and growth schemes
- £6 million of Mini Hollands construction costs now expected in 2016/17
- £6 million on Local Implementation Plans (LIPs) rephased to next year, with major schemes at Twickenham and Ealing behind schedule due to resources being allocated to the Mini Hollands Programme and a further £3 million reprofiling for LIPs bridge works.

2.17 The £11m change in the Quarter 3 forecast from Quarter 2 is largely due to savings on bus contract costs as a result of lower performance payments under the quality incentive scheme and savings on planned emergency mitigation schemes. Performance under the Outer London incentive Scheme in Q2 was not as good as previously anticipated. Of the 168 participating routes 43 saw an improvement in EWT over the quarter when compared to 2014-15.

2.18 Shared services operating expenditure is £39m under Budget in the year to date:

- £36m of rephased expenditure to future years, including £26m for Property and Asset Management initiatives and £10m of phasing for a payment to the Garden Bridge Trust, the latter delayed following discussions with Lambeth Council
- Lower costs of £8m, with £4m from lower card merchant fees following the introduction of a cap by the EU
- Offset by £5m of higher costs for work for the GLA and Crossrail, for which we have received corresponding income.

2.19 Over the full year shared services expenditure is now forecast to be £28m under Budget:

- £30m of net opex to capex reclassifications (including Retail and Arches project and Earls Court) and £20m of re-profiling of Business Development activities
- £3m budget transfer of the Project Management Office to LUL
- £2m of additional expenditure for various Crossrail and GLA projects , which is offset by increased income.

Interest income, debt service and other group items

Table 11: Interest income, debt service and other group items

| Interest income, debt service and other group items (£m) | Year to date | | Full year 2015/16 | | |
|--|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| Interest income | 19 | 4 ▲ | 23 | (0) | 0 ▲ |
| Debt service | (262) | 18 ▲ | (378) | (0) | 23 ▲ |
| Contingency and other group items | 18 | (6) ▼ | 37 | (0) | 2 ▲ |
| Total interest, debt service and other group items | (224) | 16 ▲ | (318) | (0) | 26 ▲ |

- 2.20 In Quarter 1 we completed most of the planned borrowing for the full year. A combination of low market rates and a successful execution of £400m Green Bond and £120m private placement transactions allowed TfL to achieve an overall favourable rate of interest, significantly lower than expected when completing the Budget. This has resulted in a £18m saving in debt service in the year to date, which is now expected to be £23m lower than Budget over the full year.
- 2.21 In the full year contingency and other group items are expected to be £2m higher than Budget. This is largely due to £3m of savings credited at the time of the Budget; these savings are now forecast to be achieved in the business areas. This has no net effect on TfL's financial position.

Capital expenditure

Table 12: Capital expenditure

| Gross Capital expenditure (£m) | Year to date | | Full year 2015/16 | | |
|-----------------------------------|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| London Underground | (807) | 24 ▲ | (1,162) | 51 | 55 ▲ |
| London Rail | (166) | 7 ▲ | (284) | 16 | 17 ▲ |
| Surface Transport | (354) | (7) ▼ | (501) | (13) | (1) ▼ |
| Shared services | (494) | 20 ▲ | (578) | 21 | (29) ▼ |
| Gross capital expenditure | (1,822) | 44 ▲ | (2,526) | 74 | 43 ▲ |

2.22 Total TfL capital expenditure is £44m – 2.4 per cent - lower than Budget in the year to date, which is largely due to project rephasing of £268m, which has been partly offset by an overprogramming provision of £217m to adjust for optimism bias. Over the full year, we now expect capital expenditure to be £43m higher than Budget, a variance of 1 per cent, with £357m of expenditure rephased to future years (offset by an overprogramming provision of £163m) and cost increases and new expenditure totalling £105m.

2.23 LU capital expenditure was £24m lower than Budget in the year to date. This was predominantly due to £191m of project rephasing (offset by £143m of overprogramming) and new expenditure of £28m for the Metropolitan Line Extension. Capital rephasing includes:

- £90m for Four Lines Modernisation, driven by £27m caused by delays due to issues in identification of sufficient storage capacity for new rolling stock spares (which have since been resolved) and a mutually beneficial agreement with the supplier to slow down train production; and £39m in ATC reflecting the alignment to both the new ATC signalling contractor's schedule - which was awarded after the Budget had been finalised - and to the Platform Train Interface's revised works programme. The Stations programme saw £33m of rephasing from a combination of minor variances including the rephasing of the Victoria Station Upgrade, following a revised plan from the main contractor leading to a revision of the fit-out works profile
- £23m of rephasing across a number of activities within the World Class Capacity programmes including the Victoria Line Upgrade where there have been delays to the commencement of activities with contractors
- £19m from the Northern Line Extension due to a combination of design changes from the developer, delays in tunnel boring machine procurement, and the rephasing of utility works by the contractor for the programme
- Project rephasing was largely offset by the release of a £143m overprogramming provision.

Additionally, there is a cost increase of £28m from the Metropolitan Line Extension programme, due to the agreement made with the Department for Transport to take on the responsibility for delivering the programme and inclusion of the Local Enterprise Partnership contribution.

2.24 Over the full year, LU capital expenditure is expected to be £55m lower than budget. Expenditure totalling £249m has been rephased into future years, including:

- £80m of rephasing on the Four Lines Modernisation programme driven by the rephasing of the ATC programme due to alignment to the new contractor's programme, and the supporting ATC enabling works £60m for the Northern Line Extension due to the impact of design changes from the developer
- £26m rephasing on the Metropolitan Line Extension due to alignment of the now integrated programme and the related Local Enterprise Partner funding
- £21m for Bank and Victoria Stations Upgrade costs
- Further rephasing across a number of other projects totalling £62m, including infrastructure renewal projects, where there has been alignment of costs with a number of revised contractor programmes and Legacy Trains Systems, where the expenditure of unapproved projects have been moved out to later years to align with the sponsors plan for commencing life extension works
- Project rephasing is partly offset by the release of £89m of overprogramming.

Offsetting project rephasing, expenditure increased by £105m, including:

- £55m for the Metropolitan Line Extension, which is largely offset by external funding
- £38m for the Northern Line Upgrade programme due to a re-estimate of the scope required to deliver the required benefits; and
- Other net increases totalling £12m.

2.25 LR and TfL Rail capital expenditure was £7m lower than Budget in the year to date. This was largely due to:

- £8m of rephased expenditure on DLR projects including North Route double tracking and Limehouse escalators
- £4m delayed spend on LO stations works and the Gospel Oak to Barking electrification project, the latter now planned from June 2016
- Offset by accelerated spend on Crossrail stations upgrades.

2.26 Over the full year, LR and TfL Rail capital expenditure is forecast to be £17m lower than Budget, due to:

- £8m of rephased expenditure on DLR projects including North Route double tracking and Limehouse escalators
- £6m rephased LO stations works
- £5m rephased expenditure for the Gospel Oak to Barking electrification project
- This rephasing was partly offset by an increase of £6m due to accelerated spend on the Barking Riverside project following the transfer from TfL Planning.

2.27 Surface Transport capital expenditure was £7 million higher than Budget in the year to date, with £54 million of slippages (£17 million to later this year and £37 million into future years); £12m unutilised management contingency, £10 million net cost reductions and £3m reclassification of capital to operating expenditure (for Silvertown tunnel planning and consultancy costs) offset by £86 million of overprogramming.

2.28 In-year slippage totals £17m:

- £10m of delays on cycling projects and Congestion Charge relet, the former including East - West Cycle Super Highway and Better Junctions schemes, the latter including Westminster Bridge and Stockwell Gyrotory (where work began in October 2015)

- delays of £4m for the Regional and Corridor Improvement programme and Corridor Improvement Programme (including Bike SCOOT, Pedestrian SCOOT, Call Cancel and Signal efficiency) which have been rescheduled to later this year due to slow contractor mobilisation.

2.29 A further £37m of capital expenditure has slipped to future years, including:

- £23 million on Borough programmes including £11m for cycle Quietways following the re-design of schemes in Lewisham and subsequent borough re-organisation, delays in other boroughs due to extensive consultation and public engagement and design and build resource restrictions, and £8m on London Cycle Grids due to schemes not progressing through the detailed design stage as expected
- In addition, £11 million of capital rephasing for Structures and Tunnels schemes including Highbury Corner Bridge (delays due to asbestos removal), Upper Holloway Bridge, delays to start of main works on Ardleigh Green Bridge due to difficulties obtaining Network Rail approvals.
- The Quarter 2 forecast reflected these slippages which was £12 million below budget.

2.30 Over the full year, Surface Transport capital expenditure is forecast to be £1m above Budget. This is due to:

- £6m from further slippage on Borough works due to construction works in Greenwich slipping into 16/17 due to Borough requiring redesign of schemes and Mini-Holland in Kingston slipped some works into next year due to delays in appointing contractors
- Rephasing was offset by £7m of accelerated expenditure on Asset Capital Programme brought forward from 2016/17 and by an overprogramming provision of £12m reflecting current confidence in delivery of 2015/16 Investment Programme.

2.31 Shared service capital expenditure is £20m lower than Budget in the year to date, due to:

- Rephasing of £16m expenditure into future years, including £5m for Commercial Development initiatives, £5m for SAP development projects and £4m for LU projects Investment Programme
- A reduction in project contingency by £8m, which is no longer required.

2.32 Over the full year, shared services expenditure is now forecast to be £29m higher than Budget, due to net rephasing of £17m, a reclassification of £30m and £10m of expenditure reprofiled from last year:

- £27m of expenditure has been rephased to future years with £11m from delays in construction and land acquisition for Earl's Court Joint Venture, £7m for the Asset Management programme due to difficulties recruiting for specialist roles
- £30m from a reclassification of net operating to capital expenditure, for commercial development schemes including the Retail and Arches project and Earls Court
- £10m for Business Development activities re-profiled from 2014/15.

Capital third-party contributions

Table 13: Capital third-party contributions

| Third-party contributions (£m) | Year to date | | Full year 2015/16 | | |
|-----------------------------------|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| London Underground | 37 | 17 ▲ | 45 | (0) | 12 ▲ |
| London Rail | 2 | (4) ▼ | 3 | (0) | (4) ▼ |
| Surface Transport | 11 | 2 ▲ | 16 | (0) | 0 ▲ |
| Shared services | 0 | (1) ▼ | 0 | (0) | (1) ▼ |
| Capital third-party contributions | 50 | 15 ▲ | 65 | (0) | 7 ▲ |

- 2.33 LU third-party contributions were £17m higher than budget in the year to date, mainly due to rephased works on Metropolitan Line Extension. For the full year, LU third-party contributions are expected to be £12m higher than budget, mainly driven by phasing of the third-party funded element of the Metropolitan Line Extension.
- 2.34 LR and TfL Rail third-party contributions were £4m lower than budget in the year to date, mainly due to phasing of LO and DLR funded works.
- 2.35 In Surface Transport, the £2m year to date variance is due to a timing difference on the drawdown of deferred income for capital renewals on the A201 Blackfriars Road to offset year to date costs.

Sales of property and other assets

Table 14: Sales of property and other assets

| Sales of property and other assets (£m) | Year to date | | Full year 2015/16 | | |
|--|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| Total sales of property and other assets | 381 | 1 ▲ | 393 | 0 | 8 ▲ |

- 2.36 In the year to date property sales expenditure is £381m, predominantly from the sale of £376m of land for the Earl's Court joint venture in exchange for loan notes.

Crossrail

Table 15: Crossrail

| Crossrail (£m) | Year to date | | Full year 2015/16 | | |
|-------------------|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| Crossrail | (1,055) | 15 ▲ | (1,613) | (82) | (78) ▼ |

2.37 Crossrail has spent £15m less than Budget in the year to date. Direct costs (including risk) are £19m below Budget in the year to date, due to:

- Systemwide - underspend of £80m primarily due to lower than budgeted procurement, signalling design work and lower than expected production;
- Operations – underspend of £10m predominantly due to works at Old Oak Common no longer required; and
- Civils – overspends of £72m driven by Tunnels West where works were expected to complete but remain ongoing; by Portals and Shafts due to additional scope, remedial works and Systemwide interface issues; and by Ilford Yard due to increased staffing to support the Programme.

2.38 Over the full year Crossrail expenditure is forecast to be £78m higher than Budget:

- direct costs (including risk) are £60m above Budget. This reflects costs associated with the programme-wide initiative to bring forward dates for dynamic testing, as well as costs relating to additional scope, schedule mitigation and contractor performance;
- indirect costs are £5m above budget for the full year. This is due to costs being transferred from Direct to Indirect subsequent to the submission of the 2015/16 Budget. These relate primarily to cost of resources required for Testing and Commissioning, and the cost of relocation of the combined CRL and Contractor personnel to a single central office location
- Forecast Land and Property costs are £13m above budget for the full year. This is driven by a number of upwards property revaluations – most notably at Farringdon and Ealing Broadway, and a new commitment at Plumstead Portal; neither of which were included in the Budget.

Government grants and other funding

Table 16: Government grants and other funding

| Government grants and funding (£m) | Year to date | | Full year 2015/16 | | |
|------------------------------------|--------------|--------------------|--------------------|---------------------------------|------------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Quarter 3 variance to Quarter 2 | Quarter 3 variance to Budget |
| DfT General grant | 403 | (34) ▼ | 591 | 0 | (48) ▼ |
| DfT Investment grant | 640 | 0 ▲ | 925 | 0 | 0 ▲ |
| DfT Overground grant | 27 | 7 ▲ | 37 | 0 | 8 ▲ |
| GLA precept | 4 | 0 ▲ | 6 | 0 | 0 ▲ |
| Business Rates Retention (BRR) | 565 | 0 ▲ | 773 | 0 | (75) ▼ |
| Crossrail funding sources | 696 | 32 ▲ | 906 | 0 | 13 ▲ |
| Other capital grants | 84 | (18) ▼ | 141 | 0 | (24) ▼ |
| Other revenue grants | 0 | 0 ▲ | 1 | 0 | 1 ▲ |
| Total grants and funding | 2,418 | (14) ▼ | 3,380 | 0 | (126) ▼ |

2.39 In the year to date total grants and funding were £14m under Budget.

2.40 DfT general grant is down by £34m, with the grant reduced by £31m over the full year in the 2015 Summer Budget. The Overground grant received from the DfT is up by £7m, reflecting a one-off upside following periodic review. Crossrail funding sources are up by £31m, with £12m received from the London Borough of Hackney and £19m higher receipts from the Community Infrastructure Levy (CIL). Crossrail funding is capped at the levels outlined in the initial prospectus (and from subsequent changes agreed in the 2010 Spending Review).

2.41 Other capital grants reflect the lower than expected expenditure profile on the Northern Line Extension.

2.42 Grants and funding are unchanged from the previous quarter and are forecast to be £126m lower than Budget:

- DfT General Grant at £48m lower than Budget, due to a reduction of £31m from the Summer Budget, £7m due to the West Anglia transfer and £11m for Garden Bridge (which was received earlier than expected in the 2014/15 financial year)
- Other Capital Grants are £24m lower reflecting reduced expenditure on the Northern Line Extension, with the funding profile matched to the value of work done
- These reductions have been partially offset by higher than expected Crossrail funding sources, from Section 106 and Community Infrastructure Levy (CIL) receipts, and additional DfT Overground grant of £8m following the periodic review.

Working capital

Table 17: Working capital

| Working capital (£m) | Year to date | | Full year 2015/16 | | |
|-------------------------|--------------|--------------------|--------------------|-----------------------|--------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Quarter 2 | Variance to Budget |
| Working capital | (356) | 138 ▲ | (339) | 7 | 88 ▲ |

2.43 Working capital at the end of Quarter 3 shows a favourable variance of £138m, due to an earlier than expected receipt of concessionary fares payments from London Councils of £79m and £70m for lower advances of the short-term loan to Network Rail.

2.44 At the end of the year, working capital is expected to have a £88m variance against budget. This remains broadly in line with our earlier forecast in Quarter 2, reflecting higher levels of creditors from project rephasing. Further details on Balance Sheet movements are given in Appendix C.

Borrowing and reserve movements

Table 18: Net borrowing and reserve movements

| Borrowing, repayments and cash reserve movements (£m) | Year to date | | Full year 2015/16 | | |
|--|--------------|--------------------|--------------------|-----------------------|--------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Quarter 2 | Variance to Budget |
| Borrowings Raised | 603 | (23) ▼ | 623 | (1) | (3) ▼ |
| Borrowings Repaid | (14) | 0 ▼ | (25) | 0 | 0 ▼ |
| Net borrowing | 589 | (24) ▼ | 598 | 0 | (3) ▼ |
| Reserve movements | 698 | (345) ▼ | 1,594 | (33) | (84) ▼ |
| Net borrowing and reserve movements | 1,287 | (368) ▼ | 2,192 | (33) | (87) ▼ |

2.45 In the year to date, TfL has borrowed £602m, £23m less than expected at the time of the Budget. This variance is due to timing differences; we expect that the planned level of borrowing will be completed by the end of the financial year.

Cash balances and movements

Table 19: Cash movements

| Cash summary (£m) | Year to date | | Full year 2015/16 | | |
|-------------------------------------|--------------|--------------------|--------------------|-----------------------|--------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Quarter 2 | Variance to Budget |
| Crossrail Sponsors' Funding Account | 1,809 | 17 ▲ | 1,448 | (39) | (126) ▼ |
| Other TfL cash balances | 2,171 | 328 ▲ | 1,636 | 72 | 210 ▲ |
| Closing cash | 3,980 | 345 ▲ | 3,084 | 33 | 84 ▲ |

- 2.46 TfL has cash reserves which it uses solely for investment; in the year to date we have used almost £700m of our cash reserves to help fund our extensive investment programme, and plan to use a further £900m in the final quarter. By the end of 2017/18 we expect to have fully utilised our cash reserves.
- 2.47 Cash reserves at the end of Quarter 3 are £345m higher than Budget. We expect this to reverse over the latter part of the year, expecting to close the year out £84m higher than Budget. A causal analysis of cash movements is shown in Table 19 overleaf.

Table 20: Causal analysis of cash movements, 2015/16

| Cash movement (£m) | Year to date variance to Budget | Latest full-year forecast variance to Budget |
|-------------------------------------|------------------------------------|---|
| Timing differences | | |
| Investment rephasing | 400 ▲ | 482 ▲ |
| Crossrail | 15 ▲ | (78) ▼ |
| Overprogramming | (218) ▼ | (191) ▼ |
| Investment acceleration | 0 ► | 0 ► |
| Grant changes | 14 ▲ | (11) ▼ |
| Working capital | 138 ▲ | 88 ▲ |
| Total timing differences | 349 ▲ | 290 ▲ |
| Underlying differences | | |
| Net cost reductions/ (increases) | 5 ▲ | (99) ▼ |
| Group items | 16 ▲ | 26 ▲ |
| Fares income | (23) ▼ | (56) ▼ |
| Grant changes | (27) ▼ | (115) ▼ |
| Other | 25 ▲ | 38 ▲ |
| Total underlying differences | (4) ▼ | (206) ▼ |
| Total movements | 345 ▲ | 83 ▲ |

TfL's efficiency programme

Table 21: Efficiencies

| Efficiencies Programme ¹ (£m) | Year to date | | Full year 2015/16 | | |
|---|--------------|--------------------|--------------------|-----------------------|--------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Quarter 2 | Variance to Budget |
| Gross Savings Secured | 83 | (2) ▼ | 177 | 6 | (19) ▼ |
| Implementation costs to secure savings | (26) | 4 ▲ | (92) | 0 | 29 ▲ |
| Net Efficiencies secured | 58 | 1 ▲ | 86 | 6 | 9 ▲ |

2.48 Our £16bn efficiency programme is allowing us to deliver improvements to London's transport network ensuring the Capital continues to work and grow, while keeping fares affordable and managing with less government funding. We have already secured £14bn of our long-term savings target of £16bn and plan to secure a further £2bn by the end of 2020/21. The targets shown above relate to the unsecured portion of the efficiencies programme only.

2.49 Our efficiencies programme is largely in line with Budget in the year to date. Over the full year, we expect to secure £9m of additional savings. This variance is due to a reduction in implementation costs, where we have stopped an initiative following review of its delivery plans. Implementation costs for this project outweighed savings in the year, leading to a net increase in savings in-year. New initiatives are currently being identified to mitigate the shortfall over the rest of the Business Plan.

Our long-term savings programme

2.50 Our existing efficiencies programme has allowed us to safeguard our investment programme, delivering more for London while managing with less government funding.

2.51 The recent government Spending Review has presented us with a significant new challenge to reduce our cost base. As a result we will reset the savings target to zero from 2016/17 and develop new cost reduction targets which will run over one to three years. These costs reductions will be hard wired into the annual budget and long-term business plan.

¹ Efficiencies are quoted net of implementation costs

Customer

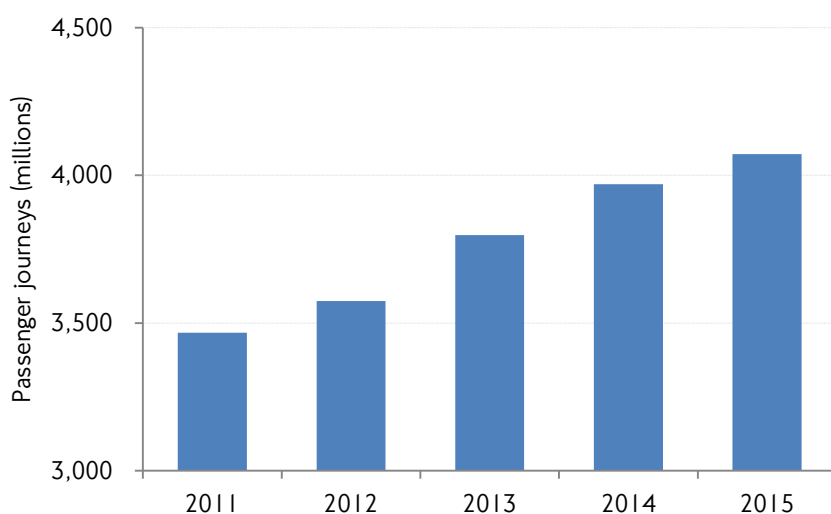
Passenger journeys

Table 22: Passenger journeys

| Millions | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|-----------------------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|-------------------|
| | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▲ higher is better | | | | | | | |
| London Underground | 338.4 | 1.5 ▲ | 14.5 | 1,349.6 | 5.9 ▲ | 44.2 | |
| London Buses | 559 | -34 ▼ | -26 | 2,366 | -79 ▼ | -19 | |
| DLR | 27.9 | -1.2 ▼ | 0.8 | 120.4 | 1.1 ▲ | 10.2 | |
| London Overground | 47.3 | 5.8 ▲ | 14.2 | 182.9 | 14.4 ▲ | 43.1 | |
| London Tramlink | 6.6 | -1.0 ▼ | -1.0 | 29.6 | -1.5 ▼ | -1.1 | |
| Emirates Air Line | 0.3 | 0.0 ▲ | 0.0 | 1.7 | 0.0 ► | 0.2 | |
| TfL Rail | 11.8 | 2.7 ▲ | N/A | 39.1 | 7.3 ▲ | N/A | N/A |
| London River Services | 1.9 | -0.2 ▼ | -0.2 | 10.2 | 0 ▲ | 0.2 | |

3.0 Quarter 3 saw a record breaking number of journeys on the Tube with both the five busiest weeks and five busiest days on record. Daily passenger journeys topped 4.8 million twice, and weekly demand exceeded 29 million journeys for the first time. Passenger journeys were up 4 per cent from the same quarter last year. Passenger journeys have increased by almost 18 per cent in LU's busiest period, in the weeks immediately prior to Christmas, between 2011 and 2015.

Chart 1: LU average daily passenger journeys in Period 9, 2011-2015





- 3.1 Bus passenger journeys were 34 million - 5.7 per cent – below target in the Quarter. The primary cause of this decline in demand is due to the slight deterioration in the reliability of the bus network, due to increased traffic levels driven by London’s strong economic growth (including extensive building and construction projects across London), a rapidly rising population, our Roads Modernisation Programme and by town centre improvements. Fare paying passenger journeys were just over 25 million lower than target, with non-fare paying passengers 8.6 million less than target. Over the full year, passenger journeys are expected to be 79.3 million lower than target, 19 million less than last year.
- 3.2 Despite a 48-hour strike passenger journeys on the DLR in were 3.0 per cent higher than last year at 27.9 million.
- 3.3 London Trams passenger journeys were 6.6 million in the Quarter, 1.0 million lower than target. Demand was affected by the Wimbledon stop closure, which was completed on 2 November 2015. A lower than expected number of shoppers throughout November also appears to have affected demand.
- 3.4 London Overground carried 47.3 million people in Quarter 3, 42.8 per cent more than last year. Over 60 per cent of this increase was driven by the additional passengers carried on the West Anglia services.

Cycling

- 3.5 More than 645,000 journeys are made by bike every day in London, and cycling in London has more than doubled in the last decade. Levels of cycling in central London reached a daily average of 527,931 kilometres, or an estimated 172,600 journeys. This represents a 0.2 percent increase in cycling compared to the same quarter in 2014. Over the full year, we expect cycling levels in central London to increase two per cent, missing the targeted four per cent increase in cycling.

Table 23: Cycling journeys on the Transport for London Road Network (TLRN)

| | Unit | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|--|----------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|---|
| | | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▲ higher is better | | | | | | | | |
| Central London Cycling CC Zone – per cent growth | per cent | 0.2 | -2.8 ▼ | 0.2 | 2.0 | -2.0 ▼ | N/A | N/A |
| Cycling levels on the TLRN ¹ | Index | 317 | -43 ▼ | -17 | 339 | -9 ▼ | 9 |  |
| Cycle Hire | 000s | 2,190 | 64 ▲ | -167 | 10,338 | 38 ▲ | 254 |  |

- 3.6 The highest levels of cycling are usually reported during the summer of each year and weather conditions are associated with this increase. Cyclists are more sensitive than other road users to the weather and Quarter 3 of 2015 was both colder and wetter than the same quarter during 2014, with over 50 percent more rainfall, and August 2015 was the wettest since 1977. This may have contributed to a slowing of cycling growth within central London during Quarter 3 of 2015.
- 3.7 Levels of cycling on the Transport for London Road Network (TLRN) are presented as an index of flow relative to a baseline of March 2000, which represents 100 on the index. This shows that levels of cycling on London's main roads, in Quarter 3 of 2015/16, were five percent (17 index points) lower than the same quarter last year and 12 percent (43 index points) below the quarter 3 target.
- 3.8 The full-year index of cycle flows forecast on the TLRN for 2015/16 is 339, an increase of three per cent (9 index points) from last year, which is below the full-year target of a six per cent increase in cycling between 2014/15 and 2015/16.

- 3.9 The TLRN cycling index has been in place for over 15 years and uses 38 automatic counters to measure cycling on London's main roads. This provides a long-term and detailed view of changes in cycling levels on London's main roads, which have more than tripled since the index began. Over time, however, some counters have stopped working and the index is not sufficiently representative of cycling on London's main roads. TfL is developing an enhanced TLRN cycling index that is representative of cycling flows on London's main roads, which will be in place for reporting from 2016/17 onwards.
- 3.10 Santander Cycle Hires were strong over the Quarter, some 3 per cent higher than target. This reflects the impacts of a successful Christmas marketing campaign and efficient management and distribution of bicycles, ensuring maximum availability for customers.

Table 24: Mayor’s Vision for Cycling: expenditure, 2012/13 to 2021/22

| Cycling vision £m | Year to date | | Full Year 2015/16 | | 2012/13 – 2021/22 | |
|--------------------------------|--------------|--------------------|--------------------|--------------------|-------------------|-----------------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Budget | Original budget | Variance to original budget |
| Net Cycling Vision expenditure | (102) | (14) ▼ | (145) | 0 ► | (913) | 0 ► |

3.11 Since its beginning £259m has been invested in the Cycling Vision, TfL’s 10-year cycling investment programme with a total budget of £913m to 2021/22.

3.12 So far in 2015/16, £102m of the £145m full-year Budget has been delivered. This is ahead of the expected profile due principally to the good progress being made on the implementation of Cycle Superhighways. As a result of schemes being delivered, 2015/16 is already a record year of cycling expenditure. The latest full year estimate remains £145m, and so this is shaping up to be the most accurate budget since the start of the Cycling Vision, demonstrating the work TfL has done to address underspends in previous years. £145m is 4 per cent of TfL's total net expenditure.








3.13 Significant progress has been made on the delivery of the infrastructure programmes of the Cycle Vision during Quarter 3 of 2015/16:

- Construction has progressed on the new and upgraded Cycle Superhighway routes, which are now over 70 per cent complete
- Cycle Superhighway CS5 Inner, between Oval and Pimlico, was completed and launched by the Mayor in November 2015; cyclists make up approximately 40 per cent of traffic through Vauxhall during the busiest peak hour
- All three Mini-Holland boroughs have begun construction and two pilot schemes and two cycle hubs in Waltham Forest are now complete
- The Better Junctions programme launched an innovative ‘Hold the Left’ junction at Oval, which utilises low-level cycle signals and fully segregated lanes
- Alongside infrastructure delivery we are supporting behaviour change measures, including cycle training for adults and children and engagement of businesses through Cycling Workplaces.

Customer satisfaction

- 3.14 LU maintained its record overall Customer Satisfaction Survey in the Quarter – this is now the third successive quarter this score has been achieved. The number of customers stating they had experienced a delay or disruption remained at a record low of four per cent. Customers’ satisfaction with train temperature has recovered in the quarter, following the seasonal deterioration in Quarter 2, resulting in customers giving higher scores for journey comfort.
- 3.15 Overall bus customer satisfaction is 85, up from the previous quarter, but 1 point down from the same quarter last year. Reliability and time waited scores have dropped by 2 points, returning to levels from Quarter 3 last year. Customers also gave lower scores for crowding (on bus and at bus stops), seat availability and ease of making journey, also in line with Quarter 3 last year.
- 3.16 LO scored 83 in the Quarter, one point down from the previous quarter, with lower scores for ease of making the journey, feeling valued as a customer, and value for money.
- 3.17 Overall satisfaction with DLR remained high at 89 and Tramlink dropped slightly to 89. The EAL increased to 94, matching its highest score since it began operating.

Table 25: Customer satisfaction by service

| Score (out of 100) | Quarter 3, 2015/16 | | | Full year 2015/16 | | | |
|--|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|---|
| | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year | 2011/12 – 2015/16 |
| ▲ higher is better | | | | | | | |
| London Underground | 85 | 1 ▲ | 1 | 85 | 1 ▲ | 1 |  |
| London Buses | 85 | 1 ▲ | 1 | 84 | 0 ► | -1 |  |
| DLR | 89 | 1 ▲ | 0 | 89 | 1 ▲ | 0 |  |
| London Overground | 83 | 1 ▲ | 0 | 83 | 1 ▲ | 0 |  |
| London Tramlink | 89 | 1 ▲ | 0 | 89 | 1 ▲ | 0 |  |
| Emirates Air Line | 94 | 1 ▲ | 1 | 93 | 0 ► | 0 |  |
| TfL Rail | 83 | 3 ▲ | N/A | 83 | 3 ▲ | N/A | N/A |
| Transport for London Road Network (TLRN) | 73 | 0 ► | -1 | 74 | 0 ► | 0 | N/A |
| Dial-a-Ride | 92 | 0 ► | 0 | 92 | 0 ► | 0 |  |

- 3.18 LO customer satisfaction scored 84 in Quarter 2. The West Anglia lines scored 81 and the existing lines stayed at 85. In its first quarter of inclusion in the surveys, TfL Rail scored a very encouraging 84, as a result of solid reliability and station improvements.
- 3.19 Overall satisfaction with DLR remained high at 89 and Tramlink stayed at 90, reflecting high satisfaction with reliability and travelling conditions. The EAL remained stable at 93.

- 3.20 Overall customer satisfaction among TLRN users was 73 in Quarter 3, down from 75 last quarter and one point lower than the comparable quarter last year. Customer satisfaction dropped for key drivers linked to movement (keeping moving in traffic and congestion levels) at the network level, and particularly for bus passengers and car drivers. Satisfaction with management of roadworks was also lower this Quarter for bus, car and pedestrians.
- 3.21 Dial-a -Ride CSS in Quarter 3 was 92, in line with target and 1 point higher than the previous quarter. This performance was achieved despite the ongoing difficulties in scheduling trip requests due to a driver shortage.

Customer satisfaction – environment

Table 26: Environmental performance

| Numbers | Quarter 3, 2015/16 | | | Full year 2015/16 | | |
|-------------------------|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|
| | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year |
| ▲ higher is better | | | | | | |
| Hybrid bus introduction | 1,600 | N/A | 35 ▲ | 1,650 | - ► | 397 |

- 3.22 The proportion of the bus fleet served by low-carbon emission and quieter diesel-electric buses has risen to 17.5 per cent. There are currently around 1,600 hybrids in the fleet and this total will grow to 1,700 hybrids (including the 800 New Routemasters) by the middle of 2016 when they will represent around 20% of the fleet. In addition, the bus fleet now has around 900 of the latest ultra-low emission Euro VI engine vehicles, many of which are hybrids.

Customer complaints

Table 27: Customer complaints

| No. complaints per 100,000 journeys | Quarter 3, 2015/16 | |
|-------------------------------------|--------------------|-------------------------------|
| | Actual | Variance to Quarter3, 2014/15 |
| ▼ lower is better | | |
| London Underground | 0.98 | -0.16 ▼ |
| Docklands Light Railway | 1.30 | -1.05 ▼ |
| London Overground | 3.40 | 0.21 ▲ |
| TfL Rail | 3.43 | N/A |
| London Tramlink | 2.72 | 1.10 ▲ |
| Emirates Air Line | 2.89 | -2.25 ▼ |
| London Buses | 3.76 | 0.47 ▲ |
| Streets | 0.17 | 0.00 ► |
| Congestion Charge | 7.89 | 0.31 ▲ |
| Dial-a-Ride | 95.89 | -67.74 ▼ |
| River Services | 0.64 | -0.12 ▼ |
| Santander Cycle Hire | 4.06 | -1.54 ▼ |
| Taxi and Private Hire | 5.84 | 0.00 ► |
| Contactless payments | 0.16 | -0.67 ▼ |
| Oyster | 0.19 | 0.00 ► |

- 3.23 The complaints rate across most TfL services shows improvement on last year, with some modest increases on London Tramlink, due to current engineering works and associated route closures, and buses, the latter largely due to reduced reliability. We have seen significant reductions in complaints for Dial-a-Ride, continuing the trend from the previous two quarters, as well as the main increases are on London Tramlink, due to current engineering works and associated route closures, and buses, the latter largely due to reduced reliability.
- 3.24 Complaints about buses increased in Quarter 3. While this is a seasonal trend, we have seen a larger impact than last year. Driver complaints continue to be the highest category, with failing to stop making up 20 per cent of all buses complaints. We are providing a new customer service training programme to 25,000 bus drivers which will help address this issue.
- 3.25 Docklands Light Railway complaints have dropped to 1.05 per 100,000 journeys compared to last year. Ticket Machine issues remain the most frequent cause for complaint in the area, but are a

significant 84 per cent down on last year. Improvements in the reliability of machines is the biggest reason for the reduction.

- 3.26 Although Contactless Payment Card journeys have increased by 280 per cent, complaints have reduced by 0.67 per 100,000 journeys. This majority of this decrease can be attributed to a large drop in touching in/ out complaints, as customers become more familiar with the technology.
- 3.27 London Tramlink complaints increased by 1.10 per 100,000 journeys compared to last year. Issues around the service reliability occurred at the end of the quarter after the reopening of the Wimbledon service. We've produced posters for this service to explain that the frequency will improve in the spring when more trams are added to the network.
- 3.28 Cycle Hire complaints continue to decline. The most frequent complaint was issues with getting refunds and problems with individual docking stations.
- 3.29 Complaints to Dial-a-Ride have decreased significantly from Quarter 3 last year; the rate has dropped by 41 per cent following improved training for their outsourced taxi service. The highest proportion of complaints related to vehicles not turning up, and poor driver conduct. Overall Dial-a-Ride has achieved a high customer service rating, with 92 per cent last quarter.

Customer services

Table 28: Customer communications and correspondence

| | Quarter 3, 2015/16 | | | Full year 2015/16 | | |
|---|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|
| | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year |
| ▲ higher is better | | | | | | |
| Correspondence Service level agreement | 87.8 | 7.8 ▲ | 11.2 | 80 | - ► | N/A |
| Mystery shopper quality assessment scores | 88.1 | 3.1 ▲ | 4.7 | 85 | - ► | N/A |
| ▼ lower is better | | | | | | |
| Call abandonment rate | 16.5 | 1.5 ▼ | -6.5 | 15 | - ► | N/A |

- 3.30 We improved our correspondence service levels by 13 per cent compared to Quarter 2 and 11 per cent to Quarter 3 of last year. We achieved this despite a 24 per cent increase (25,000 cases) in demand compared to Q2. Buses demand increased by 48 per cent on Q2 with contacts regarding reliability and staff having the biggest impact.
- 3.31 Our telephony demand increased by 6 per cent compared to last year as the annual student photocard application peak had more impact than in previous years. For the first time 100 per cent of these calls were routed to our outsourced supplier Novacraft and there were issues with repeat calls for resolving issues. Therefore call volumes rose by 41 per cent from Q2 and 35 per cent from last year. This had a significant impact on our abandonment rate over Q3.

3.32 Despite an increase in both telephony and correspondence demand, we achieved a very high quality standard throughout the quarter. We performed particularly well on telephony with an average of 94 per cent.

Ticketing

Table 29: Ticketing system availability ¹

| | Quarter 3, 2015/16 | | | Full year 2015/16 | | |
|--|--------------------|--------------------|-----------------------|-------------------|--------------------|-----------------------|
| | Actual | Variance to target | Variance to last year | Forecast | Variance to target | Variance to last year |
| ▲ higher is better | | | | | | |
| London Underground-ticketing system overall availability | 98.38 | -0.42 ▼ | -0.42 | 98.6 | ◀- | N/A |
| London Buses- ticketing system overall availability | 99.49 | 0.49 ▲ | n/a | 99.3 | - ▶ | N/A |

3.33 London Underground ticketing system availability was below target in Quarter 3, largely because of increased use of self-service ticket machines as LU ticket offices close. An improved maintenance programme is expected to increase availability in Quarter 4. London Buses availability was above target, this measure now being of validation on bus readers as cash is no longer accepted on buses.

¹ TfL entered into a new Revenue Collection Contract during Quarter 2, 2015/16. This changed the measurement of availability and figures are not precisely comparable with previous quarters.

Website and social media

3.34 Social media, including Twitter and Facebook continues to be an increasingly important method of communicating with our customers. Our 21 Twitter feeds provide real time travel updates, ticketing information and weekend engineering work schedules..

3.35 At the end of Quarter 3, we had over 3.5 million Twitter followers, up from 1.9 million in the same quarter last year.

Chart 2: Social media followers, 2014/15 to 2015/16

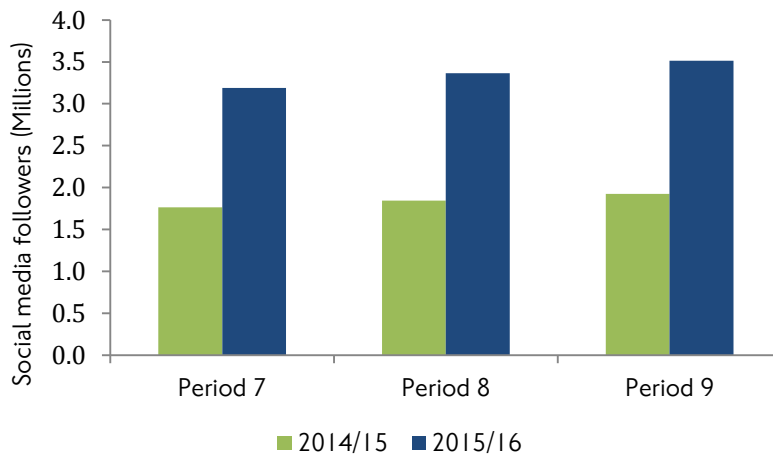
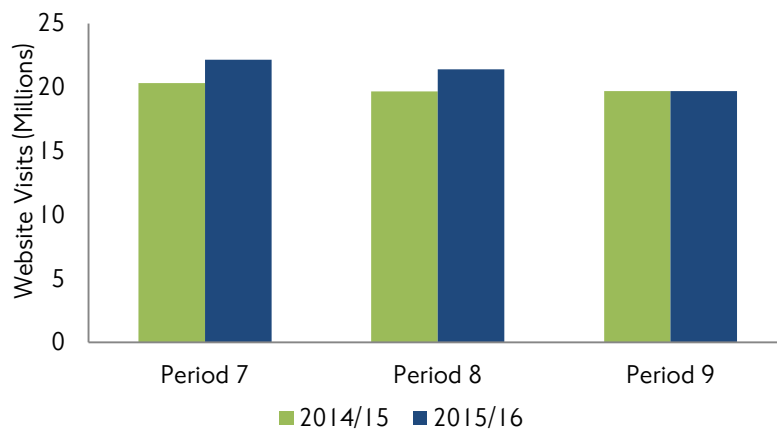


Chart 3: Website visits, 2014/15 to 2015/16



People

Headcount levels at the end of Quarter 3

4.0 At the end of Quarter 3, TfL's headcount – measured in full-time equivalent (FTE) – was 31,246, 929 higher than budgeted.

Table 30: Headcount (FTE and staff costs up) to the end of Quarter 3)

| FTE | End of Quarter 3 | Variance to Budget | Average year to date FTE | Average variance to Budget | £m – YTD variance |
|--------------------|------------------|--------------------|--------------------------|----------------------------|-------------------|
| London Underground | 21,725 | (548) ▲ | 21,299 | (272) | 15 ▲ |
| London Rail | 354 | (46) ▲ | 326 | (19) | 4 ▼ |
| Surface Transport | 3,785 | (69) ▲ | 3,656 | 42 | 8 ▲ |
| Shared services | 4,376 | (322) ▲ | 4,258 | (171) | 3 ▼ |
| Crossrail | 1,006 | 56 ▼ | 984 | 105 | - ► |
| Total TfL | 31,246 | (929) ▲ | 30,523 | (315) | 16 ▲ |

4.1 At the end of Quarter 3 LU headcount was 548 higher than Budget. Underlying headcount was 288 – or just over one per cent higher – in addition to an unutilised vacancy provision of 260. The key drivers of the underlying headcount variance were:

- 130 Project Management Office staff transferred from shared services to LU
- 143 additional headcount to deliver the Four Lines Modernisation programme

The vacancy provision was not utilised as recruitment levels are now running closer to the underlying budget than previously.

4.2 LR/TfL Rail headcount was 46 higher than budget at the end of Q3 mainly due to the use of agency staff on Trams maintenance instead of consultants (as budgeted) and additional resource for projects including Barking Riverside Extension.

4.3 As at Period 9 Surface Transport was 69 FTE (2%) over the headcount Budget. This is primarily due to 98 additional FTE in Taxi & Private Hire, due to higher volumes and enhanced licencing & compliance activities, which are paid for from the licence fees.

4.4 Over the year to date Surface Transport staff costs are £8m – five per cent – under the gross staff cost Budget. Over the course of the year average headcount was 42 FTE – one per cent – under Budget, leading to costs £5m lower than Budget. Pay awards were under those assumed in the Budget, with £2m of further savings. Salaries for new staff in Taxi & Private Hire are below the average rate of pay, leading to further savings against Budget.

4.5 Shared service's headcount is 322 higher than Budget:

- 141 project-funded additional staff in IM working on projects including Fit for Future – Stations, Mobile Desktop, SAP Run Better and Night Tube
- 52 additional roles on projects across Customer Experience, Marketing and Communications including the London Road User Project and Web Integration, and various others

- 45 additional staff due to increased recruitment demand
- 28 staff supporting transformation projects across TfL
- The overall variance was increased by a central vacancy provision of 64, the rest are minor variances.

Table 31: Forecast headcount at the end of 2015/16

| FTE | End of Quarter 3 | Forecast FTE net starters/ leavers - Periods 10-13 | Latest Forecast - Year end FTE | Variance to Budget | £m – full-year variance |
|--------------------|------------------|--|--------------------------------|--------------------|-------------------------|
| London Underground | 21,725 | 237 | 21,488 | (1,240) ▲ | 3 ▼ |
| London Rail | 354 | (23) | 377 | (71) ▲ | 4 ▼ |
| Surface Transport | 3,785 | (62) | 3,847 | (119) ▲ | 6 ▲ |
| Shared services | 4,376 | 29 | 4,347 | (390) ▲ | (5) ▼ |
| Crossrail | 1,006 | 2 | 1,004 | 0 ▼ | - ► |
| Total TfL | 31,246 | 163 | 31,063 | (1,820) ▲ | (6) ▼ |

4.6 By the end of the year, LU headcount is now expected to be 1,240 higher than Budget largely due to:

- 810 higher in LU as the majority of the staff leaving as part of FftF-S, including additional staff to act as training cover, will now leave in the first quarter of 2016/17
- 385 higher in capital programmes mainly due to additional staff on the Four Lines Modernisation programme following review and 134 Project Management Office staff transferred from shared services
- Due to the worsening variance to Budget since the end of Quarter 3, the year-to-date staff cost underspend will be eliminated, resulting in a £2.8m - 0.2 per cent - adverse variance at the year end.

4.7 For the full year, LR/TfL Rail headcount is expected to be 71 FTE higher than budget. The LR increase is mainly due to:

- 30 increase in Trams mainly relating to maintenance being brought in-house
- 33 increase in LO including additional project resource including Barking Riverside Extension, and Gospel Oak to Barking electrification.

4.8 Surface Transport's full year is to be 119 FTE over Budget. This includes 167 FTE externally funded (either Taxi & Private Hire licence fees or developers funded projects) that were not budgeted. After adjusting for these new roles, the underlying position is under Budget.

4.9 By the end of the year, shared services headcount is expected to be 390 FTE higher than budgeted:

- 255 project funded roles in IM and a further 17 across Finance. These were offset by a transfer of 104 FTEs from Project Management Office into LU
- A further 71 project-funded staff in Customer Experience, Marketing and Communications working on Cycle Hire relet and the Future Ticketing Project
- an increase of 50 FTEs due to the higher recruitment demand across the business

- a further 28 additional staff to support various transformation projects.

Appendix A: Business Unit financial tables

Rail and Underground

| London Underground & London Rail (£m) | Year to date | | Full year 2015/16 | | | Section |
|---|----------------|--------------------|--------------------|-----------------------|--------------------|---------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Quarter 2 | Variance to Budget | |
| London Underground | 1,804 | 16 ▲ | 2,561 | (0) | 5 ▲ | 2.1 and 2.2 |
| London Rail | 326 | 9 ▲ | 482 | 5 | 17 ▲ | 2.3 and 2.4 |
| Emirates Air Line | 5 | (1) ▼ | 7 | (0) | (0) ► | |
| Total fares income | 2,135 | 24 ▲ | 3,050 | 5 | 21 ▲ | |
| Other operating income | 116 | 3 ▲ | 176 | 7 | 11 ▲ | 2.7 |
| Total operating income | 2,251 | 27 ▲ | 3,226 | 12 | 32 ▲ | |
| Chief Operating Officer | (1,165) | 14 ▲ | (1,735) | 0 | (13) ▼ | |
| Capital programmes directorates operating costs | (31) | (4) ▼ | (47) | 0 | (7) ▼ | 2.11 and 2.12 |
| Other Operational Expenses | (260) | 20 ▲ | (400) | 7 | 30 ▲ | |
| London Rail Operations | (365) | 10 ▲ | (544) | 9 | 13 ▲ | 2.13 and 2.14 |
| Renewals and reliability Projects | (90) | 26 ▲ | (124) | 3 | 33 ▲ | |
| Total operating expenditure | (1,913) | 66 | (2,850) | 18 | 55 ▲ | |
| Capital expenditure | | | | | | |
| London Underground | (807) | 24 ▲ | (1,162) | 51 | 55 ▲ | 2.23 and 2.24 |
| Third-party capital contributions | 37 | 17 ▲ | 45 | (0) | 12 ▲ | 2.33 |
| LR | (166) | 7 ▲ | (284) | 16 | 17 ▲ | 2.25 and 2.26 |
| Third-party capital contributions | 2 | (4) ▼ | 3 | (0) | (4) ▼ | 2.34 |
| Net capital expenditure | (934) | 44 ▲ | (1,398) | 67 | 81 ▲ | |
| Net Service Expenditure | (596) | 137 ▲ | (1,023) | 97 | 168 ▲ | |

Surface Transport

| Surface Transport (£m) | Year to date | | Full year, 2015/16 | | | Section |
|--|--------------|--------------------|--------------------|-----------------------|--------------------|---------------------|
| | Actual | Variance to Budget | Quarter 2 forecast | Variance to Quarter 1 | Variance to Budget | |
| Bus fares income | 1,081 | (48) ▼ | 1,534 | (14) | (77) ▼ | 2.5 and 2.6 |
| Bus contract costs | (1,382) | 24 ▲ | (2,003) | 12 | 33 ▲ | 2.15, 2.16 and 2.17 |
| Direct Bus Subsidy | (302) | (24) ▼ | (469) | (1) | (44) ▼ | |
| Other Bus Income | 20 | 1 ▲ | 33 | (0) | 4 ▲ | 2.8 |
| Bus operating Expenditure (net of third-party contributions) | (53) | 4 ▲ | (79) | (0) | 6 ▲ | 2.15, 2.16 and 2.17 |
| Bus Capital Expenditure (net of third-party contributions) | (84) | 5 ▲ | (126) | (0) | 15 ▲ | 2.27, 2.29 and 2.30 |
| Net Bus Service Expenditure | (418) | (14) ▼ | (641) | (2) | (19) ▼ | |
| Other Surface Transport | | | | | | |
| Other Operating Income | 279 | 7 ▲ | 390 | (0) | 7 ▲ | 2.15, 2.16 and 2.17 |
| Other Operating Expenditure (net of third-party contributions) | (531) | 10 ▲ | (807) | 0 | 21 ▲ | 2.15, 2.16 and 2.17 |
| Other Capital Expenditure (net of third-party contributions) | (260) | (10) ▼ | (359) | (12) | (17) ▼ | 2.27, 2.29 and 2.30 |
| Net Service Expenditure | (930) | (6) ▼ | (1,417) | (14) | (7) ▼ | |

Shared services

| Corporate (£m) | Year to Date | | Full year, 2015/16 | | | Section |
|--|--------------|--------------------|--------------------|-----------------------|--------------------|---------------|
| | Actual | Variance to Budget | Quarter 2 forecast | Variance to Quarter 1 | Variance to Budget | |
| Other Operating Income | 62 | 22 ▲ | 67 | 5 | 10 ▲ | 2.9 |
| Operating Expenditure (net of third-party contributions) | (495) | 39 ▲ | (744) | (0) | 28 ▲ | 2.18 and 2.19 |
| Net capital Expenditure | (113) | 21 ▲ | (184) | 21 | (21) ▼ | 2.31 and 2.32 |
| Net Service Expenditure | (545) | 83 ▲ | (862) | 26 | 17 ▲ | |

Appendix B: Reconciliation to the Investment Programme Report (IPR)

| TfL group (£m) | Year to date | | Full year, 2015/16 | | |
|--|----------------|--------------------|--------------------|-----------------------|--------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Quarter 2 | Variance to Budget |
| TfL gross capital expenditure | | | | | |
| London Underground | (807) | 24 ▲ | (1,162) | 51 | 55 ▲ |
| London Rail | (166) | 7 ▲ | (284) | 16 | 17 ▲ |
| Surface Transport | (354) | (7) ▼ | (501) | (13) | (1) ▼ |
| Shared services | (494) | 20 ▲ | (578) | 21 | (29) ▼ |
| Total gross capital expenditure | (1,822) | 44 ▲ | (2,526) | 74 | 43 ▲ |
| | | | | | |
| London Underground | (91) | 26 ▲ | (124) | 4 | 33 ▲ |
| Surface Transport | (115) | (6) ▼ | (206) | 0 | 17 ▲ |
| TfL revenue investment | (205) | 20 ▲ | (330) | 4 | 50 ▲ |
| | | | | | |
| London Underground | (898) | 50 ▲ | (1,287) | 54 | 88 ▲ |
| London Rail | (166) | 7 ▲ | (284) | 16 | 17 ▲ |
| Surface Transport | (469) | (13) ▼ | (707) | (13) | 16 ▲ |
| Shared services | (494) | 20 ▲ | (578) | 21 | (29) ▼ |
| TfL gross investment programme | (2,027) | 64 ▲ | (2,856) | 78 | 92 ▲ |

Appendix C: Balance Sheet

| TfL Group Balance Sheet at Quarter 3 (£m) | End of Quarter 3, 2015/16 | | End of 2015/16 | |
|--|---------------------------|--------------------|--------------------|--------------------|
| | Actual | Variance to Budget | Quarter 3 forecast | Variance to Budget |
| Non-current assets (-higher / lower than budget) | 34,609 | 115 | 35,534 | (34) |
| Current assets (exc. cash & investments) (-higher / lower than budget) | 687 | (92) | 615 | (37) |
| Short term loans receivable – (higher) / lower than budget | 1,098 | 70 | 1,283 | 27 |
| Cash & investments (-higher / lower than budget) | 3,980 | (355) | 3,084 | (94) |
| Creditors (higher / -lower than budget) | (2,882) | 106 | (3,102) | 108 |
| Derivative liabilities (higher / -lower than budget) | (100) | 21 | (98) | 19 |
| Borrowings (higher / -lower than budget) | (9,104) | (23) | (9,111) | (4) |
| Provisions (higher / -lower than budget) | (3,140) | 29 | (3,029) | (37) |
| Total Net Assets – (higher) / lower than budget | 25,148 | (129) | 25,176 | (52) |

Non-current assets

5.0 Non-current assets at the end of Quarter 3 were £34,609m, £115m below the Budget. £46m of the variance was due to lower capital expenditure activity; £23m was for lower Crossrail expenditure, with £35m across the rest of TfL. Offsetting these was a £12m variance for higher property costs related to Crossrail within TfL. Other fixed asset movements to depreciation and revaluations totalled £62m. Additionally, long term cash investments were £10m below Budget with the balance reverting to short term investments and long term debtors were also £3m lower than Budget. Offsetting all of the above was a £6m increase in TfL's share of the net assets of the Earl's Court associate, arising from unrealised revaluation gains.

5.1 The Quarter 3 non-current asset forecast has long-term assets at £35,544m, an increase of £17m from the Q2 forecast and £44m higher than Budget, mainly due to a £52m higher capital expenditure activity forecast. The Crossrail project's expenditure is expected to outturn £82m above Budget reflecting the programme wide initiative to bring forward dates for dynamic testing as well as increased costs due to new scope, schedule mitigation and poor contractor performance (£67m) allied to higher property costs (£15m). The rest of TfL are forecasting to underspend on capital by £30m in the year, with lower spend on Four Line modernisation and London Rail station renewals in R&U, and Future Bus systems in Surface being offset by higher spend in Corporate for Future Ticketing and Prestige in relation to 24-hour tube services. Other long-term debtors are £8m lower than Budget largely due to the re-classification of the Hybrid Bus prepayment to short term debtors.

Current assets

5.2 Short-term debtors were £79m above Budget at the end of Quarter 3. In Corporate, Rail Settlement Plan (RSP) balances were £26m higher than the Budget as TfL has sold a smaller proportion of tickets for our own and National Rail services than assumed, meaning TfL is now due to receive higher amounts from the Train Operating Companies. In Rail & Underground, pre-payments (£10m) and capital and trade debtors (£11m) were higher than Budget, all of which are

expected to reverse over time, whilst in Surface Transport, pre-payment balances were £23m higher due to the transfer of the Hybrid Bus pre-payment from long-term assets, payments to suppliers following delays in commercial contracts, as well as some utility and payroll payments made in advance of the budgeted date. Stocks were £13m higher than Budget, mainly in R&U due to increased levels of maintenance items such as new S-stock parts. These are expected to reduce closer to Budget by year end.

- 5.3 The full-year position for short term debtors is forecast at £34m above Budget. Within R&U and Surface a number of contractual prepayments are forecast at £27m higher than Budget, mainly due to timing issues.
- 5.4 The short term loan receivable balance represents the amount loaned to Network Rail as part of the Crossrail project, currently due to be repaid in full in May 2016. The variance at Quarter 3 and the full year reflect the latest phasing of spend by Network Rail.

Cash and investments

- 5.5 Cash and short term investments at Quarter 3 were £3,980m, some £345m above Budget and although these are forecast to reduce to £3,084m by year end, this is still £84m above Budget. Appendix D below summarises actual and forecast cash movements compared to Budget.

Creditors

- 5.6 Year-to-date creditors were £106m, or 3.8% higher than Budget, of which £95m was for earlier than expected receipt of concessionary fares payments from the London Boroughs, increased Oyster deposits and amounts owed to National Rail operators for use of Pay As You Go cards on their services. The full-year forecast for creditors is £108m (3.6%) above Budget. In R&U, capital creditors are expected to be £40m higher than Budget in as a result of spend on major projects slipping to later in the year whilst in Crossrail they are expected to be £71m due to works being brought forward from future periods.

Derivatives

- 5.7 The derivatives position at Quarter 3 is based on market values. TfL is obliged to record the fair value of its derivatives on the balance sheet. Where hedge accounting applies, any movement in the fair value of the derivative liability is recognised directly in reserves; otherwise the movement is recorded in the income statement. The fair value movement is expected to reverse by maturity in future years.

Borrowings

- 5.8 Borrowings at Quarter 3 were £23m below budget following a decision to defer a small amount of new borrowings until later in the year. The small forecast variance arises from increased levels of fees and discounts on borrowings raised in the year.

Provisions

- 5.9 Provisions at the end of Quarter 3 were £29m higher than Budget mainly related to the Crossrail project, with lower payments for property claims of £24m and an £11m increase in the balance for contractual claims. The forecast position has provisions at the year end £37m below Budget. Again, most of this is in respect of the Crossrail project at £39m below Budget with higher property related payments of £26m and a £25m reduction in expectations on contractual disputes, offset lower amounts provided for new property claims of £12m.

| Balance Sheet (£m) | Year to date | | | Full year, 2015/16 | |
|------------------------------------|----------------|----------------|--------------------|--------------------|--------------------|
| | Actual | Budget | Variance to Budget | Quarter 3 Forecast | Variance to Budget |
| Intangible assets | 131 | 102 | (29) | 90 | 7 |
| Property, plant & equipment | 33,547 | 33,684 | 137 | 34,511 | (59) |
| Investment properties | 438 | 438 | - | 438 | - |
| Investment in associate | 50 | 44 | (6) | 44 | - |
| Long term investments | - | 10 | 10 | - | 10 |
| Long term debtors | 443 | 446 | 3 | 451 | 8 |
| Non Current Assets | 34,609 | 34,724 | 115 | 35,534 | (34) |
| Stocks | 67 | 54 | (13) | 56 | (3) |
| Assets held for Sale | 620 | 541 | (79) | 559 | (34) |
| Short term debtors | 4 | 23 | 19 | 5 | 18 |
| Short term derivative | 1,098 | 1,168 | 70 | 1,283 | 27 |
| Cash and Short Term Investments | 3,980 | 3,625 | (355) | 3,084 | (94) |
| Current Assets | 5,769 | 5,411 | (358) | 4,987 | (86) |
| Short term creditors | (2,117) | (1,986) | 131 | (2,353) | 137 |
| Short term derivatives | (13) | (1) | 12 | (11) | 10 |
| Short term borrowings | (782) | (784) | (2) | (784) | - |
| Short term lease liabilities | (42) | (61) | (19) | (95) | 42 |
| Short term provisions | (191) | (159) | 32 | (100) | (37) |
| Current Liabilities | (3,145) | (2,991) | 154 | (3,343) | 152 |
| Long term creditors | (84) | (105) | (21) | (79) | (40) |
| Long term borrowings | (8,322) | (8,343) | (21) | (8,327) | (4) |
| Long term lease liabilities | (639) | (624) | 15 | (575) | (31) |
| Long term derivatives | (91) | (101) | (10) | (92) | (9) |
| Other provisions | (65) | (67) | (2) | (49) | 2 |
| Pension provision | (2,884) | (2,885) | (1) | (2,880) | (2) |
| Long Term Liabilities | (12,085) | (12,125) | (40) | (12,002) | (84) |
| Total Net Assets | 25,148 | 25,019 | (129) | 25,176 | (52) |
| Capital and Reserves | | | | | |
| Usable reserves | 3,982 | 3,618 | (364) | 2,853 | 29 |
| Unusable reserves | 21,166 | 21,401 | 235 | 22,323 | (81) |
| Total capital employed | 25,148 | 25,019 | (129) | 25,176 | 52 |
| Cash and Investments | | | | | |
| CRL Sponsor funding account | 1,809 | 1,792 | (17) | 1,448 | 126 |
| Other cash and investments | 2,171 | 1,843 | (328) | 1,636 | (210) |
| Total as above ¹ | 3,980 | 3,635 | (345) | 3,084 | (84) |

¹ Includes Cash and Investments, and long-term investments

Appendix D: Cash summary

| Cash Summary In / (Out) Flow (£m) | Year to date | | | Full year, 2015/16 | |
|---|--------------|---------|--------------------|--------------------|--------------------|
| | Actual | Budget | Variance to Budget | Quarter 2 Forecast | Variance to Budget |
| Margin | (905) | (1,075) | (170) | (1,552) | (145) |
| Working Capital Movements | 48 | (39) | (87) | (10) | 51 |
| Cash Spend on Operating Activities | (857) | (1,114) | (257) | (1,562) | (94) |
| Net Capital Expenditure | (1,390) | (1,450) | (60) | (2,068) | (58) |
| Crossrail | (1,055) | (1,069) | (14) | (1,613) | 78 |
| Working Capital Movements | 118 | 212 | 94 | 411 | (89) |
| Cash Spend on Capital Activities | (2,327) | (2,307) | 20 | (3,270) | (69) |
| Cash Settlement of derivatives | - | - | - | - | - |
| Non-cash items included in activity | 152 | 80 | (72) | 143 | (32) |
| Fair value adjustment for long term investments | - | - | - | - | - |
| Loans to third parties (paid) / repaid | (673) | (746) | (73) | (883) | (17) |
| Non-Activity Cash Movements | (521) | (666) | (145) | (740) | (49) |
| Grants, Precept & other contributions | 2,418 | 2,432 | 14 | 3,380 | 125 |
| Borrowings Raised | 603 | 626 | 23 | 623 | 3 |
| Borrowings Repaid | (14) | (14) | - | (25) | - |
| Total Funding | 3,007 | 3,044 | 37 | 3,978 | 128 |
| Net Movement in Cash | (698) | (1,043) | (345) | (1,594) | (84) |

Appendix E: Financial comparison with 2014/15

TfL group finances – operating income, expenditure and funding

| TfL group (£m) | Year to date | | | |
|--|--------------------------|--------------------------|------------------------|-------------|
| | Year to date, 2014/15 | Year to date, 2015/16 | Year on year change | |
| Fares income | 2,935 | 3,216 | 281 | 10% |
| Other operating income | 489 | 484 | (5) | -1% |
| Total income | 3,424 | 3,700 | 276 | 8% |
| Operating expenditure (net of third-party contributions) | (4,179) | (4,381) | (203) | 5% |
| Operating margin | (754) | (681) | 73 | -10% |
| Interest income | 18 | 19 | 1 | 6% |
| Debt interest | (244) | (262) | (18) | 7% |
| Contingency and group items | 18 | 18 | 0 | 1% |
| Margin | (962) | (905) | 56 | -6% |
| Finances sources | | | | |
| General grant | 578 | 403 | (176) | -30% |
| Overground grant | 20 | 27 | 7 | 36% |
| GLA precept | 4 | 4 | 0 | 0% |
| Business Rates Retention | 675 | 565 | (110) | -16% |
| Other revenue grants | 6 | 0 | (6) | -99% |
| Total revenue grants | 1,283 | 998 | (285) | -22% |
| Operating contribution to fund investment | 321 | 93 | (228) | -71% |

| | | Full-year | | |
|--|----------------------------------|-----------------------------------|------------------------|-------------|
| | Full-year actuals, 2014/15 | Quarter 2 forecast, 2015/16 | Year on year change | |
| | 4,281 | 4,584 | 303 | 7% |
| | 720 | 675 | (45) | -6% |
| | 5,002 | 5,259 | 258 | 5% |
| | (6,152) | (6,492) | (340) | 6% |
| | (1,150) | (1,233) | (83) | 7% |
| | 28 | 23 | (5) | -19% |
| | (358) | (378) | (20) | 6% |
| | 27 | 37 | 10 | 36% |
| | (1,453) | (1,552) | (99) | 7% |
| | 897 | 591 | (306) | -34% |
| | 26 | 37 | 11 | 41% |
| | 6 | 6 | 0 | 0% |
| | 828 | 773 | (55) | -7% |
| | 8 | 1 | (7) | -88% |
| | 1,766 | 1,408 | (358) | -20% |
| | 313 | (144) | (457) | -146% |

TfL group finances – capital expenditure, income and funding

| TfL group (£m) | Year to date | | | |
|---|--------------------------|--------------------------|------------------------|-----------|
| | Year to date, 2014/15 | Year to date, 2015/16 | Year on year change | |
| Capital expenditure | (1,364) | (1,821) | (457) | 33% |
| Third-party contributions – capital | 22 | 50 | 28 | 128% |
| Sales of property and other assets | 30 | 381 | 351 | 1171% |
| Net capital expenditure excl. Crossrail | (1,312) | (1,389) | (77) | 6% |
| Crossrail capital expenditure | (1,015) | (1,055) | (40) | 4% |
| Net capital expenditure incl. Crossrail | (2,326) | (2,444) | (118) | 5% |
| Finance sources | | | | |
| Surplus/ -deficit to fund investment | 321 | 93 | (228) | -71% |
| Crossrail funding sources | 1,240 | 696 | (544) | -44% |
| Investment grant | 629 | 640 | 11 | 2% |
| Other capital grants | 100 | 84 | (16) | -16% |
| Working capital | (148) | (356) | (208) | 140% |
| Net borrowing and reserve movements | 182 | 1,287 | 1,105 | 607% |
| Total | 2,325 | 2,445 | 120 | 5% |

| | | | Full-year | |
|----------------------------------|-----------------------------------|------------------------|-----------|--|
| Full-year actuals, 2014/15 | Quarter 2 forecast, 2015/16 | Year on year change | | |
| (1,979) | (2,526) | (547) | 28% | |
| 25 | 65 | 40 | 159% | |
| 47 | 393 | 346 | 737% | |
| (1,907) | (2,068) | (161) | 8% | |
| (1,475) | (1,613) | (138) | 9% | |
| (3,382) | (3,681) | (299) | 9% | |
| 313 | (144) | (457) | -146% | |
| 1,702 | 906 | (796) | -47% | |
| 909 | 925 | 16 | 2% | |
| 124 | 141 | 17 | 14% | |
| (389) | (339) | 50 | -13% | |
| 722 | 2,192 | 1,470 | 204% | |
| 3,382 | 3,681 | 300 | 9% | |

Glossary

| Measure | Unit | Description |
|--|-------------------|---|
| London Underground: total lost customer hours | Hours | The total additional journey time, measured in hours, experienced by all customers as a result of delays that lasted two minutes or longer. A delay at a busy location or during peak hours results in more 'lost customer hours' because more customers are affected. |
| London Underground: excess journey time | Perceived minutes | <p>The average extra time that it took to complete a journey, compared to the time it would have taken if there were no delays. This can be affected by many things, such as queues to buy tickets or board trains, escalators being out of service, delays to trains, longer walking routes within stations, or planned weekend closures. A lower EJT figure means customers experience less delay whether planned or unplanned.</p> <p>TfL weight the figures according to when and where the delay occurred. For example, we know that for customers, waiting on a train that is delayed in the tunnel feels longer than waiting on a platform for a delayed train to arrive, even if the total length of delay is the same. This means that the 'minutes' used in the measure are not actual minutes, but reflect customers' perception of the delay they experience.</p> |
| London buses: excess wait time | Minutes | <p>Excess wait time (EWT) represents the amount of time that a passenger has had to wait in excess of the time that they should expect to wait if buses ran as scheduled.</p> <p>EWT is the key measure of reliability of high frequency bus services as experienced by passengers and is also used to calculate operator performance bonuses or penalties.</p> |
| Transport for London Road Network (TLRN): serious and severe disruption | Hours | The KPI measures the numbers of hours of serious and severe disruption on the Transport for London Road Network (TLRN) as a result of planned and unplanned interventions. |

| | | |
|--|---|--|
| Docklands Light Railway: on-time performance | % | The number of valid train departures expressed as a percentage of the base service departures: valid departures must have a minimum dwell of 5 seconds, the correct number of carriages and complete the whole of the scheduled route. |
| London Overground: public performance measure | % | <p>The Public Performance Measure (PPM) shows the percentage of trains which arrive at their destination on time.</p> <p>The PPM combines figures for punctuality and reliability into a single performance measure. It is the rail industry standard measurement of performance.</p> <p>PPM measures the performance of individual trains advertised as passenger services against their planned timetable as agreed between the operator and Network Rail at 22:00 the night before. PPM is therefore the percentage of trains 'on time' compared to the total number of trains planned.</p> <p>In London and the South East, a train is defined as on time if it arrives at the destination within five minutes (ie 4 minutes 59 seconds or less) of the planned arrival time. Where a train fails to run its entire planned route calling at all timetabled stations it will count as a PPM failure.</p> |
| Emirates Air Line: availability | % | Operating availability is the ratio of actual operating hours / planned operating hours. Planned operating hours are not necessarily the same as scheduled due to instances when the EAL is open outside of schedule in support of local events – particularly those at the O ₂ . |
| TLRN: journey time reliability (am peak) | % | The key measure for monitoring smoothing traffic flow is journey time reliability (JTR). It is defined as the percentage of journeys completed within an allowable excess of 5 minutes for a standard 30 minute journey during the AM peak. |

| | | |
|--|--------------------------------|---|
| Scheduled services operated | % | The amount of service that TfL actually operated, compared to what we planned beforehand – comparing peak and off-peak times. (Peak times are 07.00 – 10.00 and 16.00 – 19.00 Monday – Friday.) This helps us check whether the service we operate at the busiest times of day is as good as during quieter periods. |
| Recorded crime | Per million passenger journeys | The number of recorded (or notifiable) crimes per million passenger journeys on the appropriate network. |
| LU and LR major injury frequency rate | Major injuries/million hours | <p>The KPI records the number of serious injuries to customers, employees and contractors using or working on London Underground and London Rail as a measure of customer and employee safety.</p> <p>A major injury is one classified as ‘major’ under schedule 1 of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Injuries arising from criminal acts, alleged suicide attempts, and medical conditions are excluded.</p> |
| Cumulative reduction in killed and seriously injured (KSI) Londonwide | % | The percentage reduction in Killed or Seriously injured (KSI) KPI relates to personal injury road traffic collisions occurring on the public highway, and reported to the police, in accordance with the Stats 19 national reporting system. The KPI measures the percentage change in KSI casualties on London's roads compared to the baseline average number of KSI casualties between 2005 and 2009. The Safe Streets for London (SSfL) Road Safety Action Plan published on 6 June 2013 sets out the target of a 40 per cent reduction in KSI casualties by 2020 against the 2005-09 baseline. |
| Vehicles operated by FORS accredited companies | Number | The KPI measures the cumulative total of vehicles operated by Fleet Operators’ Recognition Scheme (FORS) accredited companies. The numbers of vehicles recognises those from at all levels (bronze, silver & gold) of accreditation. The cumulative total starts from 2008. |
| Passenger journeys | Millions | It’s important to know how much people are travelling on TfL services. We use this information to plan for the future. |

Cycling levels on the TLRN

Index

The purpose of this indicator is to assess the level of cycle use on the TLRN. The overall ambition is to increase cycling levels by 400% such that by 2025 cycling will equate to a 5% mode share of all journey trips. This indicator does not represent cycling across London as a whole; It only represents cycling on the 5% of London's roads that are the TLRN. The indicator is presented as an indexed flow relative to a baseline of March 2000 (a flow level that is represented as 100 on the index). Sixty automatic cycle counters on the TLRN provide sample counts of cyclists using the network. The indicator converts these counts into an index that is used to represent increases in cycle flows on the TLRN over time. It does not represent the total number of cyclists in London. Automatic cycling counters are pieces of monitoring equipment that emit a magnetic field that detects the presence of a moving cycle.

Customer satisfaction

%

One of our most important performance measures is customer satisfaction; this helps us understand what the people who use our services really think.

An independent research company interviews around 10,000 customers every year, as they complete their trip. They are asked to make an 'overall evaluation' of their journey experience, by giving a score out of 10. We take the average of everybody's scores and multiply it by 10, to give a final result out of 100



New Tube for London exterior livery

Investment Programme Report Quarter Three

October-December 2015

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TfL investment programmes

Our Investment Programme described in this report – one of the largest in Europe – contains a range of projects that will deliver world-class transport services to London. The report covers the larger projects, defined as those with an estimated final cost of £50m or more. Significant yet smaller value projects may be included to provide a rounded view of the whole Transport for London (TfL) Investment Programme.

This Investment Programme Report (IPR) includes:

- Investment Programme highlights – summarisation of progress of the whole Investment Programme
- Programme updates – commentary update to the significant projects and programmes within the Investment Programme and commentary on significant delivery milestone movements or variances
- Financial variance – variance with commentary on financial key performance indicators (KPIs)



New section of the North-South Cycle Superhighway in use on Blackfriars Road, Southwark

Q3 2015/16 Plan milestone analysis



■ On time or early ■ Late – up to 89 days ■ Late – 90 days or more

Investment Programme highlights

The Investment Programme is at the heart of our strategy to improve the travel experience of our customers and cope with the growing demand for our services. We continued to deliver against our milestones this quarter and forecast that 89 per cent of our budget milestones will be delivered on time or early for the year.

During the quarter we delivered some significant milestones. On the Metropolitan line extension we achieved formal transition from Hertfordshire County Council, enabling us to take formal control of the main design and build contract. On the Northern line extension we started construction of the retaining walls within which the new Battersea and Nine Elms Underground stations and track junctions will be built in vast subterranean ‘boxes’.

We installed a new crossover on the Metropolitan line at King’s Cross St. Pancras during a Christmas closure. This required major signals remodelling and the changes will support the Four Lines Modernisation (4LM) Automatic Train Control (ATC) project in achieving 32 trains per hour. We completed significant ballasted track renewal at Paddington, working side by side with Network Rail to maximise the closure.

On our station upgrades, the Central line platforms at Tottenham Court Road re-opened following an 11-month closure, during which we constructed a new step-free access lift shaft, a new passageway that will link to the new larger ticket hall, and refitted the platforms and refurbished escalators. The closure also included restoration of the celebrated Eduardo Paolozzi mosaics. The Department for Transport (DfT) made the Bank station capacity Transport and Works Act Order. The works, which will increase space and step-free access for customers and reduce interchange times, are expected to start in spring 2016.

Hundreds of thousands of London Overground customers are now experiencing more comfortable journeys as work to lengthen trains from four carriages to five completed. The new carriages, which increase customer capacity on the East London, West London, North London and Euston to Watford routes by 25 per cent, will help meet the increasing demand for the highly popular rail service and provide room for an extra 170 customers per train. We started a detailed public consultation on our plans to build a vital new London Overground link to Barking Riverside. The area is one of the Mayor's Opportunity Areas for housing growth, which cannot be realised without this new transport infrastructure. We also opened a new lift at Kensal Rise station as part of our programme of works to improve customer accessibility on London Overground.

On our tram network, we opened the extended tram platform at Wimbledon station, which will allow an increase from eight to 12 trams per hour along the busy route from Wimbledon to Croydon. The first of four new trams entered service and all four will be operating by spring 2016.

Quarter 3 was significant for gateway stations, with the completion of transformation work and installation of new ticket machines at Victoria, Euston and King's Cross. We also started work on a project to significantly extend our ability to view station CCTV images from our central control room. This will reduce the delays caused by incidents on stations and further enhance security.

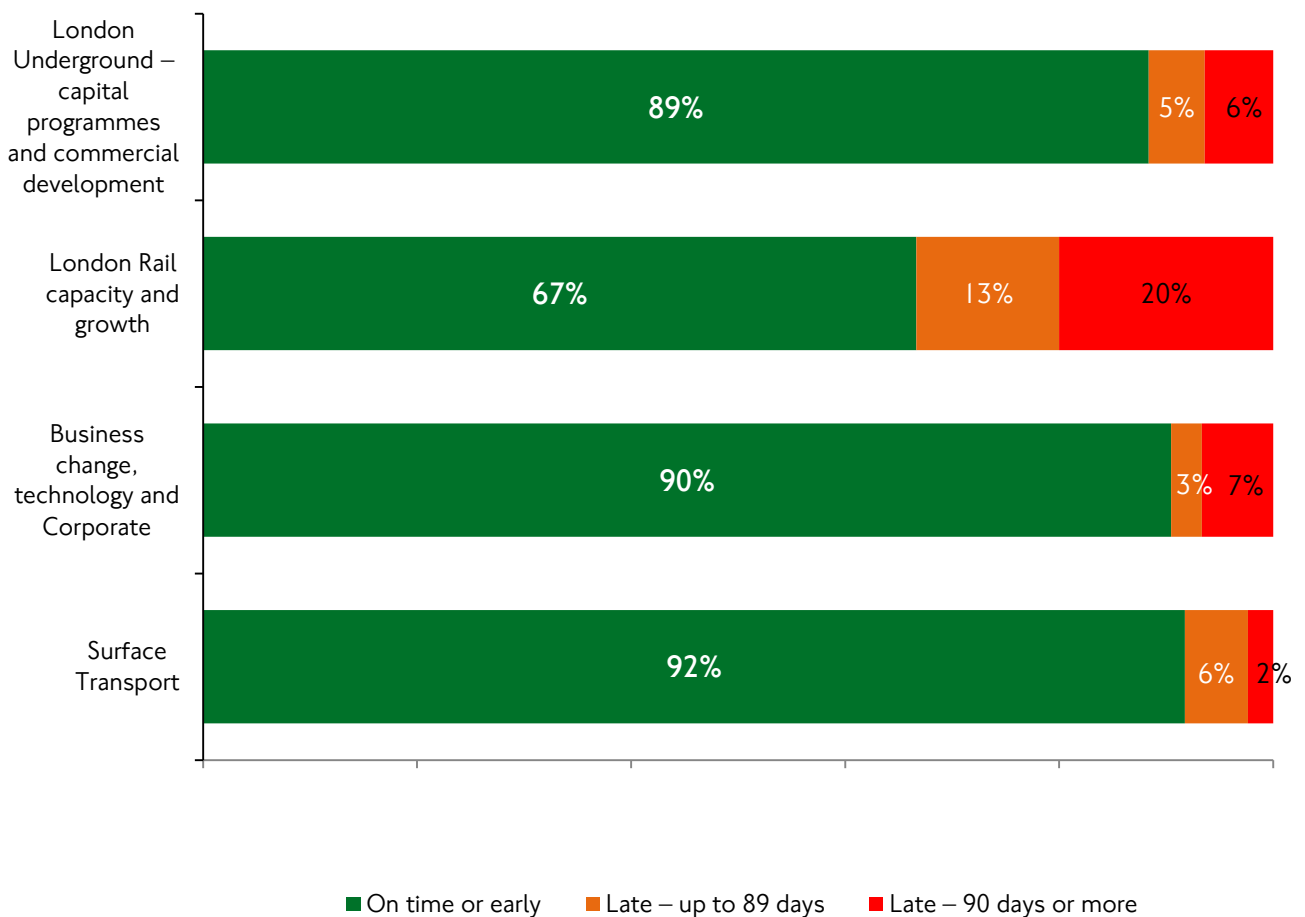
We made significant progress in delivering our Road Modernisation Plan. The Elephant and Castle gyratory returned to two-way traffic for the first time in 50 years to help improve traffic flow. The first of four average speed corridor trials on the A40 is now being enforced by the Metropolitan Police Service. There were more than 4,100 respondents to the public consultation on the proposed Silvertown Tunnel, with almost 60 per cent in support.

As part of our cycling improvements, we completed construction of Cycle Superhighway Route 5 Inner (Oval to Pimlico) and the route was launched by the Mayor of London. On the North-South Cycle Superhighway, the official launch and opening of the St George's Road/St George's Circus bi-directional cycle track, which is almost a kilometre in length, took place in October 2015. On East-West, we completed all segregation build on the Victoria Embankment. Construction on the Central London Grid gains momentum, with 32 of the 125 schemes either complete or under construction, which represents 20 per cent of the overall 85km of grid network. A further 15km is being delivered as higher-intervention Cycle Superhighways.

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Q3 2015/16 Plan milestone analysis



London Underground and London Rail

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London Underground

Four Lines Modernisation (4LM)

Overview

The 4LM programme scope covers 40 per cent of the London Underground (LU) network. To continue running reliable and regular services on the Circle, Metropolitan, District and Hammersmith & City lines, we are introducing a phased replacement of fleet, signalling and supporting systems. Most existing assets are at, or beyond, their design life and the need for their replacement has also created an opportunity for asset modernisation and delivery of improved journey times and capacity; both are essential to accommodate London's projected population and employment growth.

The modernisation includes the replacement of trains across all four lines with new S-Stock. These trains are walk-through with air conditioning, as well as improved visual and audio displays, dedicated wheelchair spaces and colour contrasting interiors. The programme will deliver a 33 per cent increase in peak-hour capacity, operating at 32 trains per hour on one of the world's most complex railways.

S-Stock train roll-out

Quarterly progress

We completed S-Stock roll-out on the Metropolitan, Circle and Hammersmith & City lines and 40 (of a planned 80) new trains for the District line have been delivered to London. Production of the last train of the original production run has started with an additional train ordered for the Metropolitan line extension. Introduction of the trains into service slowed following industrial action by maintenance staff and a mutually beneficial agreement with the supplier to slow down train production, but is still planned to complete in 2016, ahead of the DfT's milestone.



Commuters on a new S-Stock train

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| Winterisation facilities available for S-Stock at Ealing Common and Upminster depots | 04-Dec-15 | 04-Dec-15 | Complete | | - |

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| S-Stock enabling immunisation works complete | 26-Feb-16 | 23-Nov-15 | Complete | | - |
| Commence production of last 191 S-Stock at Derby | 31-Mar-16 | 23-Dec-15 | Complete | | - |
| Handover of 53 S-Stock Circle line trains to operations | 26-Feb-16 | 24-Dec-15 | Complete | | - |
| Roll out of new air-conditioned trains on the District line complete | 31-Dec-16 | 17-Oct-16 | ● | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 2,875.9 | 3,138.8 | 3,144.0 | 5.2 ▼ 0.2% | 3.9 ▼ 0.1% | 145.0 | 140.3 | -4.7 ▲ -3.4% |
| The EFC is below authority and no pressures are currently identified. | | | | | The variance to budget is due to deferral from the 2014/15 financial year into 2015/16 of the rolling stock heavy spares delivery and the rephasing of the next stage of the depot modifications for S-Stock. | | |

Automatic Train Control (ATC)

Quarterly progress

We performed the first dynamic testing of an S-Stock train in automatic train operation mode at the Melton Rail Innovation and Development Centre (formerly known as Old Dalby) on 16 November 2015. These tests validated both wayside signalling systems and ATC equipment fitted to S-Stock. This is a major success as it is the first validation of the new ATC system with a moving train.

On the wayside enabling project, which provides the infrastructure for the new ATC signalling system, we installed 50 per cent (17km) of the cable route management system, and the low voltage switch boards for the first three sites passed their factory acceptance tests. We also started construction on the first tranche of five signal equipment rooms and the first of these (Hammersmith) is available to Thales, the signalling contractor, for the installation of their equipment.

We are changing the track layout to optimise the infrastructure capacity ready for ATC, with works at King's Cross, Putney Bridge, Bromley-by-Bow and Ealing Broadway progressing on schedule.



Battery loco testing with Thales ATC radio system at Old Dalby

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|---|--------------------------------|
| Start site installation | 09-Apr-16 | 05-Jan-16 | ● | Start site installation was achieved post quarter end. It should be noted that to implement the timetable changes associated with revenue service uplifts, a number of adjacent migration areas need to be commissioned and an appropriate reliability proving period completed. The forecast dates are the earliest likely commissioning dates for Thales, based on services operated at the time. | - |
| Trainborne system approved | 26-Jan-18 | 26-Jan-18 | ● | | - |
| Revenue service – Hammersmith (H&C) to Latimer Road | 25-Aug-19 | 16-Apr-18 | ● | | - |
| Revenue service – Sloane Square to Paddington (Circle)/Barons Court/Fulham Broadway/Olympia | 16-Aug-20 | 25-Mar-19 | ● | | - |
| Revenue service – Becontree to Upminster | 03-Dec-20 | 15-Jul-19 | ● | | - |
| Revenue service – Fulham Broadway to Wimbledon | 16-Oct-21 | 26-May-20 | ● | | - |
| Revenue service – South Harrow/West Harrow to Uxbridge | 26-Mar-22 | 02-Nov-20 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 685.7 | 2,263.5 | 2,268.0 | 4.5 ▼ 0.2% | 4.5 ▼ 0.2% | 164.7 | 235.3 | 70.6 ▼ 30.0% |
| The EFC is below authority and no pressures are currently identified. | | | | | The variance against budget is due to the budget having been set before the ATC contract was awarded and the contractor's planned spend profile known. | | |

Metropolitan line extension

Overview

The key objectives of the Metropolitan line extension (MLX) are to provide a catalyst for regeneration and growth in the Watford area, and to improve connectivity between southwest Hertfordshire and northwest London. The project involves the diversion and extension of the existing Metropolitan line from just north of Croxley to a new terminus at Watford Junction via the existing Watford High Street station. The scope also includes the construction of a 400-metre viaduct and two new stations at Cassiobridge and Watford Vicarage Road; the upgrading of infrastructure on the disused Croxley Green Network Rail branch line; the installation of a new signalling system (including over the Network Rail-owned section); and the purchase of an additional S-Stock train.

Quarterly progress

Formal transition from Hertfordshire County Council was achieved on 20 November 2015 enabling LU to take formal control of the main design and build contract with Taylor Woodrow. This allows the project to assume full control of the design management aspects and to begin negotiation of an acceptable target price and programme for the major structures build elements.

A '60-day plan' has been agreed with Network Rail (NR), which outlines the steps required to achieve concept design acceptance, and mobilisation of the integrated NR/LU team to deliver the works beyond this. A joint LU/NR collaboration event was held on 3 December 2015 to outline the framework for how both parties will work together as an integrated team to deliver the required outputs.

Design on the LU operable section continues to plan and we continue to negotiate the signalling and power solutions for the NR section. The solutions preferred by NR are not in line with the current base estimate, cost and programme. We are working with NR to identify the most cost effective and technically compliant option.



Map of the planned Metropolitan line extension

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|------------|--------------------------------|
| Network Rail signalling contract award (Guide to Rail Investment Process [GRIP] Stage 4 Single Option Development) | 14-Aug-16 | 14-Aug-16 | ● | | - |
| Structures piling commences | 22-Oct-16 | 22-Oct-16 | ● | | - |
| Station construction starts | 19-Jan-17 | 19-Jan-17 | ● | | - |

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| Vicarage Road station complete | 18-Mar-19 | 18-Dec-18 | ● | | - |
| Wiggenhall junction installation works complete | 27-Mar-19 | 27-Dec-18 | ● | | - |
| GRIP Stage 6 (construction, testing and commission) installation complete | 11-Dec-19 | 12-Sep-19 | ● | | - |
| Trial running of train commence | 09-Jul-20 | 11-Jun-20 | ● | | - |
| Delivery into service | 13-Dec-20 | 13-Dec-20 | ● | | - |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|------------------------|-------------------|---------------------------|---|
| Stage 2 contract award | 31-Mar-16 | -124 | This relates to the award of the major civil engineering works contract, which is currently not on the project's critical path. |
| Start on site | 16-Jun-16 | -88 | See above. Note this activity is not on the project critical path. |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 44.9 | 299.0 | 285.1 | -13.9 ▲ -4.9% | - | 48.0 | 17.0 | -31.0 ▲ -182.4% |
| The EFC is in excess of authority due to projects costs at transition from Hertfordshire County Council being higher than previously forecast. | | | | | The increase against budget relates to the Mayoral decision to transfer the delivery obligations for the MLX programme from Hertfordshire County Council to TfL, which was made after the budget was set. | | |

Infrastructure renewals

Overview

A well-managed infrastructure portfolio is central to the network. Maintaining and improving asset condition improves reliability and allows for capacity improvements. Our programme of work comprises:

- Track and drainage renewals: replacement and reconditioning of ballasted and deep Tube track, including depots and sidings and the improvement of track drainage infrastructure
- Points and crossings: refurbishment/renewal of points and crossings, and the installation of new junction layouts
- Track plant and depot support: assists infrastructure renewals and maintenance activities by providing an enhanced engineering vehicle fleet capacity and capability
- Power upgrades: providing traction and signalling power supplies necessary to enable the capacity increases planned for line modernisations and increased service frequencies
- Cooling upgrades: controlling temperatures on the deep Tube to protect the wellbeing of customers and staff, especially where higher service frequencies require more power
- Civils earth structures: carrying out work to embankments and associated structures to prolong lifespans
- Access: identifying and implementing improvements to the way the Underground plans and controls access to key assets, while transforming business culture to support these improvements
- Signals: supplying specialist signalling expertise to support the delivery of the Infrastructure Renewals portfolio and deliver solutions that minimise impact to the operational railway and increase reliability

Track programme

Quarterly progress

In the quarter, we delivered more than 6.5km of ballasted track and two kilometres of drainage renewal, renewed 13 points and crossing units and completed more than 1.5km of deep Tube renewals.

At Hanger Lane we completed a complex closure while only closing one station (Ealing Broadway). The work involved relocating a junction from a bridge to ground level to allow the pointwork to be built upon a deeper bed of ballast to provide a smoother, faster and more reliable journey for customers, and renewing more than 330 metres of ballasted track. We introduced a new way of working by installing new track panels with the point machines already fitted to reduce the time required on site for the installation of new pointwork.

We renewed in excess of 1,200 metres of ballasted track overnight at Hounslow West, saving the need for four weekend closures on the Piccadilly line serving Heathrow airport.

We continued to replace air operated points, which were designed in 1963, with modern electrically operated 'Surelock' point machines to improve reliability and reduce future maintenance requirements. A total of 43 have been replaced to date with a further 38 planned, which we expect to complete in April 2018.

We took delivery of two new tamping machines at Ruislip depot, achieving a major milestone. The tampers have been specially designed to be more versatile in size and capability, thereby allowing us to deliver modular points and crossing layouts to previously inaccessible areas of the network. The tampers will be in service following a seven-week period of successful acceptance trials.

Work on the deep Tube included the conversion of a further 3.1 km of bullhead rail to current specification within the restricted southbound Metropolitan line single bore tunnels between Finchley Road and Baker Street.

We continued work to upgrade depots and sidings. This included renewal work at Ealing Common, Neasden and Upminster, and extensive track improvement work within Barking depot. We also made significant progress at Hammersmith depot, to transform the depot into a signalled set of sidings. Work included installing plain line ballasted track, new points, and concrete slab track within the sheds.

Between Russell Square and Holborn, we installed for the first time, innovative check base plates, which allow concrete sleepers to be used. This is the final stage in removing wooden sleepers from the deep Tube. We are also installing new padded concrete sleepers on all sites, as these will last longer and require less maintenance.

During a Christmas closure at King's Cross St. Pancras we installed the new scissors crossover to the west of the station and commissioned it into service. This required major signals remodelling between Great Portland Street and Farringdon. These changes will provide greater flexibility for the network, allowing trains to reverse from both platforms and also more trains per hour to support the ATC project to reach 32 trains per hour.

Finally, we completed a joint closure with Network Rail at Paddington, renewing more than 630 metres of ballasted track through both platforms. This collaboration was a first for LU and allowed the teams to maximise the work completed in much shorter time, ensuring minimum disruption to customers.



Work in progress at Hanger Lane

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|----------------------------|--------------------------------|
| Deep Tube renewal – achieve 2.9km | 15-Oct-15 | 25-Sep-15 | Complete | | 20 |
| Achieve 'consent to operate' for the 7th Schoma locomotive | 07-Dec-15 | 02-Dec-15 | Complete | | -51 |
| Ballasted track renewal and re-ballast – achieve 13,760 metres | 08-Jan-16 | 08-Jan-16 | ● | Achieved post quarter end. | - |
| Achieve 'consent to operate' for first of two new tamping machines | 03-Mar-16 | 05-Feb-16 | ● | | -16 |
| Cumulative 16 per cent of track replaced on Sub-Surface and Bakerloo, Central and Victoria (BCV) lines | 31-Mar-16 | 31-Mar-16 | ● | | - |
| Renew points and crossings units – achieve 35 units | 31-Mar-16 | 31-Mar-16 | ● | | - |
| Ballasted track renewal and reballast – achieve 19,500 metres | 31-Mar-16 | 31-Mar-16 | ● | | - |
| Track drainage renewal – achieve 6,000 metres | 31-Mar-16 | 31-Mar-16 | ● | | - |
| Deep Tube renewal – achieve 6,012 metres | 31-Mar-16 | 31-Mar-16 | ● | | - |
| Upminster sidings project works – finish on site | 31-Mar-16 | 31-Mar-16 | ● | | - |
| Neasden depot project works – finish on site | 31-Mar-16 | 31-Mar-16 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated Final Cost (EFC)* £m | Annual | | | In year | | |
|------------------------------------|--------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 178.7 | 254.7 | 229.8 | -25.0 ▲ -10.9% | -5.6 ▲ -2.2% | 254.7 | 229.8 | -25.0 ▲ -10.9% |

A new three-year Track authority was approved since the budget was set and the workbank reprofiled over the three years, resulting in current year EFC variance and movement in the quarter. However, the total three-year EFC is in line with the total three-year authority.

4LM Major Power Works (Traction)

We reconfigured the 22kV power distribution network at the east end of the District line. This involved commissioning the new substation at West Ham and supplying power to two new 22kV coupling transformers at Dagenham Heathway. Dagenham Heathway was then configured to supply power to substations from Plaistow to Upminster depot. This work brings higher power capacity to allow the new S-Stock fleet to deliver improved journey time capability and further resilience to the power network in the area.

At Southfields we delivered and installed a new track paralleling hut, which maintains traction voltage levels between substations.

We awarded 4LM contracts to Balfour Beatty Engineering Services for building new transformer rooms at Ealing Broadway and Uxbridge to support the 4LM ATC signalling contract. Tenders for 4LM high voltage network power quality equipment are being reviewed.

On the World Class Capacity programme (Jubilee line Upgrade 2), we awarded Alstom a portfolio of work to provide sufficient power for the new timetable.



New paralleling hut at Southfields

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|------------|--------------------------------|
| Main civil works substantial completion | 05-Oct-15 | 02-Oct-15 | Complete | | 3 |
| Completion of jointing 132kV cable route | 15-Oct-15 | 29-Sept -15 | Complete | | 16 |
| P8M completion of main system Quality Inspection Completion Certificates – Part 8 | 28-Oct-15 | 09-Oct -15 | Complete | | -15 |
| Package 3B Cromwell Curve substation ready to energise | 23-Oct-15 | 22-Oct-15 | Complete | | 1 |
| Southfields substation power upgrades commissioning completion | 27-Nov-15 | 27-Nov-15 | Complete | | - |
| Finish Package 2 delivery (stage gate 5) | 01-Dec-15 | 30-Nov-15 | Complete | | -21 |

Infrastructure renewals

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| Package 3A substations substantial completion | 03-Dec-15 | 30-Nov-15 | Complete | | -18 |
| Package 3B Putney Bridge first transformer rectifier ready to energise | 12-Feb-16 | 25-Jan-16 | ● | | -10 |
| Package 3B Chiswick Park substation ready to energise | 17-Feb-16 | 20-Jan-16 | ● | | - |
| Package 5A enabling works complete (first cable route) | 18-Feb-16 | 18-Feb-16 | ● | | - |
| Package 5A all cable route surveys complete | 07-Mar-16 | 07-Mar-16 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 440.7 | 502.9 | 521.4 | 18.5 ▼ 3.5% | - | 33.7 | 45.1 | 11.4 ▼ 25.3% |
| EFC is lower than authority due to efficiencies embedded across the portfolio as a result of value engineering initiatives and risk mitigation. | | | | | The variance reflects rephasing of 4LM power projects and 4LM signalling expenditure post ATC contract award. Efficiencies have also been embedded following successful contract negotiations. | | |

Power system control replacement (SCADA)

We are undertaking tender reviews for Supervisory Control and Data Acquisition (SCADA) and track access permissioning. Technical and commercial evaluations of the bidder submission packs are being reviewed by the bid team. A series of clarification sessions with the bidders are underway to allow any unanswered or misunderstood points to be discussed before final evaluation. Once the clarifications are complete, the 'best and final offer' process will start before a procurement recommendation is submitted for approval.



Power control room desk

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 4.4 | 45.8 | 5.4 | -40.4 ▲ -748.1% | - | 3.7 | 6.9 | 3.2 ▼ 46.4% |

Partial authority has been granted up to invitation to tender (ITT) stage, which was delayed following withdrawal of the preferred bidder. Authority for future stages will be sought in April 2016.

Legacy train systems

Overview

This programme is responsible for the renewal and improvement projects associated with legacy fleets, line signalling and communication systems. Our aim is to keep the existing asset base in a safe and reliable condition until planned modernisations start. The programme will deliver a range of refurbishments on the Bakerloo 1972 Tube Stock (72TS), battery locomotives (engineering trains), Central line 1992 Tube Stock (92TS), installation of inter-car canopy barriers on the Waterloo & City line fleet, and improvements to track monitoring through the installation of an automatic track monitoring system on LU fleets.

Quarterly progress

We completed 750-volt upgrades on 19 out of 28 existing battery locomotives and life extension works on 15, all of which are on or ahead of schedule.

We also completed life extension on the third Bakerloo 1972 Tube Stock, ahead of the February 2016 target date.



A refurbished battery locomotive

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|----------------------------|--------------------------------|
| Complete 750v upgrade works for 20th battery loco | 15-Jan-16 | 04-Dec-15 | Complete | | 14 |
| Life extension complete on 72TS – train 2 | 28-Oct-15 | 21-Sept-15 | Complete | | - |
| Life extension complete on 72TS – train 3 | 12-Feb-16 | 17-Dec-15 | Complete | | 29 |
| Complete life extension work for 16th battery loco | 24-Feb-16 | 27-Jan-16 | ● | Achieved post quarter end. | - |
| Complete life extension work for 17th battery loco | 28-Jun-16 | 28-Jun-16 | ● | | - |
| Battery locos engineering vehicles available for service upgraded for 750v traction supply | 28-Oct-16 | 28-Oct-16 | ● | | - |
| Finish on site – 28 battery locomotives | 18-Apr-19 | 27-Mar-19 | ● | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 166.0 | 790.4 | 354.4 | -436.0 ▲ -123.0% | - | 25.5 | 47.5 | 22.0 ▼ 46.3% |
| <p>Partial authority has been granted for the current stages of the programme and is therefore lower than the EFC, which represents the total estimate through to completion. Authority for future stages will be sought when required.</p> | | | | | <p>The variance to budget is due to the revised plan for starting Bakerloo and Central line life extension works. A slower rate of increase of repair and replacement activities due to previous resource issues and material defects have also reduced spend this year.</p> | | |

Northern line extension

Overview

The primary aim of the Northern line extension (NLE) is to support economic growth in London and the wider UK economy by facilitating the sustainable regeneration of the Vauxhall Nine Elms Battersea (VNEB) Opportunity Area. This includes the creation of a major new residential, business and leisure district in London's Central Activities Zone (CAZ). The London Plan (2011) defines the CAZ policy area as the City of London, most of Westminster and the inner parts of Camden, Islington, Hackney, Tower Hamlets, Southwark, Lambeth and Kensington and Chelsea.

The London Plan designates VNEB as an Opportunity Area with the potential to create up to 18,000 new homes and more than treble the number of jobs, totalling 24,000. This level of development cannot occur sustainably without the appropriate transport infrastructure. The NLE will achieve this primary aim by providing a twin-tunnelled extension from Kennington to a terminus station at Battersea Power Station via an intermediate station at Nine Elms. The NLE will help to relieve existing congestion at Vauxhall station, and provide relief to the Victoria line and to the Northern line south of Kennington. Journey times from Battersea Power Station to the West End or the City will, in some cases, be less than 15 minutes.

The project will provide all the necessary infrastructure works, signalling, power supply, communications and control systems to support a regular service on this new section of the Northern line. We are working to achieve these key deliverables and start operation in 2020.

Quarterly progress

The Mayor of London visited the Battersea station muck-away conveyor installation on 23 November 2015, where he spoke to members of the press, highlighting its benefits to the environment and to road safety, particularly for cyclists. The first muck-away barges have already moved more than 13,000 tonnes of spoil by river for onward disposal as landfill. One million tonnes of earth will be excavated from station 'boxes' at Battersea and Nine Elms during the next two years; the muck-away conveyor will remove the equivalent of 60,000 lorries from London's streets.

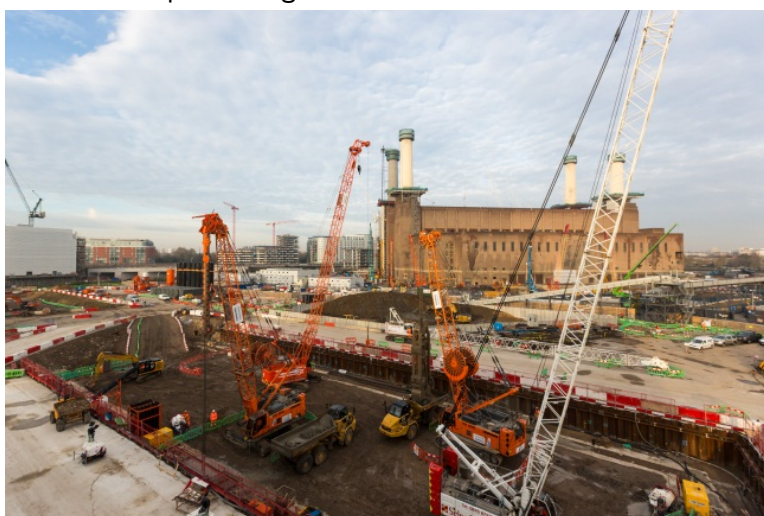
The construction of the new Nine Elms and Battersea Power Station Underground stations requires the excavation of vast subterranean 'boxes' in which the stations and track junctions will be built. The Battersea Power Station box will contain a 'crossover' box where track points and crossings will be installed to allow trains to change platforms. Before excavation can start, we are creating concrete retaining walls by installing piles and diaphragm walls (D-walls) around each 'box' to keep the structures in place as earth is excavated from within the walls. Bentonite plants have been commissioned, with piling installation and D-wall construction being undertaken at Battersea Power Station and Nine Elms stations. Tougher than expected earth conditions at Battersea slowed the pace of D-walling activities, so we mobilised an additional piling rig to auger through the hard layer of earth to increase productivity. To further improve progress we employed another rig driver to minimise downtime.

Piling installation is also underway at Kennington Green and Kennington Park, where two permanent shafts will be constructed to ventilate the new railway tunnels.

All four of the NLE worksites were awarded Beacon status, in recognition of an enhanced construction site safety regime.

The manufacture and assembly of the two tunnel boring machines continues with factory acceptance testing (FAT) planned for February 2016 in preparation for their delivery to site later in 2016.

We continue to engage with local residents and local authorities through regular Community Liaison Group meetings.



Battersea box D-walling

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|----------------------------|--------------------------------|
| Kennington Park commence piling | 12-Jan-16 | 06-Oct-15 | Complete | | -4 |
| Nine Elms complete demolition of existing Banham building | 12-Feb-16 | 02-Nov-15 | Complete | | 28 |
| Kennington Green commence piling | 29-Feb-16 | 06-Nov-15 | Complete | | -3 |
| Battersea commence piling | 10-Dec-15 | 09-Nov-15 | Complete | | - |
| Kennington completion of loop and platform early enabling works | 18-Jan-16 | 09-Jan-16 | ● | Achieved post quarter end. | -30 |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|---|-------------------|------------------|----------|---|--------------------------------|
| Stockwell commence substation high voltage (HV) panel modifications | 30-Mar-16 | 17-Nov-15 | Complete | We conducted an optioneering exercise, which resulted in the delivery strategy being revised from two enabling phases to a single phase. This provided an earlier start for the commencement of the HV panel modifications. | 115 |
| Tunnels' first tunnel boring machine (TBM) final Factory Acceptance Test (FAT) approved to enable TBM to be delivered | 28-Mar-16 | 19-Feb-16 | ● | We postponed the start date for the launch. To avoid storage charges at the factory we agreed for the final FAT to be completed in February 2016. | -71 |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|--|-------------------|---------------------------|---|
| Battersea commence excavation works (crossover box) | 14-Mar-16 | -95 | Battersea Power Station Development Company (BPSDC) over station development (OSD) design changes delayed finalisation of the station box design. This has delayed the design and construction activities. The project will continue to work with BPSDC to mitigate the slippage. |
| Handover of crossover box for commencement of tunnelling launch chambers | 30-Mar-16 | -106 | |
| Northern line extension completion | 31-Dec-20 | -169 | |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 196.8 | * | 1,044.0 | * | * | * | * | * |

All financials exclude the impact of developer design changes.

World Class Capacity

Overview

The World Class Capacity programme will provide additional capacity beyond that delivered by the first phase of upgrades on the Northern, Victoria and Jubilee lines. There are also relatively minor works outstanding to complete the original scope for the Northern line upgrade.

Reliability and performance on the Jubilee and Northern line is good, with the Northern line consistently performing better than target. Once complete, redundant assets will be decommissioned and removed. The assets to be decommissioned include lineside signals, trainstops and associated cabling and control centre assets.

The second phase of upgrades are at differing stages of maturity, with the Victoria line Upgrade 2 in implementation, Jubilee line Upgrade 2 in design and the Northern line Upgrade 2 feasibility stage concluded and progressing to the design phase. We are planning capacity improvements across three lines, which will increase the Victoria line peak service from a current level of 34 trains per hour (tph) up to 36tph by late 2016. The Jubilee line capacity will increase from a current peak service level of 30tph up to 36tph by mid 2019, and capacity on the Northern line (central branches) will further increase to 30tph by mid 2023.

Capacity I modernisations

Quarterly progress

The new signalling systems on the Jubilee and Northern lines continue to perform well and the final Jubilee line software upgrade was completed in November 2015. The Jubilee line phase of the project will now start close-out and full handover to operations.

Following introduction of Working Timetable 55 on the Northern line in December 2014, we completed the small, residual related scope items in November 2015. This provides an enhanced performance of 30tph on the Morden branch, plus up to 26 on both the City and Charing Cross branches, giving a total 20 per cent uplift in peak service. The Northern line has a final software upgrade planned in early 2016, followed by the start of handover to operations.

We received contractor 'best and final offers' for the Jubilee line rolling stock midlife refurbishment. However, owing to clarification of the project's scope to address water ingress issues, we are seeking approval for the reallocation of funds from within the programme. We are also investigating the possibility of accelerating the refurbishment programme and the impacts on service that could result.

Due to these investigations and the additional approvals required, the award of the midlife refurbishment contract has been delayed post quarter end and is now planned for July 2016. Consequently, work on the first Jubilee line train has been rescheduled and is now forecast to start in October 2016.

Enabling works are underway on site at Stratford Market depot and are expected to complete by the end of March 2016.



Jubilee line customers at Canary Wharf station

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|--|--------------------------------|
| Working Timetable 55 reliability scope (delivery of Phase 2 scope) | 11-Nov-15 | 11-Nov-15 | Complete | Following the discovery of asbestos at two work sites, the plan date was change controlled from 29 September 2015 to 11 November 2015. | 1 |
| Cockfosters to Barons Court – all PLC cabinets installed and powered | 27-Nov-15 | 30-Oct-15 | Complete | | - |
| Northern line rolling stock midlife refurbishment project close-out | 28-Dec-15 | 30-Nov-15 | Complete | | - |
| Software commissioning 3.17 | 25-Apr-16 | 28-Feb-16 | ● | | 1 |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|--|-------------------|------------------|-----|---|--------------------------------|
| Award 'key' contracts for Jubilee line rolling stock midlife fit-out | 26-Jul-15 | 28-Feb-16 | ● | In addition to procurement delays as a result of cost and scope changes, tender clarifications have been required on key points. The revised forecast date allows time for the invited suppliers to submit responses, which we will review. | -90 |
| Software commissioning 3.16 | 28-Sept-15 | 31-Jan-16 | ● | The initial delay was due to prioritisation of Night Tube software and further delays resulted from changes to the access process. We are phasing the software commissioning to mitigate any impact and ensure benefits are realised at the earliest opportunity. | -83 |

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|--|-------------------|------------------|-----|---|--------------------------------|
| Commencement of midlife fit-out | 28-May-16 | 30-Jun-16 | ● | The contract award for the Jubilee line fit-out has been delayed and is impacting commencement. | -61 |
| Complete Jubilee line fit-out of first train | 28-Aug-16 | 30-Sep-16 | ● | | -61 |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|--|-------------------|---------------------------|---------------------|
| Award 'key' contracts for Jubilee line rolling stock midlife fit-out | 26-Jul-15 | -217 | As above. |
| Software commissioning 3.16 | 28-Sept-15 | -125 | As above. |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 1,239.4 | 1,323.2 | 1,674.0 | 350.8 ▼ 21.0% | - | 32.5 | 4.0 | -28.5 ▲ -715.4% |
| Savings have been made throughout the project against authority due to the signalling contractor delivering below the target price. | | | | | The variance to budget reflects the cost pressures that have arisen in the lead up to the close-out of the programme. These costs are subject to continuing management review. | | |

Capacity II modernisations

Quarterly progress

Work is progressing with the initial Victoria line signalling works instruction while we continue to negotiate the main works in parallel. We also continue to work towards agreeing a price and programme to support delivery of up to 36tph on the Victoria line by November 2016. We received the Siemens proposal at the start of December 2015. It is being reviewed and clarifications and qualifications discussed with Siemens to support a contract start date in early February 2016.

We completed the Northern line Upgrade 2 feasibility study report as planned on 20 November 2015. The report was presented to the 26 November Programme Board, which endorsed the 30tph partial separation solution.

We awarded the Jubilee line Upgrade 2 power contract and the Neasden depot will facilitate future Jubilee line maintenance.



Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|----------------------------|--------------------------------|
| Northern line final Stage 2 feasibility report approved | 28-Dec-15 | 30-Nov-15 | Complete | | - |
| Jubilee line – all concept design complete | 28-Feb-16 | 31-Jan-16 | ● | Achieved post quarter end. | - |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|--|-------------------|---------------------------|---|
| Victoria line Upgrade 2 (VLU2) – completion of signalling work | 21-Mar-16 | -267 | Extended contractual negotiations with the principal signalling supplier regarding the scope and terms and conditions has impacted the start of the signalling-related work. In the interim, we issued an initial instruction to proceed to safeguard delivery of a 36tph service by the end of 2016. |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 21.2 | 993.7 | 79.5 | -914.2 ▲ -1,149.9% | - | 28.6 | 38.7 | 10.1 ▼ 26.2% |
| Partial authority has been granted for the current stages of the programme and is therefore lower than the EFC, which represents the total estimate through to completion. Authority for future stages will be sought when required. | | | | | The variance to budget is a result of rephasing of the Victoria line Upgrade 2 programme due to continuing commercial negotiations with the signalling contractor. | | |

New Tube for London (NTfL)

Overview

As a coordinated series of modernisation schemes for the Piccadilly, Bakerloo, Central and Waterloo & City lines, the NTfL programme will form the next generation of line modernisations. The programme provides an opportunity to capitalise on the need to renew life-expired assets and to deliver long-term business transformation through the introduction of more efficient maintenance models and higher levels of automation. This technology-enabled change will improve the customer experience and will result in a Piccadilly line capacity increase of 60 per cent (space for up to an additional 19,000 customers per hour).

Quarterly progress

A key milestone for the next phase of the programme was achieved post quarter end in January 2016 with the issue of the ITT for the first phase of the new generation of trains.

Work on the signalling procurement and infrastructure definition continues.

We developed a high level schedule and programme framework, which was shared with the Independent Investment Programme Advisory Group (IIPAG) and the External Experts as part of the annual Integrated Assurance Review. We are currently developing more detailed sub-programme schedules.

We appointed CH2M, supported by PwC, as programme partner and the engagement and induction process is underway.



Image of proposed new design

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|----------------------------|--------------------------------|
| Safe platform train interface (PTI) final concept design complete | 17-Dec-15 | 07-Dec-15 | Complete | | -18 |
| Issue ITT for NTfL rolling stock | 29-Dec-15 | 18-Jan-16 | ● | Achieved post quarter end. | -49 |

Programme financial forecast

| Full life | | | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 43.0 | 56.5 | 59.1 | 2.6 ▼ 4.4% | - | 16.1 | 18.1 | 2.0 ▼ 11.2% |

The EFC is below authority and no pressures are currently identified.

Stations, Crossrail and third party

Overview

Stations are the gateway to our network. For them to perform effectively they need to cope with the millions of customers who use them every day. A programme of station capacity upgrades is central to London Underground's strategy to meet rising demand and changing customer needs. To ensure that congestion does not rise significantly as line capacity and demand increases, a strategic programme of congestion relief interventions is being planned and implemented.

As well as increasing capacity, we also need to ensure our station assets are maintained. The Integrated Stations Programme (ISP) will implement a range of improvements to ensure stations remain safe, maintainable and operable. ISP will also deliver improvements to the condition of customer facing areas (including walls, ceilings and floors). In conjunction with current and potential third party funding, we are also developing a strategy for a partnership step-free access programme at approximately 12 additional stations over the next 10 years, where this is not being delivered by other programmes.

Vauxhall station upgrade

Quarterly progress

We experienced quality issues with some of the blockwork near to the step-free access lift lobbies and with the rendering to the cross passages, which we are addressing. The contractor has strengthened its team and we committed additional resources to support them in delivering the final elements of the project.



New gateline in use at Vauxhall station

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|-----------------------------------|-------------------|----------------------|-----|------------|--------------------------------|
| Bring into use – bus station lift | 31-Mar-16 | 20-Jan-16 | ● | | -5 |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|---|-------------------|------------------|-----|--|--------------------------------|
| Vauxhall station capacity and step-free access (SFA) – bring into use (lift and stairs) | 08-Jan-16 | 16-Mar-16 | ● | There were quality issues with some of the blockwork in the vicinity of the SFA lift lobbies and with the rendering to the cross passages. Bechtel directors have committed to producing a plan to completion which delivers the project as close to the target as possible. | -112 |
| Vauxhall station capacity and SFA – completion of all site works (including snagging) | 11-Mar-16 | 16-Mar-16 | ● | As a result of quality issues with some of the blockwork in the SFA lift lobbies and the rendering to the cross passages, the bringing into use of the SFA lift and stairs is likely to be further delayed to the end of March 2016. | -61 |
| Mandatory asset information deliverable accepted (MAID) by LU – Vauxhall | 25-Jan-16 | 13-May-16 | ● | Bechtel recently brought in additional resources to clear all outstanding design and engineering issues and to focus on MAID documentation with the aim of recovering as much of the delay as possible. | -107 |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|--------------------------------|-------------------|---------------------------|---------------------|
| MAID accepted by LU – Vauxhall | 25-Jan-16 | -109 | As above. |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 26.0 | 30.6 | 35.1 | 4.5 ▼ 12.8% | - | 8.8 | 10.8 | 2.0 ▼ 18.4% |

The EFC is below authority and reflects savings on the primary tunnel lining works risk provision and legal fees for party wall requirements.

Tottenham Court Road station upgrade

Quarterly progress

We successfully returned Central line platforms to customer service on 6 December 2015 following a closure of 11 months. During that time we constructed a new 110-metre passageway that will link to the new larger ticket hall, a new step-free access lift shaft, refurbished six escalators and refitted the platforms and passageways with new finishes and fixtures.

The closure has also allowed a specialist team to carefully restore the Eduardo Paolozzi mosaics. When the project is completed in 2016, 95 per cent of the mosaics at the station will be restored in their original 1984 locations. The remaining mosaics will be reconstructed and put on public display at the Edinburgh College of Art, where Paolozzi studied.



A restored Eduardo Paolozzi mosaic and Central line platform following return to service

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| Complete Central line platform closure | 05-Mar-16 | 06-Dec-15 | Complete | | 1 |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|---|-------------------|------------------|-----|---|--------------------------------|
| New passenger facilities open (Annex B: 2016) | 20-Nov-16 | 21-Nov-16 | ● | We are resequencing the schedule to completion to ensure all works are complete by the end of November 2016. The resequencing has reduced programme float and any subsequent delays have the potential to impact the completion date. | -73 |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 436.7 | 487.1 | 538.0 | 50.9 ▼ 9.5% | - | 50.4 | 41.2 | -9.2 ▲ -22.3% |
| Efficiency savings have reduced the EFC. | | | | | Forecast is greater than budget due to the reprofiling of the risk provision in line with the scope of works. There is no change to the total EFC. | | |

Bond Street station upgrade**Quarterly progress**

We handed over the Crossrail link passage to the Crossrail contractor so that fit-out works can start. We also completed all secondary lining in our southern tunnels and are preparing to start fit-out.



New circulation area and Jubilee line access

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| All primary spray concrete lining tunnelling completed | 01-Nov-15 | 20-Oct-15 | Complete | | - |

| Milestone | Current plan date | Actual/ forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|-----------------------|-----|--|--------------------------------|
| Start escalator 9 and 10 installation | 21-Apr-16 | 13-May-16 | ● | Some minor slippage, but expected to be recovered and delivered on time. | -3 |
| Tunnelling set up decommissioned | 18-Jul-16 | 02-Jun-16 | ● | | -6 |
| Over station development frame handover to developer – planned date | 28-Apr-17 | 30-Mar-17 | ● | | - |
| Bond Street station upgrade – practical completion (Annex B: 2017) | 28-Apr-17 | 30-Mar-17 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 255.9 | 307.8 | 307.6 | -0.2 ▲ -0.1% | - | 38.8 | 36.4 | -2.4 ▲ -6.5% |

The minor variance against authority is currently being mitigated, and will be adjusted within the future forecast.

Bank Bloomberg Place

Quarterly progress

We closed the low level passage between the Waterloo & City line platforms and the cross passage until September 2016 to allow for the construction of the breakthrough entrances between the Waterloo & City line platforms and the new station entrance box. Work to cast the new step-free access lift shaft is almost complete.



Step-free access lift shaft steelwork

Programme milestones forecast

| Milestone | Current plan date | Actual/ forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|-----------------------|-----|------------|--------------------------------|
| Adits civil works complete | 26-Feb-16 | 26-Feb-16 | ● | | - |
| Bring into use (stage 5) (Annex B: 2015) | 31-Dec-17 | 31-Dec-17 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 33.5 | 56.9 | 58.0 | 1.1 ▼ 1.9% | - | 12.0 | 13.5 | 1.5 ▼ 11.1% |

The EFC is below authority and no pressures are currently identified.

Bank station capacity**Overview**

A redevelopment of this critical interchange serving the financial centre of London is needed to reduce congestion and increase capacity at the station, principally to the Northern line and Docklands Light Railway (DLR) areas as well as to provide step-free access to both. The work will include a new station entrance, the construction of a new tunnel and platform for the southbound Northern line and conversion of the old platform into customer walkways.

Quarterly progress

The Department for Transport has made the Transport and Works Act Order (TWAO). Subject to funding approval, we expect the construction works to start in spring 2016. The works will include: a new railway tunnel and platform for the Northern line that will reduce interchange times and create more space for customers; step-free access to the Northern line and DLR platforms; more direct routes between lines, which will be provided by two new moving walkways; and three new lifts and 12 new escalators.

The uncharted utility cables in Arthur Street, which are no longer live, have been cut and removed, with little overall impact to the schedule. The design is progressing well and is benefiting from greater input from designers, sub-contractors and suppliers as part of our strategy to engage more fully with the supply chain. Advance works packages are progressing well and work on the new staff accommodation started on schedule before Christmas 2015.



Utility diversions in Arthur Street

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q1 (Days) |
|---|-------------------|----------------------|-----|--|--------------------------------|
| Start on site | 16-Jun-16 | 21-Apr-16 | ● | | - |
| New ticket hall open to public | 14-Sept-21 | 17-Sept-21 | ● | There is currently a minor variance to plan date, however, the early award of TWAO is likely to bring works forward once we refine the schedule. | -23 |
| Works to relieve station congestion on the Northern line at Bank complete (Annex B: 2021) | 31-Dec-21 | 31-Dec-21 | ● | | - |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|---|-------------------|------------------|-----|--|--------------------------------|
| TWAO grant of powers | 15-Jun-16 | 11-Jan-16 | ● | Achieved post quarter end in December 2015, six months ahead of the original schedule, following a public inquiry in which the proposals were unopposed. | 101 |
| Partial opening (without new ticket hall entrance/exit or lift) | 08-Oct-20 | 22-Oct-20 | ● | We are still in the process of refining our schedule. The early award of TWAO is likely to bring works forward. | -70 |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|---|-------------------|---------------------------|--|
| Completion of all designs to compliance to S1538 Category 1 Standard for Design Assurance | 31-Mar-16 | -117 | A single date for full design compliance was restricting our ability to leverage design capability through the supply chain. Following rescheduling of the completion of the design, we accepted a further minor delay of one month to benefit from greater supply chain design input. |

Programme financial forecast

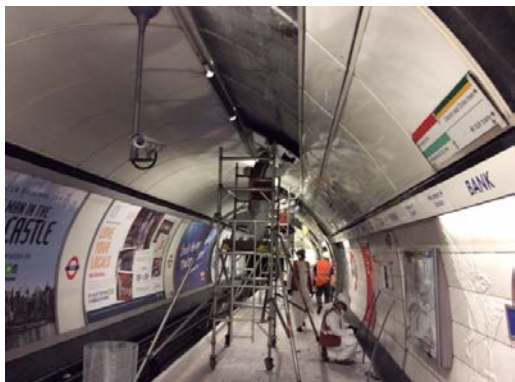
| Full life | | | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 162.0 | 607.5 | 254.3 | -353.2 ▲ -138.9% | - | 60.8 | 57.6 | -3.1 ▲ -5.4% |

Partial authority has been granted for the current stages of the project and is therefore lower than the EFC, which represents the total estimate through to completion. Authority for future stages will be sought when required.

Bank station systems integration upgrade

Quarterly progress

We agreed a set of high level requirements, which will allow the project to progress following the resolution of design issues. We started cable management system installation in the Central line 'bullring' area and the first communication sector has been accepted.



Ceiling panel removal on Northern line platform

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 7.4 | 15.4 | 15.4 | - | - | 4.5 | 10.0 | 5.5 ▼ 55.1% |
| The EFC is in line with authority and no pressures are currently identified. | | | | | The forecast has been reprofiled in line with the contractor's revised programme. | | |

Victoria station upgrade

Quarterly progress

We completed the civils and tunnelling work for the District and Circle line and started fit-out. We also started architectural fit-out in the northern paid area link. We finalised agreement with UK Power Networks for the transformer room in Terminus Place. The final road and traffic alignment is complete in Bressenden Place.



Works in progress within the paid area link

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q1 (Days) |
|--|-------------------|----------------------|----------|---|--------------------------------|
| District and Circle line underpass civils complete | 15-Dec-15 | 07-Dec-15 | Complete | | -19 |
| Completion of south paid area link tunnelling | 18-Mar-16 | 29-Jan-16 | ● | | - |
| South ticket hall station operations room complete | 30-Nov-16 | 30-Nov-16 | ● | Following programme re-sequencing to maintain critical activities and implementation of mitigation plans, we were unable to recover to target and have change controlled the plan dates. We also awarded our contractor a three-month extension of time to reflect associated changes to scope and methods of working. The cost impact of this is being assessed. | 40 |
| North ticket hall, access to Victoria line, London Fire and Emergency Planning Authority (LFEPA) shaft (sectional completion S1) – delivery into service (Annex B: 2016) | 31-Dec-16 | 31-Dec-16 | ● | | 9 |
| Hand back north ticket hall worksites to Landsec (sectional completion S2, S3) | 31-Dec-16 | 31-Dec-16 | ● | | 9 |
| Hand back basement areas to Network Rail | 26-Jun-17 | 16-Feb-16 | ● | | - |
| South ticket hall and remainder of works (sectional completion S4) – delivery into service (Annex B: 2018) | 04-Jun-18 | 18-Jan-18 | ● | | 27 |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 443.8 | 607.6 | 677.4 | 69.8 ▼ 10.3% | - | 69.4 | 78.1 | 8.7 ▼ 11.1% |
| Efficiency savings have resulted in an EFC that is lower than authority. | | | | | Programme schedule slippage due to delays in letting premises, mechanical, electrical and plumbing works. | | |

Future station capacity

Quarterly progress

The Camden Town station capacity upgrade public consultation ran from 12 October to 11 December 2015. We received many positive contributions from members of the public, local businesses and developers during the public exhibitions. Further meetings are arranged with the London Borough of Camden to discuss how the project will interface and work around a range of developments proposed within the locality.

After some delay, we agreed a preferred scheme option layout for the Elephant & Castle station capacity upgrade with the developer Delancey. Feasibility and commercial discussions are our next focus.

The London Borough of Camden has approved commencement of traffic modelling of the Holborn area, which includes the closure of Procter Street where the new Holborn station entrance is planned.

We held several workshops to review options to provide step-free access, and additional stair and escalator capacity at Old Street station.



Indicative view of proposed second entrance and exit at Camden Town station

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 6.0 | 798.2 | 14.9 | -783.3 ▲ -5,257.0% | 61.5 ▲ 7.2% | 3.1 | 6.5 | 3.3 ▼ 51.5% |

Partial authority has been granted for the current stages of the projects within this programme and is therefore lower than the EFC, which represents the total estimate through to completion. Authority for future stages will be sought when required. Once projects within the Future Station Capacity Programme have successfully passed through the definition stage and been fully authorised, they become standalone projects that are delivered as part of the overall Stations portfolio. The spend to date, EFC, authority and year-end forecast decreased accordingly in Quarter 3 when one project progressed sufficiently to transfer out and become standalone following approval of full authority.

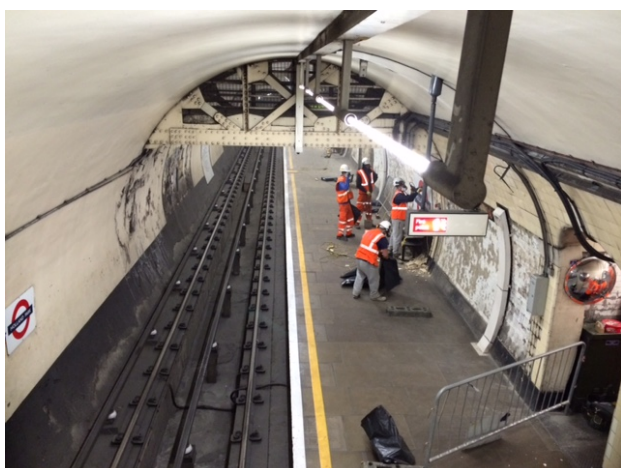
Integrated Stations Programme (ISP)

Quarterly progress

We set the overarching ISP strategy and are progressing the scoping of the programme as planned.

One station is in feasibility, three are in concept design and six are in detailed design. We refined the programme requirements and two stations started using updated processes at Gate 1 in January 2016.

We completed early works on site at Sloane Square, Barbican, Charing Cross and Liverpool Street stations and the first ISP station started on site at Holland Park in December 2015.



Works in progress at Holland Park

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|------------|--------------------------------|
| Mandatory asset information deliverable approved – Baker Street | 09-Oct-15 | 01-Oct-15 | Complete | | -1 |
| Finish on site – South Kensington | 26-Apr-16 | 14-Apr-16 | ● | | -16 |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 110.0 | 333.1 | 333.1 | - | - | 24.8 | 26.0 | 1.1 ▼ 4.3% |

LU lifts and escalators

Quarterly progress

We started work on 11 escalators at nine stations (London Bridge, Tottenham Court Road, Walthamstow, King's Cross, Canada Water, Canary Wharf, Westminster, Bermondsey and Canning Town) and on one lift at Elephant & Castle.

We returned 10 escalators into customer use at eight stations (Walthamstow, St John's Wood, London Bridge, Greenford, King's Cross, Westminster, Canning Town and Southwark). We returned two lifts into customer use at Covent Garden station and one at Elephant & Castle.



One of the new lifts at Covent Garden station

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| Greenford station Phase 2 – stair works – bring new asset into use | 20-Oct-15 | 16-Oct-15 | Complete | | 4 |
| Greenford station Phase 3 – lift works – bring into use | 20-Oct-15 | 20-Oct-15 | Complete | | - |
| Westminster station – bring into use escalator 7 | 24-Nov-15 | 23-Oct-15 | Complete | | 4 |
| Covent Garden station – bring into use lifts 3 and 4 | 04-Dec-15 | 06-Nov-15 | Complete | | - |
| King's Cross station – return refurbished asset to service escalator 9 | 18-Dec-15 | 22-Oct-15 | Complete | | 20 |
| Tottenham Court Road station – bring into use escalator 4 | 14-Dec-15 | 16-Nov-15 | Complete | | - |
| Tottenham Court Road station – bring into use escalator 5 | 14-Dec-15 | 16-Nov-15 | Complete | | - |
| Walthamstow Central station – return to service escalator 1 | 23-Dec-15 | 27-Nov-15 | Complete | | 27 |
| Westminster station – bring into use lifts 3 and 4 | 18-Jan-16 | 21-Dec-15 | Complete | | -5 |
| Angel station – bring into use escalator 4 | 22-Feb-16 | 09-Feb-16 | ● | | -7 |
| Tufnell Park station – bring into use lift 2 | 22-Mar-16 | 12-Feb-16 | ● | | -50 |
| Elephant & Castle station – bring into use lift 6 | 30-Mar-16 | 15-Jan-16 | ● | | -35 |

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|------------|--------------------------------|
| Walthamstow station – return to service escalator 3 | 01-Apr-16 | 11-Mar-16 | ● | | 21 |
| Tufnell Park station – bring into use lift 1 | 05-Apr-16 | 12-Feb-16 | ● | | -50 |
| Canada Water station – bring into use escalator 8 | 07-Apr-16 | 15-Mar-16 | ● | | - |
| King's Cross station – return to service escalator 7 | 30-May-16 | 01-Mar-16 | ● | | 16 |
| Completion and consent to operate report approved – Elephant & Castle lift 1 return to service | 05-Jul-16 | 07-Jun-16 | ● | | -4 |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 336.8 | 955.0 | 595.9 | -359.1 ▲ -60.3% | - | 49.0 | 55.3 | 6.3 ▼ 11.4% |

Partial authority has been granted for the current stages of the programme and is therefore lower than the EFC, which represents the total estimate through to completion. Authority for future stages will be sought when required.

The reduction in forecast against budget is mainly due to the review of the lifts and escalators workbank, resulting in the postponement of some works to meet operational requirements.

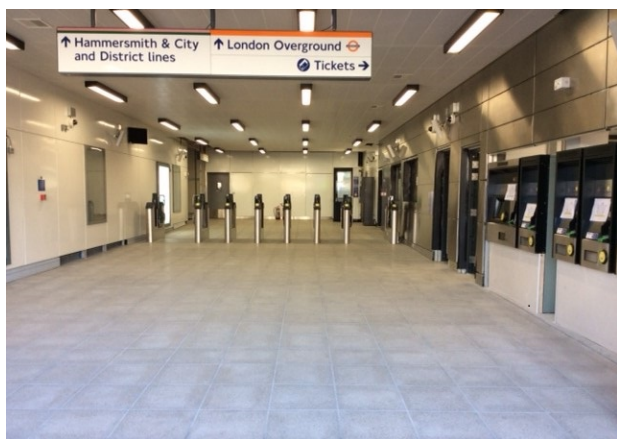
London Underground Crossrail works

The Crossrail network will be operational in 2019, connecting Reading and Heathrow in the west to Shenfield and Abbey Wood in the east. The construction includes 21km of twin tunnels running under central London. We are managing the infrastructure for Bond Street, Tottenham Court Road, Farringdon, Liverpool Street and Whitechapel stations. As a result, the Crossrail works will impact directly and indirectly on the existing LU infrastructure. We are supporting Crossrail by facilitating the design and build to ensure successful handover into operations and maintenance of the five stations.

Crossrail successfully completed tunnelling beneath Lindsey Bridge at Farringdon and at the interface at Moorgate, with no impact on LU infrastructure.

We started the fit-out works for the Bond Street station vent tunnel, following its diversion by Crossrail to permit the construction of their access passage.

We completed the works on Whitechapel interim station and temporary ticket hall. The station familiarisation process by operational staff started in preparation for the opening of the interim station, which occurred post quarter end in January 2016.



Whitechapel temporary ticket hall

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|------------|--------------------------------|
| LU support complete for Crossrail trial running stations (central section) | 28-Feb-19 | 31-Dec-18 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 243.4 | 285.0 | 270.9 | -14.1 ▲ -5.2% | - | 24.2 | 25.5 | 1.3 ▼ 5.1% |

Partial authority has been granted for the current stages of the project and is therefore lower than the EFC, which represents the total estimate through to completion. During Quarter 3, £4.7m of project authority was approved for the next tranche of work, and when Crossrail issues further instructions and funding to carry out future works, the authority will again be updated accordingly.

London Rail capacity and growth

Overview

The London Rail (LR) capacity and growth programme will help boost capacity, ease overcrowding and grow the network while improving customer service and reliability. Projects include a series of works that consist of lengthening trains across the London Overground network to increase capacity by 25 per cent and improve accessibility at key stations. Following commencement of the West Anglia inner service in 2015, work to improve the stations along this route is underway. The Gospel Oak to Barking line will be electrified with the current two-car diesel trains replaced by four-car electric trains, boosting capacity by 90 per cent. This will allow the line to reach the Barking Riverside Opportunity Area.

Other deliverables include double-tracking of the remaining single-tracked section of the DLR network, improvements to DLR vehicles to maximise use of space, and the procurement of additional DLR trains to meet demand in the Royal Docks. Added to this will be double-tracking key sections of the Tramlink network between Croydon and Wimbledon, and the procurement of six extra trams.

London Overground capacity improvement

Quarterly progress

With the final five-car train becoming operational in December 2015 we completed our conversion programme to lengthen trains from four carriages to five. This marks a significant step, improving capacity on the London Overground network. The new carriages, which increase customer capacity on the East London, West London, North London and Euston to Watford routes by 25 per cent, will help meet the increasing demand for the highly popular rail service and provide room for an extra 170 customers per train.

The new railway sidings at Wembley have been fully commissioned and are in operational service. We continue with development of the Willesden and New Cross depots with completion expected in spring 2016.



Welcome of the final five-car train

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 162.2 | 182.9 | 174.7 | -8.2 ▲ -4.7% | -8.3 ▲ -4.5% | 33.5 | 32.9 | -0.6 ▲ -1.9% |

The EFC increase is a result of commercial issues on a number of contracts. Commercial discussions with the suppliers are being held and one of the contracts is in adjudication.

London Overground Station Capacity Programme (LOSTAT)

Quarterly progress

We opened a new lift at Kensal Rise station as part of our programme of works to improve accessibility of the London Overground network for customers with reduced mobility. We also placed contracts to construct a new station, with lifts, at West Hampstead. A public consultation has taken place for a further proposed step-free access scheme at Hackney Central station, including improvements to the ticket hall and gateline. We continue with the transformation of the entrance to South Tottenham station and the installation of two new lifts is expected to complete by March 2016.



New lift in use at Kensal Rise

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 17.7 | 34.2 | 29.3 | -4.9 ▲ -16.7% | - | 7.2 | 16.5 | 9.3 ▼ 56.4% |
| Partial authority has been granted for the current stages of the project and is therefore lower than the EFC, which represents the total estimate through to completion. Authority for future stages will be sought when required. | | | | | Revised programme of work at West Hampstead, Dalston Kingsland and other stations resulted in spend being reallocated to 2016/17. | | |

Trams Wimbledon line enhancement

Overview

The tram enhancement work at Wimbledon is vital to increase the capacity of London's tram network on this busy service. When complete in 2016, our customers will benefit from a more frequent service with four new trams across the Wimbledon to West Croydon branch.

Quarterly progress

We opened the extended tram platform at Wimbledon station on 2 November 2015. The extension will allow an increase in service from eight to 12 trams per hour along the busy route from Wimbledon to Croydon.

One of four new trams was also unveiled at an event attended by the Transport Commissioner, the Managing Directors of London Underground and London Rail, Stephen Hammond, Member of Parliament for Wimbledon, and Valerie Shawcross CBE, London Assembly member. The first of the new trams entered service on 5 November 2015 and all four new trams will be in service by spring 2016.

The tram network has experienced rapid growth in customer numbers since it opened in 2000, from 18.5 million customers in its first year of operation to more than 32 million in 2014/15, and demand on the tram network is forecast to increase to around 60 million by 2030.



Tram test at Wimbledon

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|-----------------------------------|-------------------|----------------------|-----|------------|--------------------------------|
| Wimbledon platform 10b in service | 31-Mar-16 | 31-Mar-16 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 26.0 | 30.0 | 30.0 | - | - | 11.1 | 9.4 | -1.7 ▲ -18.6% |

Barking Riverside extension

Overview

The Barking Riverside extension project, funded by TfL and Barking Riverside Ltd, will deliver a new rail line and station to serve the development site. Services from Barking will run along the existing London/Tilbury/Southend Railway line for three kilometres and then branch off on a new extension for 1.5km from Renwick Road overbridge to the new terminus station.

Quarterly progress

We started a detailed public consultation on our plans to build a vital new London Overground link to Barking Riverside. The area is one of the Mayor's Opportunity Areas for housing growth, which cannot be realised without this new transport infrastructure. The proposed four-kilometre extension will see the Gospel Oak to Barking line extended to serve a new station at the heart of the development. The consultation ended post quarter end on 24 January 2016.

Subject to the outcome of the consultation, we will make a Transport and Works Act Order application for powers to build and operate a railway extension in March 2016. If approved by the Secretary of State for Transport, construction could begin in late 2017 with trains running by the end of 2021. The heads of terms for the funding agreement with Barking Riverside Ltd (BRL) has been signed and negotiations are underway for the full funding agreement. Post quarter end, a Mayoral Direction was issued to enter a funding agreement and a land and works agreement with BRL and use best endeavours to execute the agreements by 29 February 2016. Detailed discussions with BRL are underway.



Aerial view of the Barking Riverside development site

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| Submission of Transport and Works Act Order (TWAO) application | 15-Mar-16 | 15-Mar-16 | ● | | - |
| Issue of main works ITT for all construction works | 01-May-17 | 01-May-17 | ● | | - |
| Approval of TWAO | 30-May-17 | 30-May-17 | ● | | - |
| Award of main works contract and commencement of delivery on site | 15-Oct-17 | 15-Oct-17 | ● | | - |
| Commencement of passenger services to Barking Riverside | 16-Dec-20 | 16-Dec-20 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 3.3 | 263.2 | 4.7 | -258.5 ▲ -5,500.0% | - | 5.3 | 1.5 | -3.8 ▲ -253.3% |

Partial authority has been granted for the current stages of the project and is therefore lower than the EFC, which represents the total estimate through to completion. Authority for future stages will be sought when required.

On Network Stations Improvement Programme (ONSIP)

Overview

The On Network Stations Improvement Programme covers works at 22 stations to be served by TfL's Crossrail services, which are outside the required scope of the Crossrail project to fund or enhance.

Quarterly progress

We continue our station improvements on the Great Eastern line. We received five compliant tender submissions in December 2015 for the lift schemes at Manor Park, Seven Kings and Maryland stations. Further engagement is being undertaken to clarify key changes and ensure competitive pricing, and we expect to appoint a contractor by March 2016. Planning for the

schemes has now been approved. The installation of lifts at these stations by Rail for London fulfils the requirement that all existing surface stations to the east are accessible for all.

Additionally, the first package of station improvement works at Manor Park, Seven Kings and Ilford North has been awarded to Buckingham Group. Enabling works and surveys started post quarter end in January 2016. Package 2 for the station improvement works will be issued to tender in April 2016.



Image of proposed improvements at Seven Kings station

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| Great Eastern – station improvement commence on site | 04-Jan-16 | 04-Jan-16 | ● | | - |
| Great Eastern – step-free access lift scheme commence on site | 28-May-16 | 28-May-16 | ● | | - |
| Great Eastern – step-free access lift scheme finish on site | 21-May-17 | 21-May-17 | ● | | - |
| Great Eastern – station improvement finish on site | 31-May-17 | 31-May-17 | ● | | - |
| Great Western – station improvement commence on site | 31-Jan-18 | 31-Jan-18 | ● | | - |
| Great Western – step-free access lift scheme commence on site | 31-Jan-18 | 31-Jan-18 | ● | | - |
| Great Western – station improvement finish on site | 30-Nov-19 | 30-Nov-19 | ● | | - |
| Great Western – step-free access lift scheme finish on site | 30-Nov-19 | 30-Nov-19 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 3.9 | 93.6 | 93.6 | - | - | 6.4 | 8.0 | 1.6 ▼ 20.0% |

Crossrail rolling stock programme

Quarterly progress

The new Class 345 pre-production car body structural testing is complete and we started assembly of the first train in early November 2015. The first car has reached Stage 3 (doors fitted) and the second car has reached Stage 2 (roof, sides, ends and underframe assembled). Components for the third car are on the assembly line. The planned date for the first train entering type test at the Derby site is 29 April 2016.

The first batch of 60 platform-mounted, driver-only operation CCTV equipment cabinets for installing on stations is ready and awaiting delivery.

Construction of the operations, maintenance and control building at Old Oak Common has continued with steel framing complete and external roofing and cladding substantially complete. Ground works continue with the installation of drainage for the perimeter service road and substrate for track work. Works to realign and widen the carriageway at the depot entrance are substantially complete. High level mechanical, electrical, and plumbing installation, underfloor heating and cooling, and placement of the ground floor slab in the maintenance and control building are also in progress. Completion of the depot remains on schedule for May 2018.

Bombardier Transportation (BT) and MTR service teams contributed reliability and maintainability support to the train and depot designers. Increasing attention is being given to BT’s service technician recruitment strategy, detailed train maintenance planning, in-service support strategies and depot operating procedures, and facilities at train stabling locations.



First Crossrail car on the assembly line at Bombardier’s Derby factory

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|--|--------------------------------|
| Commence unit testing at Derby | 09-Mar-16 | 25-Apr-16 | ● | Incorrect scheduling of some material to the assembly line (now resolved) slowed the initial rate of production of the first train. The type test programme contains contingency and this issue is not expected to impact on train deliveries. | - |
| Complete operations, maintenance and control building ground floor concrete slab | 31-Jul-16 | 06-Jul-16 | ● | | - |
| Reduced length unit (RLU) eight-car trains available for Stage I Crossrail services | 01-May-17 | 25-Apr-17 | ● | | - |
| Sectional completion (contractual) – depot Section A | 21-May-17 | 21-May-17 | ● | | - |
| Sectional completion (contractual) – depot Section B | 13-Oct-17 | 13-Oct-17 | ● | | - |
| Full length unit (FLU) 12-car trains available for Stage I Crossrail services | 15-Apr-18 | 30-Mar-18 | ● | | - |
| Sectional completion (contractual) – depot Section C | 20-May-18 | 20-May-18 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 177.0 | 1,093.8 | 1,093.8 | - | - | 154.0 | 154.0 | - |

Crossrail

Crossrail Limited (CRL)

Quarterly progress

Crossrail remains on time and within the funding envelope of £14.8bn. Overall, the project is more than 70 per cent complete. Circa £300m was spent in Quarter 3, at the end of which there is more than a 30 per cent chance that some of the £600m TfL contingency funding may be needed.

Crossrail's construction programme has shifted to the task of fitting out the tunnels, shafts and portals and there were multiple handovers to our systemwide contractor. Platform secondary lining is more than 75 per cent complete, first stage concrete in the running tunnels is almost 90 per cent complete, platform construction is more than 50 per cent complete, more than five kilometres of track has been laid, and platform edge screen brackets and trusses installation has started with more than 10 per cent complete. The final cross passage has been completed.

The £2.3bn modernisation of the existing rail network for Crossrail being undertaken by Network Rail is more than 55 per cent complete. During the Christmas period, Network Rail undertook a successful and major programme of improvements including track and signalling works and station upgrades for Crossrail. More than 3,000 workers were out on the railway during the 10-day period, delivering £60m of upgrades across London, Berkshire and Essex. The improvements included 1.5km of new track laid, 26km of new or adjusted overhead wires, 142 new structures to carry overhead wires and the installation of two new footbridges. Crossrail is continuing to work closely with Network Rail on the project-critical issue of signalling on Crossrail's western route in preparation for the two opening stages in 2018.

We achieved three key milestones during Quarter 3 and, of the four remaining for 2015/16, two are forecast to be achieved during January 2016. The final two are unlikely to be fully achieved by the late date baseline; however, they do not represent a risk to Crossrail's critical path.



Track laying in Thames Tunnel using a multi-purpose gantry

Crossrail key milestones forecast

| Milestones | Baseline early date | Baseline late date | Actual/forecast | RAG | Commentary |
|---|---------------------|--------------------|-----------------|----------|--|
| Completed Q3 2015/2016 | | | | | |
| Westbourne Park railhead established and ready for track installation | 15-Nov-15 | 18-Dec-15 | 30-Nov-15 | Complete | |
| European Train Control System completion of outline design | 30-Nov-15 | 30-Nov-15 | 30-Nov-15 | Complete | |
| Access through Pudding Mill Lane portal for track delivery by systemwide contractor | 01-Dec-15 | 11-Dec-15 | 01-Dec-15 | Complete | |
| Network Rail – completion of Old Oak Common stage works | 04-Jan-16 | 04-Jan-16 | 04-Jan-16 | Complete | |
| Scheduled 2015/2016 | | | | | |
| Nine urban realm principal station consents obtained for central section | 11-Nov-15 | 04-Feb-16 | 23-Jun-16 | ● | Two consents have been achieved and the others are being progressed with programmes in place to achieve consent. It should be possible to achieve a majority of the consents by March 2016 with the remainder currently forecasting achievement by June 2016. There is no impact on the critical path. |
| Handover east and westbound running tunnels Victoria Dock portal to Stepney Green | 30-Nov-15 | 25-Jan-16 | 31-Jan-16 | ● | Handover of this section of tunnel is now forecast for 31 January 2016 due to required completion works running behind schedule. There is no overall impact on the Crossrail critical path. |
| Seven over-site development agreements signed by 31 March 16 | 30-Mar-16 | 23-Jun-16 | 25-Apr-16 | ● | CRL is currently forecasting to sign five development agreements by 31 March 2016; two are already in place. Planning consent for the development at Farringdon East was rejected; this is challenging the forecast date. |

RAG key used for Crossrail Master Operational Handover Schedule, version 1

| | |
|--|---|
| Greater than or equal to 70% of float* remaining | ● |
| Less than 70% of float remaining | ● |
| Less than 30% of float remaining | ● |

*Float is calculated as the difference between the baseline early date and the baseline late date

Business change and technology

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Fit for the Future – Stations

Overview

The objective of the programme is to change the way that London Underground stations work to deliver improved customer service at a lower cost.

Extensive training, as well as process improvements supported by technology, will allow staff to be more visible and available for customers.

Quarterly progress

We are delivering the programme in three phases.

In Phase A, we appointed 97 area managers to lead the change.

Phase B addresses the customer service transformation, which includes ticket hall changes (including relocation of staff), customer service training and providing mobile devices to all station staff. By the end of Quarter 3, approximately 3,800 staff had attended a five-day customer service training course and the programme had transformed 265 ticket halls, enabling staff to be more visible and available for customers.

In Phase C, we will move to a new LU station operating model, improving processes across the operational organisation. The new operating model will be introduced at 23 stations in February 2016 across three cover groups. This will be followed by the network-wide roll-out later in 2016.

Quarter 3 was significant for gateway stations with the completion of transformation work and installation of new ticket machines at Victoria, Euston and King's Cross.



A new suite of ticket machines in the western ticket hall at King's Cross

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| Start distribution of new uniform for the main roll-out to station staff | 02-Oct-15 | 02-Oct-15 | Complete | | -1 |
| All planned Visitor Centres open for business | 09-Oct-15 | 24-Sept-15 | Complete | | - |
| Start first tranche roll-out of cash management equipment to stations | 02-Nov-15 | 27-Oct-15 | Complete | | 6 |

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|---|--------------------------------|
| All stations operating without ticket office (excluding ex-Silverlink stations) | 29-Jan-16 | 18-Dec-15 | Complete | | - |
| All station staff formally contracted and notified of final working location | 18-Dec-15 | 08-Jan-16 | ● | The distribution of letters and contracts to staff were delayed while trade union consultation on the final aspects of the operating model was concluded. | -49 |
| All relevant ticket offices converted to Passenger Operated Machine (POM) suites | 22-Jan-16 | 22-Jan-16 | ● | | -28 |
| New station operating model go live | 07-Mar-16 | 07-Feb-16 | ● | | - |
| All planned customer service training completed | 08-Apr-16 | 01-Apr-16 | ● | | -42 |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 76.4 | 131.7 | 128.4 | -3.3 ▲ -2.6% | - | 53.1 | 67.0 | 13.9 ▼ 20.8% |
| Remaining outstanding authority relates to the change management programme, central programme resources and project risk budgets. Papers requesting authority are to be prepared in line with the delivery plan. | | | | | The forecast underspend is driven by built environment savings and rephasing of some training courses into 2016/17. | | |

Information communication technology transformation (ICTT)

Overview

This programme will ensure that information and communication technology capabilities are in place to underpin delivery of LU and LR strategic priorities. Its focus is on operationally critical and safety-related systems, as opposed to enterprise management systems. In addition, it acts as a key enabler for several other programmes, as well as delivering upgraded capability and/or reducing the cost of ownership for particular information technology systems.

Quarterly progress

Our deployment of mobile devices to staff progresses as planned. We issued more than 4,000 station staff with personal devices and the distribution rate continues to meet the needs of the Fit for the Future – Stations programme and asset maintenance teams. Staff time savings from using mobile applications, instead of traditional systems, are estimated in the tens of thousands of hours each year.

We started work on a project to significantly extend our ability to view station CCTV images from our central control room, which will reduce the delays caused by incidents on stations and further enhance security.

We are making final preparations to start work on the first phase of a series of customer information system improvements in advance of the 4LM programme.



A member of staff using a mobile device to assist a customer

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| Decision on next phase of implementation of remotely viewable station CCTV | 30-Jun-14 | 30-Apr-15 | Complete | | - |
| Approval of strategy | 19-Sept-15 | 12-Oct-15 | Complete | | 39 |
| Stage gate 5 – business go live (stations) | 07-Feb-16 | 07-Feb-16 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 43.1 | 60.9 | 52.3 | -8.6 ▲ -16.5% | 0.2 ▲ 0.3% | 7.3 | 8.2 | 0.4 ▼ 4.4% |

Partial authority has been granted for the current stages of the programme and is therefore lower than the EFC, which represents the total estimate through to completion. Authority of £5.3m has been granted in Quarter 3 and will be sought for future stages when required.

Customer experience – FTP Phase 3, 4 and 5

Overview

The Future Ticketing Programme (FTP) identifies opportunities for TfL to make life more convenient for our customer while reducing the costs associated with collecting fare revenue. FTP is made up of the following phases:

Phases 1 and 2 developed card readers and back office systems to allow pay as you go (PAYG) travel on all services using contactless payment (credit and debit) cards (CPCs).

Phases 3, 4 and 5 will introduce a range of further benefits for Oyster and contactless customers, including a new mobile ticketing app and improved online sales and refund processes. The programme will also implement Monday to Sunday capping for Oyster customers, as an alternative to purchasing a weekly Travelcard or Bus & Tram Pass, to provide the same convenience benefits currently available to CPC users.

Quarterly progress

We continue Phase 3 design and development for future proofing the back office system for CPC.

We are finalising Phase 4 business requirements and design solutions, and our in-house team and contractors started design on the faster delivery of travel products to gatelines. We conducted customer research for the mobile ticketing app, which has validated the requirements and allowed development to start.



Gateline at a Tube station

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| Launch of Phase 1 of the ticketing app | 22-Dec-16 | 22-Dec-16 | ● | | - |
| Availability of weekly capping for Oyster customers | 22-Dec-17 | 22-Dec-17 | ● | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 2.7 | 45.8 | 44.3 | -1.5 ▲ -3.4% | - | 8.2 | 8.4 | 0.2 ▼ 2.4% |

A recent review identified that the Phase 3 project resources forecast is overstated; this is being amended as part of the forecast process to align EFC to authority, both of which are for Phases 3 and 4 only. Phase 4 programme authority and EFC are also aligned.

Surface Transport

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Surface Transport

Assets portfolio

The coordinated activities we use to select, inspect, maintain, renew and improve our assets to maximise customer satisfaction, minimise whole life costs and enable our 10 principal transport outcomes to be delivered.

Asset Capital Programme (ACP)

Overview

The ACP is a business-as-usual rolling programme of planned works that maintains, renews and improves Surface Transport's assets. The ACP covers a range of assets including carriageways, footways, bridges, tunnels, lighting, traffic signals and technology, bus shelters and bus stations.

Quarterly progress

The programme is on target and the continued focus on data, processes and collaborative forward planning with our suppliers is improving delivery and has allowed additional high priority works to be accelerated and delivered in 2015/16.

Our delivery in Quarter 3 included more than 155,844 square metres of carriageway resurfacing. Locations treated included the A12 Blackwall Tunnel northern approach, A3 Kennington Park Road, St John's Wood Road and A4 Great West Road. In addition, we relaid more than 22,000 square metres of footway at various locations including at A107 Upper Clapton Road, A3212 Millbank and A214 Trinity Road. We completed tunnel renewal works on Hanger Lane and structural repairs on Normansmead footbridge, Dog Lane Arches, Great West Road footbridge and A3 Hook Underpass footbridge. Other improvements included the replacement of more than 1,600 conventional luminaires with energy efficient LEDs and the replacement of 5.6km of vehicle restraint barriers.



A5205 St John's Wood Road carriageway resurfacing

Programme volume delivery

| Output | Unit | Annual Target | YTD Actual | YTD Forecast | Commentary |
|----------------------------|----------------|---------------|------------|--------------|---------------------------------|
| Carriageway resurfacing | m ² | 475,000 | 392,660 | 354,387 | 83% of annual target achieved. |
| Footway resurfacing | m ² | 55,000 | 31,332 | 34,792 | 57% of annual target achieved. |
| Lighting columns | No. | 550 | 214 | 221 | 39% of annual target achieved. |
| Luminaires renewed | No. | 6,000 | 4,000 | 3,963 | 67% of annual target achieved. |
| Vehicle restraint barriers | km | 17 | 5.6 | 4.9 | 33% of annual target achieved. |
| Structure renewals | No. | 15 | 23 | 24 | 153% of annual target achieved. |
| Tunnel refurbishment | No. | 10 | 6 | 6 | 60% of annual target achieved |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Annual | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 76.3 | 107.4 | 93.6 | -13.8 ▲ -14.7% | -6.9 ▲ -6.9% | 107.4 | 93.6 | -13.8 ▲ -14.7% |

The continued focus on data, process improvement and collaborative forward planning with our suppliers has improved delivery and enabled additional works, assessed as necessary and providing value for money, to be brought forward and delivered this financial year. Additional authority will be sought as part of 2016/17 funding request.

Hammersmith Flyover strengthening

Quarterly progress

We completed site demobilisation in December 2015 and are on schedule to achieve full close-out by the end of December 2016.



Hammersmith Flyover with its new reinforcement structure

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|-------------------------|-------------------|----------------------|-----|------------|--------------------------------|
| Project close completed | 31-Mar-17 | 31-Dec-16 | ● | | - |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|-----------------------|-------------------|------------------|-----|---|--------------------------------|
| Finish on site | 31-Mar-16 | 29-Feb-16 | ● | Forecast date changed from 31 December 2015 due to a waterproofing defect, to which a solution is being identified. | -60 |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 90.3 | 91.1 | 101.1 | 10.0 ▼ 9.9% | - | 21.8 | 30.4 | 8.6 ▼ 28.3% |

As the project nears completion, the EFC has reduced following a change in risk profile from P80 to P50, with key risks such as adverse bridge behaviour and access not being fully realised. Additionally, savings have arisen from a reduction in resource levels sooner than forecast.

Safety Camera Replacement Programme

Overview

The programme's main objective is to maintain the existing road safety benefits provided by cameras by replacing life-expired wet film with digital units. Research shows that cameras can help to reduce the number of people killed or seriously injured (KSI) by as much as 58 per cent. The digital cameras will provide additional benefits over wet film, such as supporting the enforcement of speed limits through green traffic lights, helping to further improve safety at junctions.

Quarterly progress

We replaced 298 of 403 spot speed cameras and 178 of 243 red light wet film cameras with digital ones. The plan remains on target to replace the remaining cameras by October 2016.

Rotating omnidirectional cameras are being replaced by bi-directional cameras in a number of locations. Bi-directional units have two cameras so they can continually monitor speed in both directions from the central reservation. The number of sites being addressed remains the same; however, the target output has been amended to correctly reflect the two cameras on a bi-directional unit – they were previously counted as one camera. This means the target for spot speed cameras has been amended from 349 to 403 to reflect the locations where two cameras are being installed.

The first of four average speed corridor trials on the A40 went live on 26 October 2015 and is now being enforced by the Metropolitan Police Service. The A406 corridor is expected to go live by the end of April 2016. The A316 and A2 will follow during 2016, helping to further reduce KSIs on these roads.



Average speed camera located on the A40 in Ealing

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| Project close approved at Surface Board | 31-Mar-17 | 31-Mar-17 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 25.4 | 36.6 | 36.6 | - | - | 17.6 | 19.7 | 2.1 ▼ 10.5% |

Silvertown Tunnel project

Overview

The Silvertown Tunnel project will deliver a 1.4km twin-bore road tunnel, under the Thames, with connections to Silvertown in the north and the Greenwich Peninsula in the south. The tunnel generally follows the route of the Emirates Air Line cable car.

The tunnel will provide additional capacity and resilience to the road network in this area and relieve congestion through the Blackwall Tunnel. User charges will be introduced at both tunnels to help manage traffic demand and pay for the new one, which will provide improved connectivity and support the growth expected in east and southeast London.

Quarterly progress

Public statutory consultation closed on 29 November 2015. There were more than 4,100 respondees, of which almost 60 per cent were in support of the Silvertown Tunnel as a means of addressing the congestion and closures at Blackwall Tunnel, and supporting future growth. The impact on local residents' travel costs from the proposed user charge at Silvertown and Blackwall Tunnel is the principal concern. Analysis of the 25,000 detailed comments continues and will be published together with a response in a consultation report planned for publication in spring 2016. Work continues on producing documentation for the Development Consent Order (DCO) which is due to be submitted to the Planning Inspectorate in April 2016.

The next stage in the procurement plan is to issue the Prior Information Notice in spring 2016, with an industry day planned for later in 2016 to ensure full market awareness of the upcoming requirements, and allow suppliers to respond and express interest in bidding for the design, build, finance and maintain contract.



Image of the planned Greenwich portal

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|-------------------------------|-------------------|----------------------|----------|------------|--------------------------------|
| Launch statutory consultation | 05-Oct-15 | 05-Oct-15 | Complete | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 6.5 | 107.4 | 46.0 | -61.4 ▲ -133.5% | - | 9.5 | 5.0 | -4.5 ▲ -89.3% |

The construction will be privately financed therefore these costs cover only expenditure TfL will directly incur. The increase in TfL delivery costs is driven by increases in land costs, unbudgeted costs for user charging infrastructure and back office, and increases in consultancy costs for procurement, planning and project management.

Major highway enhancements portfolio

Unlocking developments creating homes and jobs, improving urban realm, protecting vulnerable road users, tackling congestion, and delivering the Mayor’s Vision for Cycling by getting more people cycling, more safely, more often.

Transforming streets and places

As part of the Road Modernisation Plan, substantial investment will continue for transformational projects designed to radically improve living and travelling conditions. Londoners can look forward to safer, greener and more attractive streets and town centres, as well as safer conditions for cyclists and pedestrians.

Elephant and Castle northern roundabout

Overview

The main focus of the Elephant and Castle northern roundabout project is to improve safety for road users and create a new and accessible public space. The £25m overhaul of the roundabout has been designed to significantly upgrade the facilities for pedestrians, cyclists and drivers by converting the roundabout into a peninsula and the road network around it into a two-way traffic system.

Quarterly progress

A major milestone in this flagship scheme was achieved on 5 December 2015, with Elephant and Castle returned to two-way traffic for the first time in 50 years. This is a key step in transforming the area, which had the worst collision rate in London in recent years, providing safety benefits and helping to create more homes and jobs.



Two-way traffic in operation

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|------------|--------------------------------|
| Stage 6 project close certificate issued | 31-Mar-21 | 31-Mar-21 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 9.3 | 24.4 | 24.4 | - | - | 13.6 | 13.5 | -0.1 ▲ -0.4% |

Better Junctions

Overview

We are committed to making London's busiest junctions safer and more attractive for cyclists and other vulnerable road users. This Better Junctions programme is focused on making substantial improvements at 33 locations, including some of the most intimidating and high profile junctions and gyratories in London. Of the 33 Better Junctions sites, 13 are being treated as 'core' Better Junctions schemes, 10 are larger schemes being delivered as standalone projects, and 10 will be delivered through the Cycle Superhighways programme.

Better Junctions core programme

Quarterly progress

The main highway works at Oval Triangle were completed in December 2015. This included construction of the southbound hybrid cycle track, and commissioning of the remaining three junctions in the scheme. We plan to complete the urban realms works by the end of March 2016.

The main construction works at Stockwell Cross started on 5 October 2015. Following handover from the London Borough of Lambeth on 16 November of the memorial gardens in the centre of the gyratory, we started excavation for the widening of the A3 Clapham Road northbound carriageway and reconstruction of the eastern footway. Utility companies have diverted services within the western footway. The highway works remain on track for completion by summer 2016, and the overall scheme remains on track for completion by late 2016.

We completed the detailed design for the highway works at Archway and are developing the urban realm design. Utility diversions started in November 2015 and we plan to start the main construction works in February 2016.

Public consultation for the Westminster Bridge South scheme started on 10 November 2015 and closed on 22 December 2015. We drafted designs for carriageway and footway resurfacing, drainage and street lighting as part of the concept design, with detailed design planned to start in early 2016.



Installation of central islands on Brixton Road as part of the Oval Triangle main construction works

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|------------|--------------------------------|
| Stockwell gyratory – start of main works construction | 15-Dec-15 | 05-Oct-15 | Complete | | -7 |
| Archway gyratory – start of works on site | 15-Mar-16 | 15-Feb-16 | ● | | - |
| Oval Triangle – construction complete | 31-Mar-16 | 03-Mar-16 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 23.7 | 61.1 | 30.4 | -30.7 ▲ -101.0% | - | 12.7 | 20.3 | 7.6 ▼ 37.4% |
| The authority covers the feasibility, concept design and detailed design costs of all projects up to the end of 2016, along with the delivery of Oval and Stockwell. Further authority will be sought in stages as project designs are completed. | | | | | Reprioritisation across the programme led to some spend being deferred to later years. | | |

Cycle Superhighways

Cycle Superhighways (CS) provide safer, fast and continuous bike routes running into, and across, central London along recognised commuter routes. Four have launched, with a number of new and upgraded routes to be opened in 2016.

Cycle Superhighways programme

Quarterly progress

We continue to progress construction of the new and improved Superhighway routes.

We completed construction of the CS5 Inner (Oval to Pimlico) in October 2015, and the route was launched by the Mayor on 19 November 2015.

We completed construction of the Cable Street scheme on the CS3 upgrade in November 2015.

Construction is 80 per cent complete on CS2 upgrade (Bow to Aldgate) and large sections are already open for use to cyclists. Ten new pedestrian crossings opened and Burdett Road junction was completed on 9 October 2015. Works are currently concentrated at the Aldgate section and at the key junctions of Vallance Road, Stepney Green, Hartford Street and Fairfield Road. Overall, construction is on schedule to finish by spring 2016.

Construction is 65 per cent complete on CS1 (Tottenham to the City). The A10 High Road, Lordship Lane and Pitfield Street sections are substantially completed including carriageway resurfacing. Works at Apex Junction are expected to complete at the end of March 2016. Overall, construction is on schedule for substantial completion by spring 2016.

Our detailed design is completed for the Churchyard Row and Balham High Street CS7 upgrade schemes and construction works started on 11 January 2016 at Churchyard Row. Detailed design is completed for the Chelsea Bridge scheme and construction works will start in February 2016. Concept design also continues as planned on Cycle Superhighway 11 (Phase 1).



Launch of the CS5 Inner route

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|----------|------------|--------------------------------|
| Completion of concept design for CS3, 7 and 8 upgrades | 25-Nov-15 | 25-Nov-15 | Complete | | 23 |
| CS5 (Inner) completion of construction | 08-Jan-16 | 30-Oct-15 | Complete | | - |
| CS5 (extension) start of detailed design | 01-Mar-17 | 01-Mar-17 | ● | | - |
| CS5 (extension) Stage 6 project close certificate issued | 18-Dec-18 | 25-Sept-18 | ● | | - |
| Stage 6 close: CS4 Phase 3 (London Bridge to Tower Bridge) | 22-Jun-19 | 30-Mar-19 | ● | | - |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|---|-------------------|------------------|-----|---|--------------------------------|
| CS11 (Phase 1) start of public consultation | 01-Feb-16 | 01-Feb-16 | ● | Consultation deferred from November 2015 to February 2016 to allow a design to be progressed that balances the needs of road user groups. | -70 |

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|------------------------------|-------------------|------------------|-----|--|--------------------------------|
| CS4 start of detailed design | 23-Feb-16 | 01-Dec-16 | ● | Consultation deferred until post 2016 mayoral election to allow a design to be progressed that balances the needs of road user groups. | -366 |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|------------------------------|-------------------|---------------------------|---------------------|
| CS4 start of detailed design | 23-Feb-16 | -282 | As above. |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 78.8 | 151.9 | 102.9 | -49.0 ▲ -47.6% | - | 43.6 | 47.9 | 4.3 ▼ 9.0% |

Future routes not yet authorised (Routes 4, 5 extension and 11).

North-South Cycle Superhighway

Quarterly progress

Overall, the construction works for Phase 1 (Elephant and Castle to Stonecutter Street) are approximately 75 per cent complete and on schedule to complete by spring 2016.

The official launch and opening of the St George's Road/St George's Circus bi-directional cycle track, which is almost a kilometre in length, took place on 13 October 2015.

The section of track from Peabody Estate to Meymott Street opened post quarter end on 7 January 2016.

All segregation works and resurfacing are complete on Blackfriars Road from St George's Circus to The Cut. We are continuing construction of the remaining sections along Blackfriars Road.

Construction works at Blackfriars Junction, New Bridge Street and Farringdon Road north of Ludgate Circus to Stonecutter Street, started on 16 November 2015 after the Lord Mayor's Show and are progressing well.



North-South route from St George's Circus to Peabody Estate, which is the first section opened along the route

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 10.7 | 17.5 | 17.5 | - | - | 11.7 | 11.3 | -0.4 ▲ -3.3% |

East-West Cycle Superhighway**Quarterly progress**

The East-West Cycle Superhighway construction works (Parliament Square to Tower Hill) continue across multiple sections, and overall are approximately 45 per cent complete and on schedule to complete by summer 2016.

Works at Hyde Park Corner, and from Parliament Square to Tower Hill, are due to complete in April 2016.

Work started on Parliament Street on 19 October 2015 was completed by 30 October 2015. Works then started in Parliament Square on 12 November 2015 following the Remembrance Sunday event in the area.

We started works in the Tower Hill section on 15 October 2015, and these will continue until April 2016.

In November 2015 we started works in Hyde Park on West Carriage Drive, Carmelite Street, Great Tower Street and from Puddle Dock to Fish Street Hill.

The eastbound section of track between Fish Street Hill and Great Tower Street opened to the public on 8 December 2015, and the section on Victoria Embankment from Temple Place East to Savoy Place opened on 15 December 2015. All segregation build on Victoria Embankment was completed by 18 December 2015.



East-West Superhighway at Carriage Drive in Hyde Park

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| Stage 6 close: East-West Cycle Superhighway Phase 2 (Westway to White City) | 30-Sept-17 | 30-Sept-17 | ● | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 17.2 | 47.6 | 41.3 | -6.3 ▲ -15.3% | - | 20.6 | 20.9 | 0.3 ▼ 1.4% |

EFC includes Phase 2 Westway costs, which do not yet have project authority for construction.

Borough cycling infrastructure

Key cycling programmes, carried out with support of London boroughs, which will directly contribute towards the objectives set out in the Mayor’s Vision for Cycling.

Cycling Mini-Hollands

Quarterly progress

Work continues in the three outer London boroughs of Enfield, Kingston and Waltham Forest to transform the town centres into cycling friendly places to live and travel around, much like our Dutch counterparts.

The number of Mini-Holland schemes has increased from 95 to 101 as boroughs were not reporting on schemes that had not started, and six started subsequently. Of the 101 schemes, designs for 31 have been submitted by the three boroughs to TfL for review, and consultation has started on 20 schemes. Nine schemes are currently on site and under construction. To date, Waltham Forest has completed four schemes: a corridor scheme at Ruckholt Road, a ‘village’ scheme at Pembroke Road and two cycle hubs. Construction has also started on the four kilometres of segregated cycle route on Lea Bridge Road.

Construction continues on the Meridian Water to Enfield Town Quietway in Enfield and the Portsmouth Road segregated cycle track in Kingston.



Construction in progress on Lea Bridge Road site

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| Project authority for future scheme design and delivery approved at Surface Board | 31-Mar-16 | 03-Mar-16 | ● | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 11.7 | 100.0 | 27.6 | -72.4 ▲ -262.8% | - | 17.6 | 25.4 | 7.8 ▼ 30.7% |
| Approval was given for £25.17m at the December 2014 Surface Board for the value of the programme in 2015/16. Further authority for the next tranche of design and construction spend will be sought in July 2016. | | | | | Expenditure reprofiling following review of programme and available resources. There was £2.6m of slippage in Kingston as no bids were received for main construction contracts. | | |

Central London Grid

Quarterly progress

Construction has gained momentum, with 32 of the 125 schemes either complete or under construction, which represents 20 per cent of the 85km of the non-Cycle Superhighways grid network. A further 15km is being delivered as higher-intervention Cycle Superhighways.

A further 20 per cent of the grid network completed consultation and we received designs for 103 of the 125 schemes with 93 schemes approved for construction. Alignments in the City are still being finalised.



Pancras Road northbound bus stop bypass

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|------------|--------------------------------|
| Stage 3 – concept design complete for Transport for London Road Network (TLRN) schemes on Phase 2 | 26-Oct-15 | 27-Oct-15 | Complete | | -29 |
| Phase 3 delivery commencement | 28-Oct-15 | 24-Aug-15 | Complete | | 37 |
| Phase 2 delivery completion | 27-Feb-16 | 30-Jan-16 | ● | | - |
| Phase 3 delivery completion | 31-Dec-16 | 31-Dec-16 | ● | | - |

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|------------|--------------------------------|
| Stage D programme close certificate issued | 30-Sept-17 | 30-Sept-17 | ● | | - |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|---|-------------------|---------------------------|---|
| Phase 3 approval to commence construction | 30-May-15 | -290 | Some Phase 3 schemes were brought forward for early delivery under current project authority. Project authority approval for the remainder will be sought early 2016. |
| Phase 3 design completion | 15-Jun-15 | -168 | Forecast adjusted to reflect latest estimates from boroughs. |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 8.2 | 54.0 | 16.7 | -37.3▲ -223.4% | - | 9.3 | 26.2 | 16.9▼ 64.5% |
| We plan to request Surface Board approval of an increase in project authority in March 2016. This aligns with current spend forecast against existing authority. | | | | | Expenditure has been reprofiled as a result of continuing stakeholder consultation and reflects the latest delivery programme. | | |

Cycling Quietways

Quarterly progress

Construction continues on the Quietway 1 (Q1) – Waterloo to Greenwich and Quietway 2 (Q2) – Bloomsbury to Walthamstow. Both routes are expected to complete by early 2016, except the southern end of Q2, which was realigned by the Cycling Commissioner in August 2015. The original Q2 alignment is complete and will be included as part of the Central London Grid. Q1 and Q2 are to be launched in February 2016, using the new 'Millwall link' shared path as the focus.

Construction is in progress on Quietway 3 (Q3) – Regent's Park to Gladstone Park and Quietway 6 (Q6) – Aldgate to Hainault. Phase 1 (routes Q3 to Q7 – Elephant and Castle to Crystal Palace) will be delivered as a rolling programme during 2016. Phase 2 of the programme has been defined and comprises a further 30 routes and three large interventions. The same prioritisation model for selecting Phase 1 routes has been employed for Phase 2. The model considers a range of criteria including potential demand, attractiveness to the target market, impact on other road users, deliverability (including local political support), cost and value. Inception meetings have been held with delivery partners and route rides carried on 13 Phase 2 routes to date. Feasibility work is in progress for the three large interventions: two cycle/pedestrian crossings on the A406 in northwest and east London, and the study into a crossing over the River Darent in Bexley.

The Quietways are being delivered in partnership with the London boroughs, Royal Parks and the Canal & River Trust.



Q2 Waltham Forest

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|--|--------------------------------|
| Completion of first two routes | 30-Nov-16 | 30-Nov-16 | ● | The southern end of Q2 was realigned within the Central London Grid in Camden at the request of the Cycling Commissioner. The route will now terminate in St Pancras and is forecast to complete in November 2016, for which a plan date change has been approved. | - |
| Stage D programme close certificate issued | 31-Mar-19 | 31-Mar-19 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|---|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 7.3 | 121.7 | 42.6 | -79.1 ▲ -185.7% | - | 13.2 | 32.6 | 19.4 ▼ 59.5% |
| Following a review by the Independent Investment Programme Advisory Group (IIPAG) in which no critical issues were raised, Surface Board granted approval in November 2015 for an additional £28.04m project authority to fund the construction of Q3 to Q7 plus some early work on Phase 2 routes. | | | | | Reprofiling of the next tranche of Quietway routes into later years, and some redesigning of current schemes, as a result of continuing stakeholder consultation. | | |

Network performance and safety portfolio

Maximising the performance of the existing network for all users: improving safety, journey time reliability, bus reliability and supporting freight.

Bus network performance

These schemes will improve bus journey time and reliability across London.

Bus Priority Delivery Portfolio

Overview

The 2015/16 programme includes implementation of 72 bus priority schemes on the TLRN and borough roads. This programme prioritises the delivery (subject to consultation and feasibility outcomes) of 66 Road Modernisation Plan (RMP) bus mitigation schemes to ease, as far as possible, the permanent impacts along the bus corridors most affected by the RMP. This includes delivery of six bus priority schemes and development of future schemes for the 2016/17 programme.

Quarterly progress

The delivery of the 2015/16 programme has progressed considerably in Quarter 3 and is on target to deliver the total number of planned schemes within the financial year. Forty-six bus priority schemes have been delivered to date, of which 40 were delivered in Quarter 3. This includes one 'reliability', two 'growth' and 43 'RMP' bus mitigation schemes.

The RMP bus mitigation bus priority programme has made significant progress since the former Transport Commissioner requested its development in July 2014. We identified more than 800 potential schemes for mitigating the impact of the RMP on bus network performance. Of these, 386 are in feasibility, 62 schemes have been dropped following feasibility, 58 are in design, nine are in construction, and 43 delivered ahead of the target of 19. Borough delivery of quick wins is ahead of target, with Southwark delivering 17 schemes and seven different boroughs delivering eight schemes. Within a month of initiating City of London route investigations, 60 potential schemes have been added to the programme for further investigation. Construction has started on the Queenstown Road scheme and was completed on 22 December 2015.

The London Borough of Barking & Dagenham has delivered the first reliability scheme in Whalebone Lane at the junction with the A12. We purchased Brentfield Road land and started land remediation works. This reliability scheme is on target to be delivered in May 2016. Camden Road reliability scheme is expected to complete in February 2016. Detailed design for Loampit Vale growth scheme is progressing following the public consultation, with utility works planned to start in February 2016. The boroughs of Greenwich and Bexley continue to work on their growth and reliability schemes respectively, which are on schedule to complete in 2016/17.



Brentfield Road site excavations

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|------------|--------------------------------|
| 2016/17 programme approved | 31-Mar-16 | 31-Mar-16 | ● | | - |
| Stage D programme close certificate issued | 31-Mar-21 | 31-Mar-21 | ● | | - |

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|---|-------------------|------------------|-----|---|--------------------------------|
| Stage 5 – reliability pilot schemes on TLRN completed | 31-Mar-16 | 27-May-16 | ● | The Brentfield Road scheme was due to be implemented in October 2015, however, the traffic management of the Neasden Super Scheme has taken precedence over the Brentfield Road scheme, which is in close proximity. We are working collaboratively with the London Borough of Brent in delivering its Neasden scheme to better use road space and minimise disruption to road users. | -88 |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Annual | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|---|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 3.6 | 7.5 | 11.9 | 4.4 ▼ 37.0% | 4.1 ▼ 34.7% | 7.7 | 18.1 | 10.4 ▼ 57.5% |
| Surface Board approved £8.08m of additional project authority in July 2015, giving an in year project authority of £11.8m. EFC has been revised to £7.7m. Risk included in budget and project authority (£2.3m) but excluded from current EFC. | | | | | Expenditure has been reprofiled due to some savings from feasibility and design being picked up by other programmes. Risk included in budget and project authority (£2.3m) but excluded from EFC. | | |

Road network performance

By investing in equipment to help us monitor and respond to traffic, we can improve the capacity of the road network.

Road space management SCOOT

Quarterly progress

Following the enabling of 600 sites on 30 September 2015, sites measured for benefits already show a 13.5 per cent reduction in traffic delay during peak periods. The milestone 'availability for enabling of 900 sites (cumulative)' is currently planned for completion ahead of the 30 June 2016 plan date. Enabling is a key deliverable which means the unit is ready to activate.



SCOOT (Split Cycle Offset Optimisation Technique) monitoring equipment

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|-----|------------|--------------------------------|
| A total of 900 sites available for enabling (cumulative) | 30-Jun-16 | 05-May-16 | ● | | - |
| A total of 900 sites enabled (cumulative) | 30-Sept-16 | 05-Aug-16 | ● | | - |
| A total of 1,200 sites available for enabling (cumulative) | 30-Jun-17 | 05-May-17 | ● | | - |
| A total of 1,200 sites enabled (cumulative) | 29-Sept-17 | 04-Aug-17 | ● | | - |
| A total of 1,500 sites available for enabling (cumulative) | 29-Jun-18 | 29-Mar-18 | ● | | - |
| Enabling completed for 1,500 sites (cumulative) (Annex B: 2018) | 30-Sept-18 | 31-Aug-18 | ● | | - |
| Stage 3D certificate issued (portfolio close stage) | 31-Dec-18 | 30-Nov-18 | ● | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 17.1 | 34.2 | 34.2 | - | - | 6.8 | 6.0 | -0.8 ▲ -13.3% |

Full authority was approved on 29 September 2015 for the remaining tranches of work.

Surface Intelligent Transport System (SITS)**Overview**

SITS, once implemented, will replace a number of existing systems in an integrated way and is expected to result in a significant reduction in traffic delays. It will release more capacity from the road network and allocate this according to policy. It will invest in new sensors to collect more information than is currently possible, provide new methods of data sharing and storage, and enable new systems to access and use information.

Quarterly progress

Following work in Quarter 2, which confirmed the SITS delivery model and the start of writing the requirements, the business requirements have been finalised in Quarter 3 and are going through a period of review. The procurement and evaluation strategies drafts are nearing completion ready for an Integrated Assurance Review, which is due to start in February 2016. Prior to procurement start, which is scheduled for July 2016, the programme will seek Finance & Policy Committee (F&PC) approval prior to issue of an Official Journal of the European Union (OJEU) notice.

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---------------------------------|-------------------|----------------------|----------|------------|--------------------------------|
| Detailed business case approved | 19-Nov-15 | 24-Sept-15 | Complete | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 2.2 | 133.6 | 5.8 | -127.8 ▲ -2,203.4% | - | 2.1 | 2.6 | 0.5 ▼ 19.2% |

The SITS programme is requesting project authority in stages. The project authority increase to £5.8m was approved by TfL Board in September 2015 to enable the programme to release an OJEU notice in July 2016.

Operations and environment portfolio

This portfolio directly supports Surface Transport's service delivery through contract re-let and business transformation, delivering improvements to air quality, the natural environment, reducing carbon dioxide (CO₂) and the impacts of noise.

London Road User Charging (LRUC) and Traffic Enforcement Notice Processing (TENP) Contract Re-let Project

Quarterly progress

Following system development and testing issues, Capita is expected to deliver the London Road User Charging solution on 3 May 2016. Prior to this, Capita is expecting to complete system integration testing by 22 February 2016, with user acceptance testing due to complete by 4 March 2016.

Delivery of the LRUC web service is progressing in parallel with Capita's solution delivery. System integration testing for the web started on 18 January 2016, with the full LRUC web service launching alongside the Capita solution on 3 May 2016.



Congestion Charge (CC) road markings

Significant quarterly milestones movement

| Milestone description | Current plan date | Q3 forecast date | RAG | Movement commentary | Forecast change from Q2 (days) |
|--|-------------------|------------------|-----|--|--------------------------------|
| CC/Low Emission Zone system development and configuration complete | 28-Aug-15 | 22-Feb-16 | ● | The milestones are delayed following critical system development and testing issues. | -116 |
| LRUC service proving complete | 27-Jan-16 | 30-Apr-16 | ● | | -122 |
| Business Operations service go live | 29-Feb-16 | 03-May-16 | ● | | -93 |

Significantly late milestones

| Milestone description | Current plan date | Variance to budget (days) | Variance commentary |
|--|-------------------|---------------------------|---------------------|
| CC/Low Emission Zone (LEZ) system development and configuration complete | 28-Aug-15 | -178 | As above. |
| LRUC service proving complete | 27-Jan-16 | -94 | |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 62.2 | 72.3 | 77.0 | 4.7 ▼ 6.1% | - | 36.7 | 32.8 | -3.9 ▲ -12.0% |

Environment

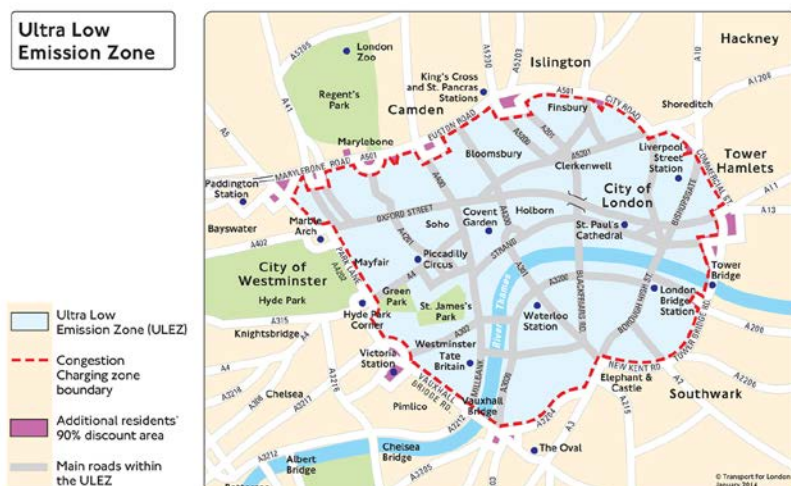
This covers activities to reduce the impact of transport operations on the environment.

Ultra Low Emission Zone

Quarterly progress

The project authority submission was approved at TfL Board on 17 December 2015.

We continue to develop the scheme scope and requirements with sponsors and subject matter experts across all workstreams. The Ultra Low Emission Zone marketing campaign was agreed in November 2015 and the first media burst will run from 22 February 2016 to 20 March 2016.



Proposed Ultra Low Emission Zone

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|---|-------------------|----------------------|----------|------------|--------------------------------|
| Submit application to TfL Board for project authority | 17-Dec-15 | 17-Dec-15 | Complete | | - |
| Scheme live | 07-Sept-20 | 07-Sept-20 | ● | | - |

Programme financial forecast

| Full life | | | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 2.0 | 422.0 | 12.0 | -410.0 ▲ -3,416.7% | - | 2.6 | 1.2 | -1.4 ▲ -116.7% |

Initial authority was granted at TfL Board in December 2015.

Cycle hire

Re-letting the cycle hire contract to deliver an improved customer proposition, operating model and supply chain, ultimately leading to integration of the cycle hire back office with Oyster/contactless payment card back office systems.

Cycle hire re-let

Quarterly progress

We issued the invitation to participate (ITP) for the bike management and supply elements of the re-let in November 2015 to six bidders. We also held a bidder's day to give them an overview of the desired solution and future scheme structure. The deadline for bidder submissions was 11 January 2016.

A procurement authority request was approved by TfL Board in December 2015 to integrate some of the cycle hire services into the revenue collection contract (RCC). We also secured the rights to a perpetual licence to use the intellectual property rights in the scheme hardware.

We completed the design study, which involved Serco (the incumbent) and Cubic (the RCC contractor). This has provided us with a plan to disaggregate the Serco services at transition, define interface specifications between the various services, and an option to transfer some services early to reduce risk.



Cycle hire docking station

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|--|-------------------|----------------------|-----|------------|--------------------------------|
| Invitation to submit | 28-Apr-16 | 31-Mar-16 | ● | | - |
| Transition into service | 30-Aug-17 | 30-Aug-17 | ● | | - |
| System go live | 31-Dec-18 | 31-Dec-18 | ● | | - |
| Project completion and handover certificate approved | 30-Jun-19 | 30-Apr-19 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|------------------------------------|-------------------------------|--------------|----------------------------|------------------------------|----------------------|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 5.7 | 51.8 | 51.8 | - | - | 8.6 | 10.2 | 1.6 ▼ 15.7% |

Bus operations

Although much of the on-going renewal of the bus fleet is carried out as part of the bus contract and tendering process, there are cases where we look to deliver additional improvements, for example, investment in the New Routemaster (NRM) and making the existing fleet cleaner and greener.

New Routemaster

Quarterly progress

We delivered 640 NRM buses into service by the end of Quarter 3. Routes 149 and 159 were successfully converted bringing the total number of routes using NRM buses to 18, and increasing the total number of Euro VI engine vehicles in service to 328.



New Routemaster in service in central London

Programme milestones forecast

| Milestone | Current plan date | Actual/forecast date | RAG | Commentary | Forecast change from Q2 (days) |
|------------------------------------|-------------------|----------------------|----------|------------|--------------------------------|
| Delivery of 600 buses into service | 31-Oct-15 | 31-Oct-15 | Complete | | - |
| Delivery of 800 buses into service | 31-Jul-16 | 31-Jul-16 | ● | | - |

Programme financial forecast

| Spend to end Quarter 3, 2015/16 £m | Estimated final cost (EFC) £m | Full life | | | In year | | |
|--|-------------------------------|--------------|----------------------------|------------------------------|--|----------------|-------------------------|
| | | Authority £m | Variance to authority £m/% | EFC movement in quarter £m/% | Year-end forecast £m | Year budget £m | Variance to budget £m/% |
| 237.7 | 302.5 | 302.5 | - | - | 103.6 | 110.0 | 6.4 ▼ 5.8% |
| EFC includes cost of the prototypes. There is no variance between EFC and authority. | | | | | Forecast is less than budget as a result of delivery schedule reprofiled to spread deliveries more evenly into London giving TfL greater ability to absorb the new buses into the fleet. | | |

Financial performance



Financial performance

In the year to date, investment expenditure was £64m lower than budget, a variance of slightly more than 3 per cent and a full year forecast of £92m lower than budget with a variance of three per cent.

Table 1: Investment Programme financials as of Quarter 3, 2015/16

| TfL Group £m | Year to date | | | Full year 2015/16 | |
|-----------------------------------|----------------|----------------|--------------------|--------------------|--------------------|
| | Actual | Budget | Variance to budget | Quarter 3 forecast | Variance to budget |
| London Underground | (898) | (947) | 50 ▲ | (1,287) | 88 ▲ |
| London Rail | (166) | (173) | 7 ▲ | (284) | 17 ▲ |
| Surface Transport | (469) | (456) | (13) ▼ | (707) | 16 ▲ |
| Corporate | (494) | (514) | 20 ▲ | (578) | (29) ▼ |
| Total Investment Programme | (2,027) | (2,091) | 64 ▲ | (2,856) | 92 ▲ |

In the year to date, TfL is £64m under budget primarily due to £314m of project rephasing, including the Four Lines Modernisation, Capacity Optimisation projects including Northern line extension, Quietways and Central London Grid. This was partly offset by £236m of overprogramming provision.

Table 2: Investment Programme causal analysis, year to date variance to budget, 2015/16

| TfL Group (£m) | Year to date variance to budget |
|--------------------------|------------------------------------|
| Acceleration | 0 ► |
| Cost increases | (33) ▼ |
| Cost decreases | 22 ▲ |
| Overprogramming | (236) ▼ |
| Rephasing | 314 ▲ |
| Savings and efficiencies | 1 ▲ |
| Reclassification | 0 ► |
| Other | (4) ▲ |
| Total variance | 64 ▲ |

London Underground investment expenditure is £50m lower than budget in the year to date. This is due to £230m of rephased expenditure, less than 25 per cent of which is still expected to be spent this year. Rephasing includes:

- A total of £92m from Four Lines Modernisation driven by: £27m due to delays earlier in the year in identifying sufficient storage capacity for rolling stock spares and a mutually beneficial agreement to slow down train production; and £39m reflecting the alignment to both the new ATC signalling contractor's schedule (which was awarded after the budget was set) and the platform train interface revised programme
- A total of £59m from the Capacity Optimisation programme driven by: £19m for the Northern line extension due to developer design changes impacting the start of construction, delays in procurement of the tunnel boring machine contract and negotiating the construction insurance agreement for the programme; and £33m of rephasing of a number of activities within the World Class Capacity programme, including the Victoria line upgrade where there have been delays to commencement of activities with contractors
- A total of £38m from across the Stations programme from a number of minor variances including the rephasing of the Victoria station upgrade, following a revised plan from the main contractor leading to a revision of the fit-out works profile
- This project rephasing was partially offset by the release of an overprogramming provision of (£153m)

In addition to rephasing of expenditure, there is a cost increase of (£28m) from the Metropolitan line extension programme, due to the agreement made with the DfT to take on the responsibility for delivering the programme and inclusion of the Local Enterprise Partnership contribution.

London Rail (LR) and TfL Rail capital expenditure is £7m lower than budget in the year to date, which is largely due to:

- A rephased expenditure of £8m on Docklands Light Railway (DLR) projects including north route double tracking and Limehouse escalators
- A delayed spend of £4m on London Overground stations works and the Gospel Oak to Barking electrification project, with the latter now planned from June 2016
- Offset by accelerated spend on Crossrail stations upgrades

Surface Transport expenditure is £13m higher than budget in the year to date. This includes £60m of project rephasing, £14m of cost reductions, offset by cost increases of £5m, contingency and over-programming of £83m. The variances against budget include:

- Rephasing of £11m on Structures and Tunnels Investment Programme (STIP) 1 packages including Highbury Corner bridge and Upper Holloway bridge. A further £4m on transforming streets and places rephased to future years as design works on pre gate 2 projects have not yet started. In addition, there were £19m of delays in Central London Grid and Quietways cycling projects due to redesign of schemes in Lewisham and subsequent borough reorganisation and delays in other boroughs due to extensive consultation/public engagement. Bus Priority borough schemes – £9m variance was related to slow progress on the Bus Priority Portfolio, this was largely caused by lack of borough resources. These above variances were partly offset by £4m of highways maintenance acceleration brought forward from 2016/17 including additional carriageway outputs which will deliver value for money in 2015/16, and re-profiling of lighting expenditure to maximise energy reduction and associated efficiencies
- The in-year project rescheduling of £16m includes £5m on TLRN borough signals modernisation, and £3m reprioritisation on Better Junctions programme, £4m on the London Road User Charging (LRUC) and Traffic Enforcement Notice Processing (TENP) Contract Re-let Project, and £2m on Woolwich Ferry phase 2 (the favoured option is now to procure two vessels and to build an office on the current Woolwich Ferry site)

- The £14m cost savings is partly due to Projects and Programme Directorate (PPD) highways savings of £7m and £2m as a result of continuation of under-claims being made by boroughs against Local Implementation Plan (LIP) funding
- The major cost increases of £5m relates to £3m on London Highways Alliance Contract (LoHAC) contractual entitlements on maintenance activities with prior year compensation events for design for maintenance, provision of statutory utility drawings, and local area overheads relating to 2013/14 and 2014/15

Capital expenditure across the shared services is £20m lower than budget in the year to date. This is predominantly due to £16m of rephasing, including £5m for commercial development initiatives, £5m for SAP development projects and £4m for LU projects Investment Programme. This is together with a reduction in project contingency by £8m, which is no longer required.

Over the 2015/16 full year, TfL's total investment expenditure was £92m lower than budget. Rephasing has been the largest variance for the reasons mentioned above, and this was offset by £98m of cost increases, £93m of overprogramming and £30m of reclassification of operating expenditure to capital expenditure.

Table 3: Investment Programme causal analysis, Quarter 3 full-year forecast variance to budget, 2015/16

| Total TfL | Full-year variance to forecast |
|--------------------------|--------------------------------|
| Acceleration | 10 ▲ |
| Cost increases | (98) ▼ |
| Cost decreases | 18 ▲ |
| Overprogramming | (93) ▼ |
| Rephasing | 288 ▲ |
| Savings and efficiencies | 0 ► |
| Reclassification | (30) ▲ |
| Other | (3) ▲ |
| Total variance | 92 ▲ |

Over the full year, LU investment expenditure is forecast to be £88m lower than budget. A total of £262m is due to rephasing of costs into future years, including:

- Rephasing of £80m on the driven by rephasing of the ATC programme due to alignment to the new contractor's programme, and supporting ATC enabling works.
- Rephasing of £60m on the Northern line extension due to the impact of a design change
- Rephasing of £26m on the Metropolitan line extension alignment of the now integrated programme and the related Local Enterprise Partner funding
- Rephasing of £26m across the Stations programme, which includes rephasing of the Bank station capacity property purchase
- There was also minor rephasing across a number of other projects totalling £70m. This includes infrastructure renewals, where there has been alignment of costs with a number of

Financial performance

revised contractor programmes and Legacy trains systems, where the expenditure of unapproved projects has been moved to later years

- Project rephasing is partly offset by the release of £89m of overprogramming.

Offsetting some of the rephasing impact, there was a net cost increase of £86m, including:

- An increase of £55m from the transfer of the Metropolitan line extension from Hertfordshire County Council and recent review of design works costs
- An increase of £38m for the Northern line upgrade programme due to a re-estimate of the scope required to deliver the benefits
- Other smaller movements account for the remaining £7m cost reduction

Over the full year, LR and TfL Rail capital expenditure is forecast to be £17m lower than budget, due to:

- Rephased expenditure of £8m on DLR projects including north route double tracking and Limehouse escalators
- Rephased expenditure of £6m on London Overground stations works
- Rephased expenditure of £5m for the Gospel Oak to Barking electrification project
- This rephasing was partly offset by an increase of £6m from the transfer of the Barking Riverside project from TfL Planning and subsequent rephasing of the project.




Surface Transport is forecast to be £16m lower than budget due to net rephasing of £12m, largely due to: rescheduling borough works due to resource constraints and savings of £18m partially offset by £12m of cost increases including £3m on the Ultra Low Emission Zone; £3m on the River Action Plan due to change in design and modifications of Bankside and Westminster Piers; £3m on LoHAC compensation events; and £2m on Silvertown Tunnel mainly Surface Transport project management and sponsor staff costs.

Over the full year, capital expenditure across the shared services is £29m higher than budget. This was largely due to the net reclassification of £30m of operating to capital costs for the Retail and Arches project, Earls Court and go-to-market strategy. In addition, £10m for business development activities was reprofiled from 2014/15.

Variance definitions and key

Programme milestones

This report details the level of movement against the milestone in days since the previous quarterly report. A negative value indicates slippage while a positive value indicates acceleration to the programme. The red, amber, green (RAG) indicates delivery forecast against the planned date in line with the key:

| Status | Discrete projects |
|---|-------------------|
|  | On time or early |
|  | 1-89 days late |
|  | >=90 days late |

Significantly late milestones




This report details milestones that are forecast to deliver more than 90 days late against their planned completion date. Where there is commercial confidentiality variances are removed and marked *. A negative value indicates slippage while a positive indicates acceleration to the programme.

Significant quarterly milestone movements

This report shows where milestones moved by more than two periods in the quarter. Where there is commercial confidentiality variances are removed and marked *. A negative value indicates slippage while a positive indicates acceleration to the programme.

Programme financial forecast

This report shows full life spend to date and the variance between authority and estimated final cost (EFC), plus the in year variance between year-end forecast and budget. A negative value indicates the EFC or forecast is greater than authority or budget, while a positive value indicates the EFC or forecast is less than authority or budget. The direction of the triangle indicates whether the EFC or forecast is greater or lower than authority or budget value. Variances are removed and marked * where there is commercial confidentiality.

| RAG | Description |
|---|---|
|  | Variance is understood and does not impact delivery |
|  | Variance is understood and mitigation plans are in place to reduce the impact to delivery |
|  | Variance is understood and delivery decisions are required |

EFC variance to authority (more than 2.5 per cent)

This report contains variance commentary where projects are fully authorised and the EFC exceeds authority by more than 2.5 per cent. Projects that are only partially authorised (for example, in the feasibility stage or EFC has increased with authorised additional scope) are not classified as being in excess of authority.

Significant EFC movement (more than two per cent)

This report contains variance commentary where the project EFC has changed by more than two per cent in the quarter. A negative percentage indicates an increase in EFC.

Year-end spend forecast variance to budget (+/- £5m)

This report contains variance commentary for projects where the variance between budget and the annual forecast is greater than £5m (+/-). Budget is the agreed level of annual expenditure for specified works. This forms part of the TfL Group budget, which is established around Period 9 of the previous financial year.