

Board

Date: 17 December 2015

**Item: Operational and Financial Performance and Investment
Programme Reports – Second 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 (OFR) and presents the Investment Programme Report (IPR) for the second quarter of 2015/16. An executive summary is also provided.
- 1.2 On 2 December 2015, 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 – Second quarter 2015/16**

3 Views of the Finance and Policy Committee

- 3.1 On 2 December 2015, the Finance and Policy Committee reviewed the quarterly monitoring reports. The main issues raised by the Committee were:
- (a) a plan should be developed to address the movement in headcount figures;
 - (b) given the fall in bus passenger revenue, consideration be given to the utilisation of surplus capacity on the network. This should be kept under review when the major road improvement and Cycle Superhighways works were completed;
 - (c) consideration be given to the future priorities for the allocation of road space; and
 - (d) consideration be given to reviewing the reporting format to ensure that known issues were clearly highlighted in the report.

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 – Second Quarter 2015/16
- Appendix 2: Investment Programme Report – Second Quarter 2015/16

List of Background Papers:

None

Contact Officer: Ian Nunn, Managing Director, Finance
Number: 020 3054 8941
Email: IanNunn@tfl.gov.uk



TfL's quarterly finance, investment and operational performance reports

Quarter 2, 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 a pioneer 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 2 (Periods 4-6), 28 June 2015 – 19 September 2015

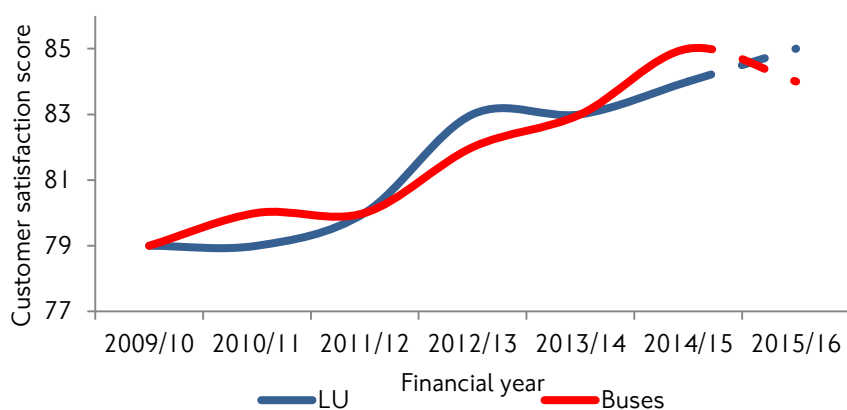
In Quarter 2, our services continued to perform well. Record high levels of customer satisfaction were maintained on the Tube, with London Underground (LU) underlying reliability (measured by excess journey time) showing further improvement from the previous quarter. Underlying passenger numbers were slightly up on the Tube, but less buoyant than expected, due to industrial action in July and August 2015. Bus passenger journeys show some signs of picking up, but remain down on last year and target.

Our finances show some slippage from Quarter 1, with cash balances at the end of the Quarter £194m higher than we expected. This is primarily the result of rephasing of projects spend; we still expect to deliver the projects on time and to budget. Our multi-billion pound investment programme is financially balanced - with all income allocated to expenditure – and rests on the continuation of levels of government funding currently agreed, as well as us achieving almost £3bn in further savings up to 2020/21. This will ensure we deliver increased rail capacity and frequency, maintain our bus network at current levels and complete Crossrail, all while planning for the long-term with Crossrail 2.

Customer

- Customer satisfaction has continued to improve, or maintained at high levels, for most of our services. Record scores have been maintained on the Tube, with a score of 85 for the third successive quarter; we now expect this level over the full year and have increased our forecast to reflect this. Satisfaction levels are 86 on the buses, a return to its record high; customer satisfaction with journey and bus wait time remain strong, despite the challenges from higher traffic flows and our Road Modernisation Plan.

Chart 1: Customer satisfaction, 2009/10 to 2015/16¹



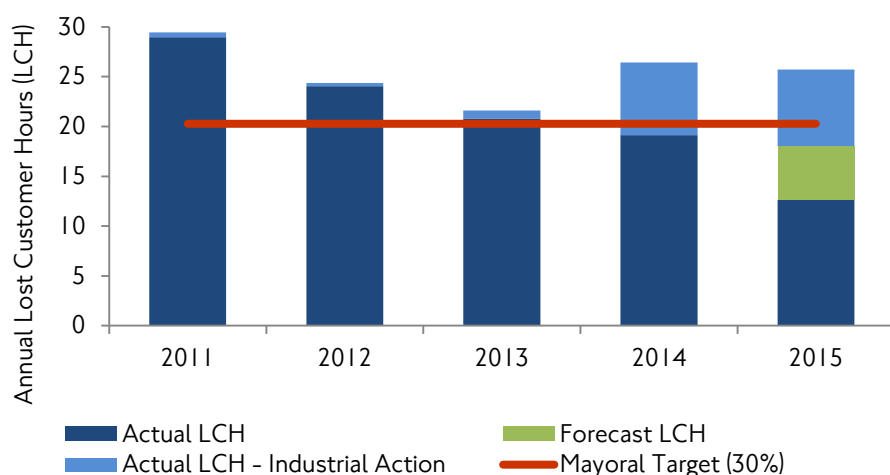
- Underlying LU passenger journeys remain high. However, the Quarter saw two periods of industrial action, reducing journeys by an estimated 10 million and associated fares income by £16m.
- Bus passenger journeys were 4.2 per cent below target in Quarter 2; in the year to date, passenger levels are 34 million down on the same period last year. The primary cause of this decline in demand is due to the slight deterioration in bus reliability from increased traffic levels - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population - disruption from implementing our Road Modernisation Plan (which will improve London's roads and alleviate congestion once complete) and by town centre improvements. Over the full year, we expect bus journeys to be 79.3 million lower than target, 19 million down on 2014/15.

¹ Dashed lines represent the latest full-year forecast for 2015/16

Reliability

- LU reliability continued its impressive performance from Quarter 1; underlying reliability (excluding the effects of industrial action) was better than both target and the same quarter last year. The Victoria line recorded its best ever Excess Journey Time (EJT) this quarter. Excess journey time is now on target for eight of the ten lines.
- The Tube network suffered two period of industrial action in the quarter, increasing Lost Customer Hours (LCH) by 7.7 million hours. Staff action short of a strike on the District and Central lines affected the availability of trains during the quarter; this action has now come to an end. We are expecting to reach our target of reducing underlying LCH (excluding the effects of industrial action) by 30 per cent this year.

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



- Both bus excess wait time and TLRN journey time reliability continue to be affected by increased traffic levels driven by London's strong economic growth (including extensive building and construction projects across London), a rapidly rising population, disruption from implementing our Road Modernisation Plan and by town centre improvements. The Quarter saw some improvement, with both better than target; nonetheless, both show a slight worsening from the same quarter last year. In Quarter 2 we introduced a bus operators' incentive scheme on Outer London routes most affected over the past year, as well as bus reliability schemes in Central and Inner London, which has helped mitigate the worst effects.

Safety and security

- The number of people killed and seriously injured on London's roads was 510 in Quarter 2²; this is the lowest level of KSIs recorded in a quarter. Our long-term target is to reduce KSIs by 50 per cent – against the 2005-09 baseline – by 2020. In Quarter 2 we introduced the Safer Lorry Scheme to improve the safety of vulnerable road users.
- Crime rates are stable on the LU and DLR network. However, the Quarter saw some increases in crime on buses and London Overground, the latter now including the West Anglia services. We are continuing to encourage the reporting of sexual offences on London's transport network through Project Guardian.

² Cumulative reduction from a baseline of the 2005-2009 average. Quarter 2 refers to April – June 2015; full-year 12 months from January 2015 to December 2015

Financial update

- At the end of Quarter 2, our cash balances are £4.4bn, with £1.9bn of this ring-fenced solely for the Crossrail project. Over the full year, we expect to significantly drawdown on cash – to fund investment in improvements across the system – with total cash balances expected to be £3.1bn at the end of the year, £50m higher than anticipated when we completed the Budget.
- In the year to date, cash balances are £194m higher than expected, driven by:
- Lower fares income of £24m largely due to lower than expected bus fare-paying passenger numbers on buses. LU fares income was £3m better than Budget, with the £16m downside from industrial action more than offset by higher income from increased passenger journeys. Passenger growth remains strong on London Overground and the DLR, with income up by £7m.
- Lower operating expenditure of £60m, largely due to £45m of project rephasing to later this year and future years, including £15m for LU's Fit for the Future – Stations programme, £8m for Borough schemes, and £11m of property development and asset management expenditure. In addition, expenditure is £25m lower, with £10m from lower than expected bus contract costs and almost £15m in lower than expected staff costs.
- Capital expenditure is £42m lower than Budget, driven by £177m of project rephasing, partly offset by £127m of overprogramming, to correct for optimism bias in project delivery. Project rephasing includes £59m for the Four Lines Modernisation programme, £18m for the Northern Line Extension (NLE), East – West Cycle Superhighway and Stockwell Gyratory.
- Crossrail project expenditure is £48m lower than Budget in the year to date, largely due to lower than expected direct construction and indirect costs, offset by higher than expected land and property expenditure..
- In the year to date grants and funding are £88m higher than Budget, largely due to timing differences in grants, with funding received earlier than expected, including £47m for the DfT General Grant and £71m for the DfT Investment Grant. These early payments were partly offset by £7m less for the DfT General Grant - following a reduction in TfL's grant levels in the 2015 Summer Budget - £6m less in respect of the West Anglia transfer and £11m lower for the Garden Bridge grant, which was received at the end of 2014/15.

Delivery

Reliability

Rail reliability	Quarter 2	Variance to Target
LU: Lost Customer Hours ¹	11.8	7.5 ▲
LU: Lost Customer Hours excl. industrial action	4.2	-0.2 ▼
LU: Excess Journey Time ²	5.1	0.7 ▲
LU: Excess Journey Time excl. industrial action	4.1	-0.3 ▼
DLR departures ³	99.2	0.2 ▲
London Overground PPM ⁴	94.3	-0.2 ▼
TfL Rail	92.6	0.6 ▲

Bus and roads reliability	Quarter 2	Variance to Target
Buses: Excess Wait Time ⁵	1.0	- ►
TLRN journey time reliability ⁶	88.1	0.1 ▲

Reliability levels remain high for most services. LU underlying reliability – excluding the effects of industrial action – was impressive, with both lost customer hours and excess journey time better than target and the same quarter last year. The Victoria line recorded its best ever EJT of any Quarter 2 and eight out of the 10 lines saw EJT achieve target.

The LU network saw two episodes of industrial action in Quarter 2, as well as action short of a strike on the District and Central lines which has now come to an end. Industrial action in the Quarter increased LCH by 7.7 million hours.

TfL Rail has continued to perform well. Since we began operating services from Liverpool Street to Shenfield performance has improved; we have achieved the reliability target in four consecutive periods. Before we began operating these services this was achieved only three times over 13 periods.

Both bus excess wait time and Transport for London Road Network (TLRN) journey time reliability continue to be affected by 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 Plan and by town centre improvements. TLRN journey time reliability (JTR) on London's roads was 0.1 index points better than target, but 1.3 points down from the same quarter last year.

Bus excess wait time hit target, but was 0.1 minutes worse than the same quarter last year. In Quarter 2 we introduced bus priority initiatives to protect service reliability from major roadworks in Central and Inner London, where services have been worst affected. It is expected bus excess wait time will be maintained at 1.1 throughout 2015/16 and 2016/17, returning to 1.0 in 2017/18 following investment in reliability and bus priority schemes.

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

Safety and security

Recorded crime ¹	Quarter 2	Variance to Target
LU and DLR	7.1	- ▶
London Overground	7.2	-0.3 ▼
London Buses	7.6	0.2 ▲

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. The risk of witnessing or becoming a victim of crime on TfL's public transport networks is at its lowest level since recording began in 2004/05.

Quarter 2 saw increases in crime rates on both buses and London Overground (LO). 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 transferred to TfL in May 2015. TfL and the BTP have put measures in place to tackle the higher levels of crime seen on this part of the network. Despite the increase seen during Quarter 2, both the rate and volume of crime on LO remain at a very low level and LO continues to be one of safest modes of travel in London.

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 was historically significantly underreported. Project Guardian aims to increase confidence in reporting of sexual offences, reduce the risk of becoming a victim, challenge unwanted sexual behaviour and target offenders.

Safety	Quarter 2	Variance to target
Cumulative reduction in killed and seriously injured ²	45.3	6.7 ▲

The number of people killed and seriously injured on London's roads was 510 in Quarter 2.³ This is the lowest level of KSIs recorded in a quarter. Our long-term target is to reduce KSIs by 50 per cent – against the 2005-09 baseline – by 2020. In Quarter 2 we introduced the Safer Lorry Scheme to improve the safety of vulnerable road users.

¹ Recorded crime per million passenger journeys

² The UK standard for measuring reductions in KSI statistics: *Strategic framework for road safety* (May, 2011). Full year refers to the 12 months from December 2014 – November 2015, due to lead times in obtaining KSI data from third parties

³ Cumulative reduction from a baseline of the 2005-2009 average. Quarter 2 refers to April – June 2015; full-year 12 months from January 2015 to December 2015

Project and milestone progress

Budget milestone completion ¹	Full-year forecast
Completed on time or early	90%
Late by less than 90 days	7%
Late by 90 days or more	3%

As part of our £23bn investment programme, a number of projects were completed and significant milestones met in Quarter 2:

- Following the award of the Automatic Train Control (ATC) contract to Thales, we are beginning to fit out ATC equipment on LU trains. Once complete this will help increase passenger capacity through a more reliable and frequent train service.
- As part of our works to enable a 36 trains per hour peak service to be introduced across the Victoria line next year, we replaced the deep level crossover at Walthamstow and installed new, more reliable point machines. The Victoria line is already the most frequent rail service in the UK.
- On our major station upgrades we achieved a key milestone with the tunnel breakthrough from Bond Street station into the new Crossrail station. At Victoria, we completed the connection of the tunnels joining the new north ticket hall and enlarged south ticket hall.
- On roads we completed the Hammersmith Flyover strengthening works, which have prolonged its life and will ensure no major maintenance is required for many years. As part of our Road Modernisation Plan, we completed the second phase of works at Elephant & Castle to transform this vital transport interchange.

£m	Year to date actuals	Variance to Budget	Full-year forecast variance to Budget
Capital expenditure	1,322	42 ▲	(31) ▼
Revenue investment	126	6 ▲	46 ▲
Total investment	1,448	48 ▲	15 ▲

Investment expenditure² – including all capital expenditure and £350m of operating costs that are included in investment projects in 2015/16 – is £48m lower than Budget in the year to date, a variance of just over three per cent. Over the full year, investment expenditure is now forecast to be £15m – or half a per cent – lower than Budget, due to £293m of rephasing – partly offset by £159m of overprogramming – and £114m of cost increases, the latter including £55m for the Metropolitan Line Extension – which has been transferred from Hertfordshire County Council – and £38m for the Northern and Jubilee line upgrade. Full financial commentary on our investment programme is included in the quarterly Investment Programme Report.

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	2,090	(24) ▼	(47) ▼
Other income	311	12 ▲	21 ▲
Operating expenditure	(2,897)	60 ▲	112 ▲
Group Items	(149)	12 ▲	26 ▲
Margin	(646)	61 ▲	111 ▲
Net capital expenditure	(922)	43 ▲	(16) ▼
Crossrail expenditure	(690)	48 ▲	4 ▲
Net service expenditure	(2,258)	153 ▲	99 ▲
DfT grants	826	101 ▲	(41) ▼
GLA precept	2	(0) ►	(0) ►
Business rates retention	353	(0) ►	(75) ▼
Other grants	45	(23) ▼	(23) ▼
Crossrail funding sources	453	10 ▲	13 ▲
Working capital	(280)	(23) ▼	80 ▲
Net borrowing	603	(23) ▼	(3) ▼
Cash movements	257	194 ▲	50 ▲

At the end of Quarter 2, our cash balances are £194m higher than Budget. Over the full year, we expect to significantly drawdown on cash – to fund investment in improvements across the system – with total cash balances expected to be £3.1bn at the end of the year, £50m higher than anticipated when we completed the Budget.

In the year to date, cash balances are £194m higher than expected, driven by:

- Lower fares income of £24m largely due to £33m lower than expected bus fare-paying passenger journeys. LU fares income was £3m better than Budget, with the £16m downside from industrial action more than offset by higher income from increased passenger journeys. Passenger growth remains strong on London Overground and DLR, with income up by £6m.
- Lower operating expenditure of £60m, largely due to £45m of project rephasing to later this year and future years, including £15m for LU's Fit for the Future – Stations programme, £8m for Borough schemes, and £11m of property development and asset management expenditure. In addition, expenditure is £25m lower, with £10m from lower than expected bus contract costs and almost £15m in lower than expected staff costs.
- Net capital expenditure is £43m lower than Budget, driven by £177m of project rephasing, partly offset by £127m of overprogramming, to correct for optimism bias in project delivery. Project rephasing includes £59m for the Four Lines Modernisation programme, £18m for the Northern Line Extension (NLE), East – West Cycle Superhighway and Stockwell Gyratory.
- Crossrail project expenditure is £48m lower than Budget in the year to date, largely due to lower than expected direct construction and indirect costs, offset by higher than expected land and property expenditure.
- In the year to date grants and funding are £88m higher than Budget, largely due to timing differences in grants, with funding received earlier than expected, including £47m for the DfT General Grant and £71m for the DfT Investment Grant. These early payments were partly offset by £7m less for the DfT General Grant - following a reduction in TfL's grant levels in the 2015 Summer Budget - £6m less in respect of the West Anglia transfer

Cash movements

£m	Year to date variance to Budget	Full-year forecast Variance to Budget
Timing differences		
Investment rephasing	195 ▲	293 ▲
Crossrail	48 ▲	4 ▲
Overprogramming	(146) ▼	(159) ▼
Investment acceleration	0 ►	(7) ▼
Grant changes	105 ▲	(11) ▼
Working capital	(23) ▼	80 ▲
Total timing differences	179 ▲	200 ▲
Underlying differences		
Net cost reductions/ (increases)	29 ▲	(79) ▼
Group items	12 ▲	26 ▲
Fares income	(24) ▼	(47) ▼
Grant changes	(18) ▼	(116) ▼
Other	16 ▲	66 ▲
Total underlying changes	15 ▲	(150) ▼
Total movements	194 ▲	50 ▲

and £11m lower for the Garden Bridge grant, which was received at the end of 2014/15.

At the end of Quarter 2 we completed our latest full-year forecast, which updates our financials based on more up to date assumptions. Our cash balances are now expected to be £50m higher than Budget at the end of the year, driven by:

- A fares income reduction of £47m from less fare paying passenger journeys than anticipated, lower than previously assumed inflation rates, and a change in fares assumptions for 2016 only, where we now expect a real-terms fares freeze. Bus fares income has improved by £8m since Quarter 1, with bus passenger volumes beginning to stabilise, but remains down on Budget
- Lower operating costs of £112m, driven by £66m of rephasing to future years – £12m from LU Legacy Train Systems, £8m for bus priority schemes, £6m for Mini Holland schemes, £6m for major Local Implementation Plans (LIPs) initiatives, £15m from bus contract savings, and a £30m reclassification of operating to capital expenditure, the latter having no net effect on TfL's financials
- Lower grants and funding totalling £126m, largely due to £48m reduction in DfT General Grant with a reduction of £31m from the Summer Budget, £7m relating to the West Anglia transfer and £11m for Garden Bridge, the latter received earlier than expected in 2014/15. Business Rates Retention funding is £75m lower than Budget, reflecting the agreed shortfall from prior years. Other capital grants are £23m lower than Budget, reflecting lower than expected expenditure forecast for the Northern Line extension. 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
- An £80m working capital upside, which is expected to reverse in the next financial year.

Cash balances

£m	Year to date actuals	End of Quarter 2 variance to Budget	End of year forecast variance to Budget
Crossrail SFA	1,914	27 ▲	(88) ▼
Other TfL	2,506	167 ▲	138 ▲
Closing cash	4,420	194 ▲	50 ▲

Cash balances including Crossrail are £4.4bn at the end of Quarter 2, £194m lower than Budget and £388m lower than at the end of Quarter 1. Crossrail cash balances stand at £1.9bn – these funds are ring fenced solely for the Crossrail project.

Our cash balances have been built up in recent years as we have received funding and undertaken borrowing before we incur costs and complete projects:

- Government grant is paid in line with the agreed schedule, and is fully allocated to our investment programme, including the deliverables in the DfT Annex B milestones agreed as part of the 2013 Spending Review
- We also undertake borrowing to fund our investment, within annual limits. This means we borrow before we incur project costs and that our cash balances increase in the short term until projects are fully complete
- Expenditure has also slipped on some of our projects – but with no impact on overall project delivery – with our cash balances showing a temporary upside before spend catches up.

Our cash reserves are used solely for investment; this year alone we expect to use £1.6bn of these reserves on our investment programme. Over the long-term, our cash balances are committed to the improvements outlined in our latest Business Plan.

Efficiencies

£m	Year to date actuals	Variance to Budget	Full-year forecast variance to Budget
Gross savings secured	61	4 ▲	(25) ▼
Implementation costs	(21)	(1) ▼	29 ▲
Net efficiencies	40	3 ▲	4 ▲

TfL is committed to saving £16bn of efficiencies up to 2020/21, allowing us to deliver the improvements to transport, while bearing down on fares and managing with lower levels of government funding. We have now secured £13bn of savings to date, and have a further £3bn to secure over the Business Plan period. The efficiencies programme will be achieved by reducing back-office expenditure and identifying innovative ways of working to drive down costs, while protecting front-line services and our long-term investment programme.

At the end of Quarter 2, new net secured efficiencies in the year to date were broadly in line with target. Over the full year we expect net savings to be £4m higher than target. The majority of the change over the full year is from one savings initiative which was stopped following a review of its delivery plans. The review indicated that it would no longer deliver the savings originally forecast. New initiatives in this area are being identified for this year and the rest of the Business Plan to ensure that this shortfall is mitigated and our overall total of £16bn is achieved.

Customer

Passenger journeys

Million	Year to date actuals	Variance to Target
London Underground	293.5	-8.0 ▼
London Buses	521	-23 ▼
DLR	26.6	-0.1 ▼
London Overground	42.9	3.7 ▲
Tramlink	6.0	-0.7 ▼
Emirates Air Line	0.5	-0.1 ▼
TfL Rail	10.1	2.2 ▲
London River Services	3.3	0.2 ▲

Underlying passenger journey growth remains high. However, Quarter 2 saw only modest increases compared to last year, with the exceptions of London Overground and DLR where growth remained very strong. LU passenger journeys were 0.5 million up on the same quarter last year, despite a reduction of 10.3 million journeys due to two periods of industrial action. Year-to-date passenger journeys are up 7.5 per cent on 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. The primary cause of this decline in demand is due to the slight deterioration in bus reliability from increased traffic levels - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population - short-term disruption from our Road Modernisation Plan (which is intended to improve London's roads and alleviate congestion once complete) and by town centre improvements. DLR saw growth of 8.8 per cent in the Quarter compared to last year, while London Overground passenger journeys increased by 33 per cent on Quarter 2 last year, with over 70 per cent of the increase from the new West Anglia services.

Cycling

Cycling levels	Year to date actuals	Variance to Target
Cycling growth per cent	3	-1 ▼
Cycling levels on TLRN ¹	386	-9 ▼
Cycle Hire	2,849	-178 ▼

Cycling levels on the TLRN as well as growth in the Central London cycling zone were both lower than target in the Quarter. The increase in road works and road closures within central London as a result of our £4bn Road Modernisation Plan is likely to have reduced levels of cycling. £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 capital.

Construction work has continued on high profile cycling schemes during Quarter 2, including Cycle Superhighway (CSH) 5, the North - South, East - West routes and the upgrade to CSH 2, plus Quietways 1 and 2. The Waltham Forest Mini Holland scheme was launched during Quarter 2 of 2015/16 and the London Planning Awards and Cycle Show were hosted in Waltham Forest. The Mayor's Vision for Cycling was also promoted during the London stage of the high profile Tour of Britain cycling event.

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

Customer satisfaction and complaints

CSS score	Quarter 2	Variance to Target
London Underground	85	1 ▲
London Buses	86	2 ▲
DLR	89	1 ▲
London Overground	84	2 ▲
Tramlink	90	2 ▲
Emirates Air Line	93	- ►
TfL Rail	84	4 ▲
TLRN	75	1 ▲

Customer satisfaction levels remain high, with all services better, or equal to, target. LU customer satisfaction was 85 in the Quarter, equalling its record score in the previous two quarters; only four per cent of customers surveyed has experienced delays, the best level ever achieved. Bus satisfaction also returned to its best level of 86 with satisfaction with both journey and waiting time remaining strong. TLRN customer satisfaction remains strong, up one point on target and equalling the same quarter last year; the survey saw increases in satisfaction for traffic light timings and condition of the road surface, reflecting the improvements we are undertaking as part of our £4bn Road Modernisation Plan.

Complaints per 100,000 journeys	Quarter 2	Variance to Quarter 2, 2014/15
London Underground	1.16	0.15 ▲
Docklands Light Railway	1.01	-1.24 ▼
London Overground ¹	4.10	1.57 ▲
Emirates Air Line	1.95	-0.16 ▼
London Buses	2.73	0.12 ▲
Congestion Charge	8.55	1.03 ▲
Cycle Hire	2.81	-3.50 ▼
Dial-a-Ride ²	99.72	-60.15 ▼

The complaints rate across most TfL services shows little change from last year. Dial-a-Ride, however, saw a significant reduction in complaints – which was also seen last quarter – along with Cycle Hire and the DLR. The main increases are on London Overground and London Tramlink, the latter largely due to current engineering works and associated route closures.

Most complaints are resolved between us and the complainant. Only a tiny fraction of complaints are referred to London Travelwatch, the statutory appeals body for London. In Quarter 2, 65 appeals were referred to the body.

¹ Includes West Anglia services from 31 May 2015

² Per 100,000 journey requests

People

Headcount

FTE	End of Quarter 2	End of Quarter 2 variance to Budget	End of year variance to Budget
London Underground	22,266	(498) ▲	(1,189) ▲
London Rail	332	(8) ▲	(78) ▲
Surface Transport	3,664	37 ▼	(102) ▲
Shared Services	4,294	(232) ▲	(409) ▲
Crossrail	1,002	92 ▼	0 ►
Total TfL	31,559	(610) ▲	(1,778) ▲

At the end of Quarter 2 we employed 31,559 FTE, 610 more than Budget. These variances to Budget are due to:

- 498 higher than expected FTEs in LU, with 129 FTE transferred from shared services (which has no net effect on TfL's total headcount), 99 project roles to deliver Four Lines Modernisation, and a vacancy provision of 234 FTE that was included in the Budget to adjust for optimistic recruitment forecasts
- 232 higher than anticipated FTE across shared services, with 132 FTE for new project roles – where funding was included in the Budget, but resource requirements were not known – for IM and ticketing projects, 84 additional FTEs from the annual graduate intake, a further 43 FTEs to support recruitment across the business, and a change in the vacancy provision of 63 FTEs. This was offset by the transfer of a budget of 111 FTEs to LU.

By the end of the year we expect total headcount to be 31,667, 109 FTEs more than currently employed, but 1,778 more than anticipated when we completed the Budget. This is largely due to:

- Directly employing staff – including 233 on the Four Lines Modernisation project, where we will directly employ project staff to ensure successful project delivery
- Delays to the Fit for the Future – Stations programme implementation due to prolonged trade union negotiation
- Reductions in the central vacancy provision – used to adjust for optimistic recruitment forecasts – across the business of as our headcount forecasts improve.

Operational and Financial Performance Report

Quarter 2, 2015/16

Operational and Financial Performance Report

Quarter 2 (Periods 4-6), 28 June 2015 – 19 September 2015

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Delivery

Reliability

Table 1: Rail and Underground reliability

Performance indicator	Unit	Quarter 2, 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	11.8	7.5 ▲	6.7	26.1	7.3 ▲	3.4	
London Underground: total lost customer hours (excl. industrial action)	Millions of hours	4.2	-0.2 ▼	-0.4	18.4	-0.4 ▼	-0.4	
London Underground: excess journey time	Minutes	5.1	0.7 ▲	0.6	4.5	0.0 ►	-0.1	
London Underground: excess journey time (excl. industrial action)	Minutes	4.1	-0.3 ▼	-0.4	4.1	-0.4 ▼	-0.4	
▲ higher is better								
DLR: Departures	%	99.2	0.2 ▲	-0.1	99.0	0.0 ►	-0.3	
London Overground: public performance measure ¹	%	94.3	-0.2 ▼	-1.8	94.5	0.0 ►	-0.7	
TfL Rail	%	92.6	0.6 ▲	1.3	93.4	1.4 ▲	1.8	N/A
Emirates Air Line: availability	%	99.1	4.1 ▲	0.6	95.0	0.0 ►	-1.3	

Rail and Underground reliability

- 1.0 Underlying LU reliability – measured by lost customer hours (LCH) and excluding the effects of industrial action – improved by nine per cent last year. We are targeting to reduce lost customer hours by 30 per cent this calendar year, from the 2011 baseline. These reductions in delays are on top of the 40 per cent improvement in reliability achieved between 2007/08 and 2011/12.
- 1.1 LU Excess Journey Time (EJT), after excluding the effects of industrial action, was better than both target and the same quarter last year. Performance on the Victoria line has been particularly impressive, with its best EJT result in the quarter, following its best periodic LCH performance in period 3 of Quarter 1. At the end of the Quarter, underlying EJT was on target for eight out of the ten LU lines.
- 1.2 The LU network was hit by two periods of industrial action in July and August of Quarter 2. In addition to this, action short of a strike – including an overtime ban – has affected availability of

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

trains on both the District and Central lines throughout the Quarter, which has now come to an end. We are continuing to negotiate with the trade unions to find an acceptable settlement for the future of the Night Tube. The impact of industrial action in the Quarter totalled 7.7 million LCH.

- I.3 LO's operational performance - as measured by the industry standard public performance measure (PPM) moving annual average (MAA) - was 94.3 per cent in Quarter 2, narrowly missing its target. Performance on the West Anglia services now operated by LO since 31 May 2015 improved in Quarter 2, whilst the East London Line (ELL) also performed very well in the latter two periods of the Quarter. The regulation issues south of New Cross Gate, and London Bridge works that affected performances on the ELL from late 2014/15 have now been addressed. LO performance has continued to exceed the national average for train operators (89.5 per cent) and remains in fourth place in the national PPM league.
- I.4 DLR departures in Quarter 2 was 99.2 per cent, 0.2 points better than target. After dipping below target in Period 3 for the first time in three years, performance rallied and returned to its long term high level in all three periods in Quarter 2.
- I.5 Since TfL Rail began operating services running from Liverpool Street to Shenfield performance has markedly improved. TfL has now overseen four consecutive periods where performance has been ahead of target by a comfortable margin, compared to only three times in the 13 periods before we began operating services. As a result the PPM MAA has improved in every period that TfL has controlled the services, resulting in the target being achieved in Period 5 of Quarter 2 for the first time in over a year.
- I.6 In Quarter 2 the Emirates Air Line (EAL) availability exceeded 99 per cent, only the second time this has happened since its opening. Availability was reduced due to a protest in Period 4; excluding the effects of this, availability was the best since the EAL opened.

Road and bus reliability

- 1.7 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 - our Road Modernisation Plan and by town centre improvements.
- 1.8 Traffic flows decreased slightly in Quarter 2 compared to the same quarter last year, with a 0.1 index point reduction in the volume of traffic on London's major roads. Delays to traffic, including buses, is expected to start improving from early 2016 as individual schemes start to complete and the benefits of the Road Modernisation Plan are realised.
- 1.9 Bus reliability – measured by excess wait time (EWT) – was on target in Quarter 2. Further measures have been introduced in the Quarter to protect service reliability against disruption from a series of major roadworks in Central and Inner London and from a wider deterioration in traffic congestion. We have also introduced a further incentive scheme for bus operators targeting improved performance at routes in Outer London, which have been most severely affected over the past year. The forecast for the full year remains 1.1 minutes, which is line with last year's performance.

Table 2: Road and bus reliability

Performance indicator	Unit	Quarter 2, 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	1.0	-▶	0.1	1.1	-▶	0.0	
TLRN: planned serious and severe disruption	Hours	281	-▶	4.2	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)	%	88.1	0.1▲	-1.3	87	0.0▶	-1.3	
TLRN: carriageway in state of good repair	%	Annual measure			92	0.0▶	1	
Dial-a-Ride: trip requests scheduled	%	90.1	-0.9▼	0.3	91.0	0.0▶	0.8	



- 1.10 Journey Time Reliability (JTR) on the Transport for London Road Network (TLRN) in the AM was 88.1 per cent in Quarter 2, 1.3 points lower than the same quarter last year, but 0.1 points better than target. JTR was worse than the same quarter last year, despite a decrease in traffic flows, with traffic 0.1 index points lower than last year. Quarter 2 saw a total of 819 hours of serious and

severe disruption – from both unplanned and planned events – across 302 separate incidents. This is an overall increase of 23 hours compared to the same quarter last year.

- I.11 Across Quarter 2 there were a number of planned and unplanned incidents that contributed to an increase in the number of disruption hours across all three periods.
- I.12 Planned disruption, at 281 hours, was up 4 hours compared to the same quarter last year. The slight increase in planned disruption was due to an increase in planned Highway Authority works and special events.
- I.13 The amount of serious and severe disruption per event, a measure of effectiveness of the resolution of unplanned incidents, was at 2.0 hours, an increase from the 1.9 hours per event in Quarter 2 last year. This figure is on target for the full year target of 2.0 hours per event.

Safety and security

Table 3: Crime

Performance indicator	Unit	Quarter 2, 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	7.1	0.0 ►	0.0	7.1	0.3 ▲	0.3	
London Overground recorded crime	Million passenger journeys	7.2	-0.3 ▼	1.3	7.5	0.0 ►	0.1	N/A
London Buses: recorded crime	Million passenger journeys	7.6	0.2 ▲	0.8	7.3	0.1 ▲	1.8	

- I.14 The rate of crime per million passenger journeys on the LU and DLR network is in line with the Quarter 2 target.
- I.15 The rate of crime per million passenger journeys on the bus network narrowly missed the target for the Quarter; despite this the rate of crime on the network remains low. Maintaining this low rate of crime will be extremely challenging going forward due to the combined impact of increases in the recording of violence against the person (VAP) offences, increased reporting of sexual offences and the current decline in bus passenger numbers. The increase in VAP on the transport network reflects a wider increase in VAP seen across London and other UK forces primarily due to changes to national recording practices in summer 2014.
- I.16 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. A joint TfL and police communications campaign – Report it to stop it - to encourage passengers to report any unwanted sexual behaviour on the transport network was launched in April of this year and is helping to narrow the underreporting gap. Since its launch, the short film has had over 1.8 million views on YouTube. 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.
- I.17 The increase in the number of recorded sexual offences seen on the LU and DLR and bus networks was anticipated and is considered a positive result of Project Guardian, launched in July 2013 with the British Transport Police (BTP), City of London Police and the Metropolitan Police Service to reduce unwanted sexual behaviour on public transport in London which has historically been underreported.
- I.18 The increases in VAP reflect the national and London-wide trends and levels of VAP across the network are being monitored closely. Resources have been reallocated and additional measures

¹ Quarter 2 refers to snapshot crime figures for June – August 2015. The information reported here may be different to other quarterly crime information published by TfL

put in place to address the increase in VAP being experienced in some areas on the network. For example, BTP patrols of the network have been stepped up at specific times in hotspot locations.


- I.19 The rate of crime on LO in Quarter 2 was better than target, but is higher than the same quarter last year. 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 transferred to TfL in May 2015. TfL and the BTP have put measures in place to tackle the higher levels of crime seen on this part of the network. Despite the increase seen during Quarter 2, both the rate and volume of crime on LO remain 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 2, 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 & Rail significant injuries per million hours	Rate	0.22	-0.18▼	-0.23	0.40	0.0▶	-0.09▼	N/A

1.20 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 2014/15 has continued in the first half of 2015/16, with the rate declining to 0.22 in the Quarter; this was 21 per cent better than the previous quarter and 51 per cent better than the same quarter last year.

Road safety

Performance indicator	Unit	Quarter 2, 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	%	45.3	6.7▲	4.6▲	41.6	1.6▲	1.4▲	

- 1.21 Provisional data for Quarter 2 of 2015 shows that 510 people were killed or seriously injured (KSI) on London’s roads, the lowest level of KSIs on record for a quarter. This is 45.3 per cent below the 2005-2009 baseline² and 4.6 index points better lower than the same quarter last year.
- 1.22 The full year target for 2015/16 is a 40 per cent reduction in KSIs against the 2005-09 baseline. This is the required performance to be on track to meet the Mayor’s new longer term target of a 50 per cent reduction in KSIs by 2020 against the baseline. We now expect to see a reduction in KSIs by 41.6 per cent this year, which is on track to achieve this long- term target.
- 1.23 In Quarter 2 we launched the Safer Lorry Scheme. The scheme is designed to improve the safety of vulnerable road users, including cyclists and pedestrians. From 1 September 2015 every vehicle using London’s roads weighing more than 3.5 tonnes (with a small number of exemptions) must be fitted with side guards to protect cyclists and class V and VI mirrors providing the driver with a better view of surrounding cyclists and pedestrians.

¹ Cumulative reduction from a baseline of the 2005-2009 average. Quarter 2 refers to April – June 2015; full-year 12 months from January 2015 to December 2015

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

- I.24 The trial of Intelligent Speed Assistance (ISA) on London buses, which limits vehicle speed to the speed limit of the specific road, has enabled TfL to better understand the benefits of ISA and the potential to expand its use across the bus fleet. As part of TfL's trials of 20mph on the TLRN, a 20mph limit was introduced on the Kingsland Road between Forest Road and Somerford Grove in August 2015.
- I.25 TfL also published the Capital's first interactive digital collision map during Quarter 2 of 2015. The London Collision Map uses extensive data, collected by the Metropolitan Police and held by TfL, to highlight road collisions in local areas. This creates a useful new way of informing road users about junctions with high collision histories and aiding improvement works in line with TfL's commitment to further improve transparency for customers and stakeholders. The map can be viewed at <http://www.collisionmap.london/>.

Value

The operating budget table below shows financial variances for actuals as of the end of Quarter 2 2015/16 against the Budget, as well as our full-year forecast as of Quarter 2. 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 5: TfL group finances – operating income, expenditure and funding

TfL group (£m)	Year to date		Full year 2015/16			
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget	
Fares income	2,090	(24) ▼	4,592	8	(47) ▼	-1%
Other operating income	311	12 ▲	661	13	21 ▲	3%
Total income	2,400	(11) ▼	5,254	21	(27) ▼	-1%
Operating expenditure (net of third-party contributions)	(2,897)	60 ▲	(6,521)	61	112 ▲	2%
Operating margin	(497)	49 ▲	(1,268)	82	85 ▲	6%
Interest income ¹	12	1 ▲	23	1	(0) ▼	-1%
Debt interest	(175)	13 ▲	(378)	1	23 ▲	6%
Contingency and group items	13	(3) ▼	37	8	2 ▲	7%
Margin	(646)	61 ▲	(1,586)	91	111 ▲	7%
Finance sources						
General grant	308	23 ▲	591	0	(48) ▼	-8%
Overground grant	20	6 ▲	37	8	8 ▲	26%
GLA precept	2	(0) ▼	6	(0)	(0) ▼	0%
Business Rates Retention	353	(0) ▼	773	(75)	(75) ▼	-9%
Other revenue grants	0	0 ▼	1	(0)	1 ▲	0%
Total revenue grants	684	30 ▲	1,408	(67)	(115) ▼	-8%
Operating contribution to fund investment ²	38	91 ▲	(178)	23	(4) ▼	-3%

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 6: TfL group finances – capital expenditure, income and funding

TfL group (£m)	Year to date		Full year 2015/16			
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget	
Capital expenditure	(1,322)	42 ▲	(2,600)	(9)	(31) ▼	1%
Third-party contributions – capital	18	(4) ▼	65	0	7 ▲	13%
Sales of property and other assets	381	5 ▲	393	1	8 ▲	2%
Net capital expenditure excl. Crossrail	(922)	43 ▲	(2,142)	(8)	(16) ▼	1%
Crossrail capital expenditure	(690)	48 ▲	(1,531)	38	4 ▲	0%
Net capital expenditure incl. Crossrail	(1,612)	92 ▲	(3,673)	30	(12) ▼	0%
Finance sources						
Surplus/ -deficit to fund investment	38	91 ▲	(178)	23	(4) ▼	-3%
Investment grant	498	71 ▲	925	(0)	(0) ▼	0%
Crossrail funding sources	453	10 ▲	906	8	13 ▲	1%
Other capital grants	44	(23) ▼	141	(20)	(24) ▼	-15%
Working capital	(280)	(23) ▼	(346)	41	80 ▲	-19%
Net borrowing and reserve movements	859	(218) ▼	2,226	(81)	(54) ▼	-6%
Total	1,612	(92) ▼	3,673	(30)	12 ▲	0%

Fares income

2.0 As in Quarter 1, fares income remains close to Budget, with a variance of £24m or 1.1 per cent. Both LU and London Overground have continued to see higher than expected levels of passenger demand, although LU experienced two episodes of industrial action which reduced passengers by 10.3 million. Fares income on buses remains lower than Budget, due to lower than originally expected fare-paying passenger numbers. In the year to date, bus fares revenue is £33m lower than Budget. However, the latest trend shows a slight improvement; we now expect bus fares revenue to be £63m lower than Budget, an improvement of £7m on our previous forecast.

Table 7: Fares income

Fares income (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
London Underground	1,166	3 ▲	2,561	(4)	5 ▲
London Rail	209	6 ▲	484	4	12 ▲
London Buses	715	(33) ▼	1,548	7	(63) ▼
Total fares income	2,090	(24) ▼	4,592	8	(47) ▼

- 2.1 LU fares income was £3m higher than Budget in the year to date. Increased passenger numbers - coupled with a favourable travelcard allocation - increased fares income by £19m, which was partly offset by £16m from the effects of industrial action in July and August 2015.
- 2.2 Over the full year, LU fares income is expected to be £5m higher than Budget. This is driven by a £41m increase from higher than expected passenger demand offset by £20m from lower fare increases in January 2016 - due to a lower than previously assumed inflation rate, which partly determines the fares changes - and £16m from the impact of industrial action.
- 2.3 LR fares income was £6m - 3.2 per cent - higher than Budget for the year to date, mainly due to passenger journey growth in LO and better than anticipated ticket yield in DLR. Over the full year, fares income in LR is expected to be £12m - 2.5 per cent - higher than Budget. This is driven by higher than budgeted passenger demand of £15m - with LO passenger journeys expected to be over 10 million higher than target - offset by lower fare increases than previously assumed.
- 2.4 Bus fares income was £33m lower than Budget in the year to date, primarily due to lower than expected fare paying passenger journeys, with total passenger journeys 34 million less than target. We now expect bus fares income to be £63m lower than Budget over the full year, an improvement of £7m compared to the Quarter 1 forecast; this reflects a slight improvement in passenger trend over recent periods and a more favourable ticket yield in Period 6 from higher than expected PAYG journeys.

Other operating income

Table 8: Other operating income

Other operating income (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
London Underground	65	3 ▲	141	3	1 ▲
London Rail	10	(4) ▼	28	3	3 ▲
Congestion Charge, LEZ and Road Network Compliance	141	(1) ▼	300	1	(1) ▼
Santander Cycles	9	0 ►	16	(1)	0 ►
Other Surface Transport	53	5 ▲	114	7	12 ▲
Shared services	34	10 ▲	62	(7)	5 ▲
Total other income	311	12 ▲	661	13	21 ▲

- 2.5 LU other operating income was £3m higher than Budget for the year to date. The increase was largely property rental income due to backdated rents, higher geared rents and phasing which will unwind later in the year. For the full year, LU other operating income is expected to be £1m higher than Budget.
- 2.6 LR other operating income was £4m lower than Budget for the year to date primarily due to phasing of LO station works contributions. This is expected to unwind later in the year. For the full year, LR other operating income is forecast to be £3m higher than Budget. This is mainly due to an accounting change for Commissions and Long Term Charges in TfL Rail which are now recorded gross (with offsetting increase in LR operating expenditure) but were budgeted as a net amount.
- 2.7 Surface Transport operating income is £4m higher than Budget in the year to date, largely due to £2.4m from higher than expected Private Hire licensing income. Private hire driver licenses have increased by 37 per cent compared to last year, with private hire vehicle licenses up by 26 per cent. This trend is expected to continue over the year, with an additional £2m of income added to the forecast at Quarter 2. This additional income is reinvested to meet the higher cost of licencing and compliance activities associated with growth volumes. In addition to the increased license fee income, the Quarter 2 forecast has been increased by £2m for additional income received from the retender of our bus shelter advertising contract.
- 2.8 In the year to date, operating income across shared services is £10m higher than Budget. Underlying income is £6m higher than Budget, with an additional £4m from two tax rebates and almost £2m income ticketing income due to increased tourist activity and from student Oyster schemes. We have also received over £3m of income earlier than expected, with £2 from vacating a leased building early and almost £1m from rent reviews and lease renewals. In addition, we have received almost £2m more income than expected for a number of GLA projects, which offsets increased expenditure (see Section 2.17 below).
- 2.9 Over the full year, shared service income is expected to be £5m higher than Budget. This is due to higher income of £7m, with £4m from tax rebates and £3m ticketing income due to increased

tourist activity and from student Oyster schemes. As in the year to date, we expect to receive income of £2m for GLA projects.

Operating expenditure

Table 9: Operating expenditure

Operating expenditure (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
London Underground	(1,026)	35 ▲	(2,315)	29	33 ▲
London Rail	(242)	(1) ▼	(553)	4	4 ▲
Surface Transport	(1,302)	14 ▲	(2,909)	15	47 ▲
Shared services	(327)	13 ▲	(744)	13	28 ▲
Total operating expenditure	(2,897)	60 ▲	(6,521)	61	112 ▲

- 2.10 LU operating expenditure was £35m lower than Budget in the year to date. This was partly due to £37m of rephased expenditure, the majority of which is expected to be spent in the latter part of this year. Rephasing includes: £15m for Fit for the Future – Stations programme and the Night Tube revised schedule; £8m from Legacy Train systems due to revised ramp up of work on bearing replacement work from last year and rephasing of the track monitoring system works due to changes in project scope; and £9m for delayed heavy overhaul maintenance works. Project rephasing was offset by the release of a £12m overprogramming provision. In addition, we have made £8m of cost reductions, primarily due to staff costs, as a result of vacancies, recruitment delays and industrial action.
- 2.11 Over the full year, LU expenditure is now forecast to be £33m lower than Budget. Key variance to Budget include: rephasing of £12m for the Legacy Trains Systems revised view of works which have been rescheduled to later years; £6m from a three month deferral within the Integrated Stations Programme following a scope review; and £5m due to rephasing on Greenwich power station due to longer than expected contractual negotiations. In addition, we expect a £17m decrease in operating costs over the year due to lower than previously assumed inflation, which is offset by minor movements of £7m.
- 2.12 LR operating expenditure was £1m higher than Budget for the year to date. This was driven by costs of £4m mainly relating to devolution activities including project management costs and legal fees brought forward from last year, offset by £3m lower operational performance payments to LOROL.
- 2.13 For the full year, LR operating expenditure is expected to be £4m (0.8 per cent) lower than Budget. The main movements include cost decreases of £5m, mainly due to DLR Customer Experience project savings, and phasing of £4m across DLR and LO. These reductions were partly offset by additional devolution activities brought forward from last year.
- 2.14 Surface Transport operating expenditure in the year to date was £14m lower than Budget, due to cost reductions of £17m, rephasing of £8m – offset by £9m of overprogramming and £4m of expenditure carried forward from 2014/15 after the Budget was completed – and cost increases of

£3m. Cost reductions include £10m of lower bus contract costs mainly due to lower than expected diesel prices and earnings and lower performance payments in Quarter 2. An Outer London bus performance incentive scheme was introduced in Quarter 2 to improve reliability for identified routes. Staff costs were £7m lower than Budget due to slower than expected recruitment. In-year rephasing totals £8m, with marketing and research campaigns and Cycle Superhubs delayed to later this financial year; rephasing was more than offset by a £9m overprogramming provision. Cost reductions and rephasing have been partially offset by £7m of expenditure, including additional works on service initiatives to maintain bus reliability and £4m of expenditure carried forward from 2014/15 to install Selective Catalytic Reduction Technology (SCRT) on buses; 599 of the total 1,100 installations have been completed to date. In addition, London Highways Alliance Contract (LoHAC) expenditure increased by £3m as a result of a review of contractual entitlements.

- 2.15 Since Quarter 1, Surface Transport's full-year forecast has reduced by £15m. This is due to a combination of lower than expected bus contract costs of £10m from lower performance payments and savings in planned bus reliability schemes, rephasing of £13m of expenditure – including Crossrail complimentary schemes, LIPs funded corridor works, Cycle Superhubs – offset by £10m of overprogramming.
- 2.16 The latest full-year forecast in Surface Transport is £47m lower than Budget, due to project rephasing of £23m to future years and lower than expected expenditure of £20m. Project rephasing primarily relates to schemes delivered by London Boroughs, including: £8m of Bus Priority reliability and growth schemes; £6m for Mini Hollands construction costs; £6m on LIPs major schemes for Twickenham and Ealing due to limited resources currently allocated to the Mini Hollands programme; and £3m for LIPs funded bridge works. Underlying expenditure is expected to £20m lower than Budget, with £15m from lower than expected bus contract costs and £5m lower ticket commission as result of lower bus fares income.
- 2.17 Shared services operating expenditure is £13m lower than Budget in the year to date. Property development and asset management costs of £11m have been rephased to later this year. This has been offset by £2m of additional costs for GLA projects – with corresponding income also received – and £3m higher costs from an anticipated insurance refund which is no longer expected. In addition, £6m of expenditure has been reclassified as capital expenditure.
- 2.18 Over the full year, expenditure is now expected to be £28m lower than Budget. This is due to £30m of operating expenditure that has been reclassified to capital and £20m of commercial development costs that are rephased into future years. In addition, we expect cost reductions of £4m from lower card merchant fees following the introduction of a cap on fees by the European Union. This has been offset by higher than expected expenditure, with £5m for new projects – including IM network consolidation, workforce planning and Old Street retail schemes - £3m for accelerated expenditure for 55 Broadway disposal which is brought forward from future years, and £3m due to one-off savings that were delivered in 2014/15.

Interest income, debt service and other group items

Table 10: 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 2 forecast	Variance to Quarter 1	Variance to Budget
Interest income	12	1 ▲	23	1	(0) ▼
Debt service	(175)	13 ▲	(378)	1	23 ▲
Contingency and other group items	13	(3) ▼	37	8	2 ▲
Total interest, debt service and other group items	(149)	12 ▲	(318)	9	26 ▲

- 2.19 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 £13m saving in debt service in the year to date, which is now expected to be £23m lower than Budget over the full year.
- 2.20 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 11: Capital expenditure

Gross Capital expenditure (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
London Underground	(498)	51 ▲	(1,213)	(7)	4 ▲
London Rail	(118)	(6) ▼	(300)	(0)	2 ▲
Surface Transport	(239)	(13) ▼	(488)	2	12 ▲
Shared services	(467)	11 ▲	(597)	(4)	(49) ▼
Gross capital expenditure	(1,322)	42 ▲	(2,600)	(9)	(31) ▼

- 2.21 Total TfL capital expenditure is £42m – or 1 per cent – lower than Budget in the year to date, largely due to project rephasing of £177m, which has been partly offset by an overprogramming provision of £127m to adjust for optimism bias. Over the full year, we now expect capital expenditure to be £31m higher than Budget, a variance of 1 per cent.
- 2.22 LU capital expenditure was £51m lower than Budget in the year to date. This was due to £136m of project rephasing, the majority of which is expected to be spent this year. Rephasing includes £59m for Four Lines Modernisation, driven by £27m for delays from identification of sufficient storage capacity for new rolling stock spares and a mutually beneficial agreement with the supplier to slow down train production, and £26m in ATC reflecting the alignment to the new ATC signalling contractor's schedule – which was awarded after the Budget had been finalised – and alignment of works to the Platform Train Interface's revised works programme. In addition, expenditure of £43m was rephased across the Capacity optimisation programme, with £18m from the Northern Line Extension due to design changes from the developer, delays in tunnel boring machine procurement and the construction insurance agreement for the programme, and £12m within the World Class Capacity programmes including the Victoria Line Upgrade. The Stations programme saw £24m of rephasing from a combination of minor variances including the rephasing of the Victoria Station Upgrade fit-out works due to a revised plan from the main contractor. Project rephasing was offset by the release of a £82m overprogramming provision.
- 2.23 Over the full year, LU capital expenditure is £4m lower than Budget. Expenditure totalling £178m has been rephased into future years, including: £60m for the Northern Line Extension due to the impact of design changes; £34m of rephasing on the Four Lines Modernisation programme driven by prolongation of the ATC programme and alignment of the forecast with the new contractor's programme; and £38m rephasing on the Metropolitan Line Extension. In addition, there was also minor rephasing across a number of other projects totalling £46m, including infrastructure renewal projects where expenditure schedule has been aligned to revised contractor programmes. Project rephasing was partly offset by the release of £68m of overprogramming. In addition to project rephasing, expenditure increased by £106m, including: £55m from the transfer of the Metropolitan Line Extension from Hertfordshire County Council – 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 minor movements totalling £8m.

- 2.24 LR capital expenditure was £6m higher than Budget in the year to date. This was largely due to £3m of LOCIP expenditure accelerated to earlier in the year and £2m for Trams mainly relating to tram purchase and the ticket vending machine project.
- 2.25 LR capital expenditure for the full year is forecast to be only £2m - 0.5 per cent - lower than Budget. This is due to an increase of £6m from the transfer of the Barking Riverside project from TfL Planning and subsequent rephasing of the project. This is more than offset by rephasing of £9m of expenditure into future years, including the Gospel Oak to Barking electrification project and DLR projects, the latter including North Route double tracking and Limehouse escalators.
- 2.26 Surface Transport capital expenditure was £13m higher than Budget in the year to date, with £30m of project rephasing and £2m of lower costs offset by an overprogramming provision of £45m.
- 2.27 Rephasing to later this year totals £15m and includes: £8m of project rephasing, including Congestion Charge re-let, East-West Cycle Super Highway and Better Junctions schemes, the latter including the Stockwell Gyrotory (where the work began in October 2015), £4m in Roads Space Management on the both the Regional Improvement programme and Corridor Improvement Programme – including SCOOT initiatives – due to skilled staff working on other priority projects; and £2m on transforming streets and places projects. Expenditure of £14m has been rephased to future years and includes £9m on Borough programmes - largely due to resource constraints within the boroughs - and £9m in the Streets and Tunnels portfolio, including Highbury Corner Bridge, Upper Holloway Bridge, and Ardleigh Green, the latter due to difficulties obtaining the necessary Network Rail approval. These slippages have been reflected in the full year Quarter 2 forecast which is £12m below Budget.
- 2.28 Capital expenditure across shared services is £11m lower than Budget, due to £11m of project rephasing, £6m net reclassifications, and cost reductions of almost £6m. Rephasing includes £6m for commercial development projects and a further £5m for IM systems improvements. Cost reductions are from a £6m contingency provision which is no longer required. In addition, we have reclassified some of our costs, with a net reclassification to capital expenditure of £6m, mainly for Lillie Bridge depot and Earl's Court property development.
- 2.29 Over the full year, shared services capital expenditure is expected to be £49m higher than Budget. This is due to £30m of net commercial development operating costs that have now been reclassified as capital expenditure and £10m Business Development activities re-profiled from 2014/15.

Capital third-party contributions

Table 12: Capital third-party contributions

Third-party contributions (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
London Underground	10	1 ▲	45	2	12 ▲
London Rail	0	(5) ▼	3	(0)	(4) ▼
Surface Transport	7	1 ▲	16	(2)	(0) ▼
Shared services	0	(1) ▼	0	(0)	(1) ▼
Capital third-party contributions	18	(4) ▼	65	0	7 ▲

- 2.30 LU third-party contributions were £1m higher than Budget for the year to date, due to rephased works on Stations, Metropolitan Line Extension and Northern 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.
- 2.31 LR third-party contributions were £5m lower than Budget for the year to date, mainly due to phasing of LO funded works. For the full year, LR third-party contributions are expected to be £4m lower than Budget driven by funded works across DLR and LO.

Sales of property and other assets

Table 13: 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 2 forecast	Variance to Quarter 1	Variance to Budget
Total sales of property and other assets	381	5 ▲	393	1	8 ▲

- 2.32 Capital income is £5m higher than Budget in the year to date driven by £4m of property sales receipts received earlier than expected and almost £2m of higher than expected income from the sale of the Shell Centre, Freston Road garage and Ballymore Link.
- 2.33 Over the full year we now expect capital income to be £8m higher than Budget, due to additional receipts from the sale of properties including Fielden House and Wood Wharf Bridge and a reduction in programme risk as income received is closer to Budget.

Crossrail

Table 14: Crossrail

Crossrail (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
Crossrail	(690)	48 ▲	(1,531)	38	4 ▲

2.34 In the year to date, Crossrail expenditure is £48m lower than Budget. Direct costs (including risk) are £40m lower than Budget due to: early completion of the Thames Tunnel contract; lower than expected procurement, signalling and design work on Systemwide contracts; lower than expected risk drawdown and uncertainty over contract timings for the Woolwich station box during budgeting. This was partially offset by higher than expected costs for Western Tunnels, which was expected to complete in 2014/15, but completed in 2015/16; Portals and Shafts for works to enable early access to Systemwide; poor contractor performance at key sites; and a new funding agreement for Traction Power being agreed following finalisation of the Budget. Indirect project expenditure is £8m lower than Budget, driven by re-alignment of insurance costs with forecast project costs, slower than anticipated recruitment of Central and Technical staff, a reduction in agency staff costs, and the release of provisions for IT services. This is offset by Land and Property costs which are £3m higher than Budget predominantly due to the rephasing of commitments for Plumstead Portal from last financial year, partially offset by net downward revaluations across various sites.

2.35 Since Quarter 1 we have reduced the full-year forecast by £38m and now expect costs to be broadly in line with Budget, with a variance of £4m. The main changes to our previous forecast include: £22m lower direct project costs, predominantly driven by the rephasing of project risk to later years and a reduction in programme risk; lower indirect costs of £11m from the year-to-date variances and rephasing of 'Right of Light' settlements - compensation payable under the Prescription Act 1832 upon interference with a long standing right to natural light - to later years; and lower land and property costs totalling £5m from a downwards revaluation at Farringdon partially offset by an upwards revaluation at Paddington – both of which were not included in the Quarter 1 forecast.

Government grants and other funding

Table 15: Government grants and other funding

Government grants and funding (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
DfT General grant	308	23 ▲	591	0	(48) ▼
DfT Investment grant	498	71 ▲	925	(0)	(0) ▼
DfT Overground grant	20	6 ▲	37	8	8 ▲
GLA precept	2	(0) ▼	6	(0)	(0) ▼
Business Rates Retention (BRR)	353	(0) ▼	773	(75)	(75) ▼
Crossrail funding sources	453	10 ▲	906	8	13 ▲
Other capital grants	44	(23) ▼	141	(20)	(24) ▼
Other revenue grants	0	0 ▲	1	(0)	1 ▲
Total grants and funding	1,679	88 ▲	3,380	(80)	(126) ▼

- 2.37 In the year to date total grants and funding are £88m higher than Budget. This is mainly due to an earlier than expected payments from the DfT, including £47m for the General Grant and £71m for the Investment Grant. This was offset by grant reductions, with a reduction of £7m from the outcome of the Summer Budget, which will reduce DfT General Grant by £31m over the full year, £6m less for the West Anglia transfer, and £11m less due to accounting treatment of Garden Bridge funding which was credited at the end of 2014/15.
- 2.38 DfT Overground grant is £6m higher than Budget in the year to date and is expected to be £8m higher over the full year. This follows the DfT's periodic review of the existing grant arrangements. We have received an additional £5m in respect of payments for 2014/15 and a further £3m for this year. Other capital grants reflect the lower than expected expenditure profile on the Northern Line Extension.
- 2.39 Over the full year, we now anticipate that total grants and funding will be £126m lower than Budget, £5m less than expected in the previous quarter. DfT General Grant is expected to be £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. Other Capital Grants reflects lower than expected expenditure forecast for the Northern Line extension. 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 16: Working capital

Working capital (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
Working capital	(280)	(23) ▼	(346)	41	80 ▲

2.40 At the end of Quarter 2, working capital is £23m lower than Budget. The main drivers are an increase in debtors and prepayments of £83m, resulting from higher accrued grants and ticketing balances, and a reduction in creditors offset by favourable movements in short-term loans, provisions and derivatives.

2.41 The full-year forecast has a favourable variance of £80m against Budget, reflecting the higher creditors of £104m from the rephasing of project expenditure to future years. Further details on Balance Sheet movements are provided in Appendix C.

Borrowing and reserve movements

Table 17: Net borrowing and reserve movements

Borrowing, repayments and cash reserve movements (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
Borrowings Raised	602	(24) ▼	624	-	(2) ▼
Borrowings Repaid	0	0 ►	(25)	-	0 ►
Net borrowing	602	(24) ▼	599	-	(2) ▼
Reserve movements	257	(194) ▲	1,628	(81)	(50) ▲
Net borrowing and reserve movements	859	(218) ▼	2,227	(81)	(54) ▼

2.42 In the year to date, TfL has borrowed £602m, £24m 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 movements

Table 18: Cash movements

Cash summary (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
Crossrail Sponsors' Funding Account	1,914	27 ▲	1,486	(4)	(88) ▼
Other TfL cash balances	2,506	167 ▲	1,564	85	138 ▲
Closing cash	4,420	194 ▲	3,050	81	50 ▲

- 2.43 TfL has cash reserves which it uses solely for investment; this year alone we now expect to utilise £1.6bn of these reserves on our investment programme. In the year to date we have used almost £300m of our cash balances investing in transport improvements and plan to use a further £1.3bn over the second half of the year.
- 2.44 Our cash balances – beyond a prudent minimum level which is required to maintain our credit rating – are fully allocated to the improvements set out in our Business Plan. Almost £1.5bn is ring fenced for the Crossrail project; a further £1.6bn will be used over the next three years. By the end of 2017/18 we expect to have fully utilised our cash reserves.
- 2.45 These cash balances have been built up in recent years as we have received funding and undertaken borrowing before we incur costs and complete projects.
- Government funding is paid in line with the agreed schedule, and is fully allocated to our investment programme, including the deliverables in the DfT Annex B milestones agreed as part of the 2013 Spending Review
 - We also undertake borrowing to fund our investment, within annual limits. This means we borrow before we incur project costs and that our cash balances increase in the short term until projects are fully complete
 - Expenditure has also been rephased on some of our projects – but with no impact on overall project delivery – which has resulted in an increase in our cash balances before spend catches up.
- 2.46 Cash reserves at the end of Quarter 2 are £194m higher than Budget. We expect this to partially reverse over the latter part of the year, ending the year with £50m higher cash balances than Budget. A causal analysis of cash movements is shown in Table 19 overleaf.

Table 19: Causal analysis of cash movements, 2015/16

Cash movement (£)	Year to date variance to Budget	Latest full-year forecast variance to Budget
Timing differences		
Investment rephasing	195 ▲	293 ▲
Crossrail	48 ▲	4 ▲
Overprogramming	(146) ▼	(159) ▼
Investment acceleration	0 ►	(7) ▼
Grant changes	105 ▲	(11) ▼
Working capital	(23) ▼	80 ▲
Total timing differences	179 ▲	200 ▲
Underlying differences		
Net cost reductions/ (increases)	29 ▲	(79) ▼
Group items	12 ▲	26 ▲
Fares income	(24) ▼	(47) ▼
Grant changes	(18) ▼	(116) ▼
Other	16 ▲	66 ▲
Total underlying differences	15 ▲	(150) ▼
Total movements	194 ▲	50 ▲

TfL's efficiency programme

Table 20: Efficiencies

Efficiencies Programme ¹ (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget
Gross Savings Secured	61	4 ▲	172	(2)	(25) ▼
Implementation costs to secure savings	(21)	(1) ▼	(92)	5	29 ▲
Net Efficiencies secured	40	3 ▲	80	3	4 ▲

2.47 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 £13bn of our long-term savings target of £16bn and plan to secure a further £3bn by the end of 2020/21. The targets shown above relate to the unsecured portion of the efficiencies programme only.

2.48 At the end of Quarter 2, new net secured efficiencies in the year to date were broadly in line with target. Over the full year we expect net savings to be £4m higher than target. The majority of the change over the full year is from one savings initiative which was stopped following a review of its delivery plans. The review indicated that it would no longer deliver the savings originally forecast. New initiatives in this area are being identified for this year and the rest of the Business Plan to ensure that this shortfall is mitigated and our overall total of £16bn is achieved.

Our long-term savings programme


2.49 Over the years to 2020/21, the remaining £3bn savings will be secured through a range of initiatives, including transforming the way we deliver frontline customer services, driving down maintenance unit rates and reducing back office costs. We are also making use of the latest technology, for example going cashfree on buses, to improve the customer experience and drive down cost.

¹ Efficiencies are quoted net of implementation costs

Customer

Passenger journeys

Table 21: Passenger journeys

Millions	Quarter 2, 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	293.5	-8.0 ▼	0.5	1,349.8	6.2 ▲	44.5	
London Buses	521	-23 ▼	-16	2,366	-79 ▼	-19	
DLR	26.6	-0.1 ▼	2.2	120.4	1.1 ▲	10.2	
London Overground	42.9	3.7 ▲	10.6	178.8	10.3 ▲	39.0	
London Tramlink	6.0	-0.7 ▼	-0.7	30.0	-1.1 ▼	-0.7	
Emirates Air Line	0.5	-0.1 ▼	0.1	1.7	0.0 ►	0.2	
TfL Rail	10.1	2.2 ▲	N/A	35.9	4.1 ▲	N/A	N/A
London River Services	3.3	0.2 ▲	-0.1	10.2	0.0 ►	0.2	



- 3.0 Underlying passenger journey growth remains high. However, Quarter 2 saw only modest increases compared to last year, with the exceptions of London Overground and DLR where growth remained very strong.
- 3.1 Underlying passenger growth remains buoyant on the Tube. While LU saw a similar number of passengers this Quarter compared to the same period last year, this was largely due to industrial action, with 10.3 million journeys lost in Quarter 2 compared to 0.25 million journeys last year. On a like-for-like calendar basis, year-to-date passenger demand is up 3.6 per cent, 4.6 per cent after excluding the effects of industrial action.
- 3.2 Bus passenger journeys were 23 million - 4.2 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 Road Modernisation Plan and by town centre improvements. Fare paying passenger journeys were almost 18 million lower than target, with non-fare paying passengers 5.2 million less than target. Full year passenger journeys are now expected to be 79.3 million lower than target, 19 million less than last year.

- 3.3 DLR saw 26.6 million passenger journeys in Quarter 2, 8.8 per cent higher than the same quarter last year. Some demand increase was due to customers switching to DLR as an alternative to the Tube during the two periods of industrial action.
- 3.4 LO carried 42.9 million people in Quarter 2, 33.2 per cent more journeys than the same quarter last year. Over 70 per cent of the increase in journeys was due to the additional services run, with TfL now operating the West Anglia services.
- 3.5 London Tramlink passenger journeys were 6 million in Quarter 2, 0.7 million lower than target. Year to date demand has been adversely affected by the Wimbledon stop closure and regular weekend line closures as we improve the Wimbledon to Dundonald Road line.
- 3.6 EAL passenger journeys were 0.5 million in Quarter 2, an increase of almost 20 per cent on the same quarter last year.

Cycling

- 3.7 More than 580,000 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 during Quarter 2 of 2015/16 are presented as a percentage growth from Quarter 2, 2014/15. We are targeting to increase the number of cycle journeys within the central congestion zone by four per cent this year, in line with the long-term aim of increasing cycling journeys by 400 per cent by 2025.¹ In Quarter 2 a daily average of 527,005kms, or about 170,000 journeys, were cycled in the central London zone, a three per cent increase from the same quarter last year.
- 3.8 The full-year forecast for levels of cycling in central London during 2015 is an increase of 3 per cent from last year. The full-year target, however, is to achieve a 4 per cent increase in cycling from last year. The increase in road works and road closures within central London during Quarter 2 of 2015/16 is likely to have impacted levels of cycling and increases in cycling during the latter half of the year will be required to meet this year's target.

Table 22: Cycling journeys on the Transport for London Road Network (TLRN)

	Unit	Quarter 2, 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	3	-1 ▼	3	3	-1 ▼	N/A	N/A
Cycling levels on the TLRN ¹	Index	386	-9 ▼	7	346	-2 ▼	17	
Cycle Hire	000s	2,849	-178 ▼	-152	10,186	-114 ▼	102	

- 3.9 Cycling levels are also recorded on London's main roads, the Transport for London Road Network (TLRN), from a baseline of March 2000 levels. Levels of cycling in Quarter 2 were two per cent - 7 index points - higher than the same quarter last year, but two per cent - 9 index points - below the target.
- 3.10 High 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 2 was both colder and wetter than the same quarter last year, with almost double the normal amount of rainfall. In addition to road closures to accommodate events and a considerable increase in the number of road works on the TLRN, this is likely to have contributed to a slowing of cycling growth on the TLRN in the quarter. However, the overall increase in cycling compared to the same quarter last year suggests that the number of 'year-round' cyclists is increasing, which is mirrored in our full-year forecasts for both cycling in the Central London cycling zone and across wider London.

¹ Compared to the 2001 figure

3.11 The full-year index of cycle flows forecast on the TLRN for 2015/16 is 346, an increase of 5 per cent (17 index points) from last year, which is 0.5 per cent (2 index points) below the full-year target of a 6 per cent increase in cycling between 2014/15 and 2015/16.

Table 23: 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 2 forecast	Variance to Budget	Original budget	Variance to original budget
Net Cycling Vision expenditure	(65)	(15) ▼	(145)	0 ►	(913)	0 ►

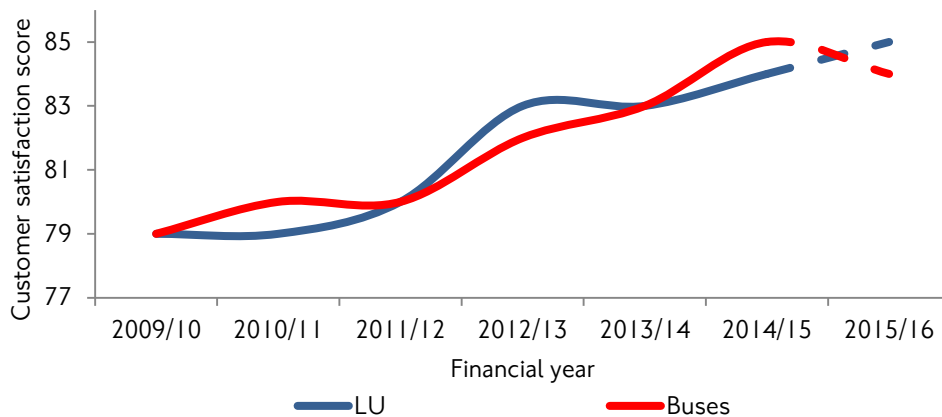
3.12 Since its inception, £222m has been invested in the Cycling Vision, or 10-year cycling investment programme with a total budget of £913m to 2021/22. In the year to date we have invested £65m in cycling initiatives, £15m more than expected when we completed the Budget, mainly due to acceleration of expenditure for Mini Holland schemes.

3.13 Construction work has continued on high profile cycling schemes during Quarter 2, including Cycle Superhighway (CSH) 5, North - South, East - West routes and the upgrade to CSH 2, plus Quietways 1 and 2. Cycle Hire was rebranded with a surge in hires during industrial action on the Underground in July 2015, setting a new record high of 72,656 cycle hires. Consultations are also currently open for several schemes, including Quietways 5 and 7 and sections of the Central London Grid in both Westminster and Camden. The Waltham Forest Mini Holland scheme was launched during Quarter 2 of 2015/16 and the London Planning Awards and Cycle Show were hosted in Waltham Forest. The Mayor’s Vision for Cycling was also promoted during the London stage of the high profile Tour of Britain cycling event.

Customer satisfaction

3.14 Increased customer satisfaction is one of our long-term strategic goals; everything we do supports this including reliability and capacity increases on the Tube, improved trains that help passengers keep cool, improved ticketing technology - with options to use contactless cards and mobile phones – greater accessibility, and improved customer service and communications, the latter including Twitter. The chart below show year-on-year changes in both LU and bus customer satisfaction scores.

Chart 3: Customer satisfaction, LU and buses, 2009/10 to 2015/16 ¹



3.15 LU's 2015/16 Quarter 2 customer satisfaction overall score was 85, equalling its highest score achieved in the previous two quarters. Underlying reliability was excellent again, with only four per cent of customers saying they experienced a disruption or delay, one point down from the previous quarter. This is the lowest proportion of customers experiencing delays since the question was first included in the survey in Quarter 1, 2013/14. The score of 84 for satisfaction with the helpfulness of station staff was maintained from the previous quarter.

¹ 2015/16 customer satisfaction figures are based on our latest full-year forecast at the end of Quarter 2

Table 24: Customer satisfaction by service

Score (out of 100)	Quarter 2, 2015/16			Full year 2015/16			2011/12 – 2015/16
	Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	
▲ higher is better							
London Underground	85	1 ▲	1	85	1 ▲	1	
London Buses	86	2 ▲	0	84	0 ►	-1	
DLR	89	1 ▲	-1	89	1 ▲	0	
London Overground	84	2 ▲	0	83	1 ▲	0	
London Tramlink	90	2 ▲	0	89	1 ▲	0	
Emirates Air Line	93	0 ►	0	93	0 ►	0	
TfL Rail	84	4 ▲	N/A	82	2 ▲	N/A	
Cycle Hire	83	1 ▲	1	82	0 ►	0	
Transport for London Road Network (TLRN)	75	1 ▲	0	74	0 ►	0	

- 3.16 Bus customer satisfaction returned to its best ever levels of 86 in the Quarter. Despite the recent deterioration in reliability of the network, satisfaction with journey time and waiting time remains strong.
- 3.17 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.
- 3.18 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.
- 3.19 Customer satisfaction with bus services was better than target in Quarter 1, and maintained the high levels from recent quarters. Customer surveys point to improvements in boarding and alighting, ease of paying for a journey, and value for money.
- 3.20 TLRN customer satisfaction in Quarter 2 reached 75, one point higher than the previous quarter and equalling the result from the same quarter last year. The survey saw increases in satisfaction for traffic light timings, condition of the road surface and pavement condition, reflecting the improvements we are undertaking as part of our £4bn Road Modernisation Plan.

Customer satisfaction – environment

Table 25: Environmental performance

Numbers	Quarter 1, 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	1,480	N/A	94	1,650	- ►	397

3.21 As of the end of Quarter 2, 1,480 hybrid buses have been introduced into the bus fleet, 14 per cent of the total fleet. We expect to increase this to 1,650 by the end of 2015/16 and to 1,700 by mid-2016, covering 20 per cent of the fleet. In addition, the bus fleet now has almost 800 of the latest ultra-low emission Euro VI engine vehicles, many of which are hybrids.

Customer complaints

Table 26: Customer complaints

No. complaints per 100,000 journeys	Quarter 2, 2015/16	
	Actual	Variance to Quarter 2, 2014/15
▼ <i>lower is better</i>		
London Underground	1.16	0.15 ▲
Docklands Light Railway	1.01	-1.24 ▼
London Overground	4.10	1.57 ▲
London Tramlink	1.93	0.87 ▲
TfL Rail	3.3	N/A ►
Emirates Air Line	1.95	-0.16 ▼
London Buses	2.73	0.12 ▲
Cycle Hire	2.81	-3.50 ▼
Congestion Charge	8.55	1.03 ▲
Dial-a-Ride	99.72	-60.15 ▼
London River Services	0.54	-0.13 ▼
Streets	0.2	N/A ►
Oyster	0.70	-0.06 ▼
CPC	1.00	-2.27 ▼

3.22 The complaints rate across most TfL services shows little change from last year. There is, however, a significant reduction in complaints for Dial-a-Ride – which was also seen last quarter – Cycle Hire and DLR. The main increases are on London Overground and London Tramlink, the latter largely due to current engineering works and associated route closures.

3.23 Most complaints are resolved between us and the complainant. Only a tiny fraction of complaints are referred to London Travelwatch, the statutory appeals body for London. In Quarter 2, 65 appeals were referred to the body.

3.24 London Overground complaints have risen by 1.57 per 100,000 journeys compared to Quarter 2 last year. The single largest complaint category is train service performance, with the majority of complaints relating to the West Anglia services now operated by TfL. The Quarter also saw complaints rise from the knock on effects of the Victoria line closure between Seven Sisters and Walthamstow, which resulted in increased passenger demand on Overground services.

- 3.25 London Tramlink also saw an increase in complaints, with some relating to the levels of engineering work being undertaken. Following earlier complaints we have modified the customer information displays; in the last period of the Quarter we received no complaints about these displays.
- 3.26 Cycle Hire complaints were significantly down on the same quarter last year. The main area of complaint remains around the requests for refunds and customers' understanding of the pricing structure.
- 3.27 Complaints rose slightly on buses compared to the same quarter last year. Complaints about bus reliability have increased by 18 per cent since last year, which reflects the challenges from economic growth, increased traffic flows and our Roads Modernisation Plan. In Quarter 2 we introduced a new bus operators' incentive scheme to improve reliability.
- 3.28 Dial-a-Ride complaints have decreased dramatically since Quarter 2 last year; the complaint rate is 40 per cent down on last year. The highest number of complaints related to driver conduct; ongoing intervention with our service partners – which provide some of the Dial-a-Ride services – has helped reduce the rate from last year. Further improving the customer experience with our service partners remains a focus for Dial-a-Ride.

Customer services

Table 27: Customer communications and correspondence

	Quarter 2, 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	74.5	-5.5 ▼	-10.0	80	- ►	N/A
Mystery shopper quality assessment scores	85.7	0.7 ▲	+0.20	85	- ►	N/A
▼ lower is better						
Call abandonment rate	13.9	-1.1 ▼	+0.7	15	- ►	N/A

- 3.29 Performance has remained better than target despite call demand increasing by 10 per cent compared to last year. The majority - 70 per cent - of these extra calls came from calls about Contactless payment cards and student photocard application queries.
- 3.30 We improved our correspondence SLAs by 5 per cent compared to Quarter 1 by allocating more of our staff to focus on correspondence – and creating a core team (within our existing headcount) to handle the extra 16,000 contacts relating to Contactless Payment Cards.
- 3.31 Despite the increase in calls and correspondence demand increases, we maintained a consistently high quality standard throughout the quarter. In Quarter 2 the call abandonment rate was better than target, despite an increase in call volumes of almost 10 per cent compared to last year.

Ticketing

Table 28: Ticketing system availability

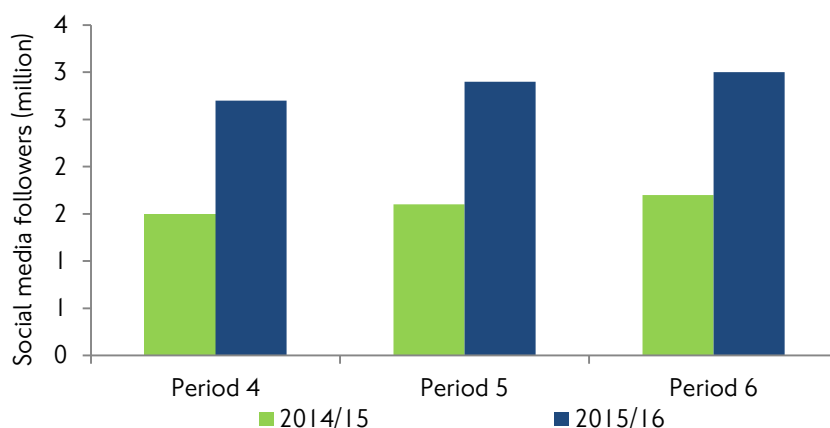
	Quarter 2, 2015/16			Full year 2015/16		
	Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year
▲ higher is better						
London Underground-ticketing system overall availability	98.71	-0.09 ▼	-0.11	98.8	- ►	N/A
London Buses- ticketing system overall availability	99.13	0.13 ▲	0.03	99.0	- ►	N/A

3.32 London Underground ticketing system availability was slightly below target, resulting largely from record sales at self-service ticket machines. In Quarter 2, 1,094,000 Oyster cards were purchased from machines, a 70 per cent increase over the same quarter in 2014/15. LU's Fit for the Future - Stations Programme has now closed over half of all ticket offices at stations by the end of Quarter 2, The London Buses ticketing system availability target continues to be exceeded.

Website and social media

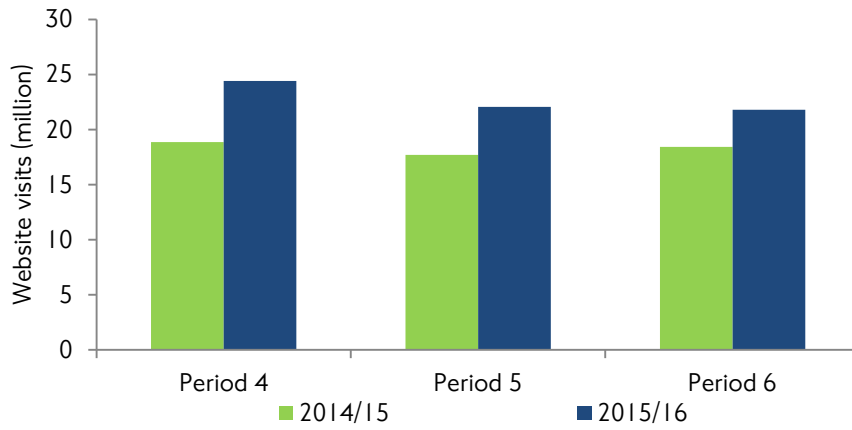
3.33 Social media, including Twitter and Facebook, is becoming an increasingly important method of communicating with our customers. We have 21 Twitter feeds, providing travel updates, ticketing information and weekend engineering work schedules.

Chart 4: Social media followers, 2014/15 to 2015/16



3.34 Social media use has risen fast in the past year; we now have nearly three million followers (2.9m). Our website also remains a vital source of information for our customers. The total number of visits to our website (tfl.gov.uk) in the Quarter was over 68 million, a 25 per cent increase on the same quarter last year.

Chart 5: Website visits, 2014/15 to 2015/16



People

Headcount levels at the end of Quarter 2

4.0 At the end of Quarter 2 total TfL headcount was 31,559, which is 610 FTE higher than Budget.

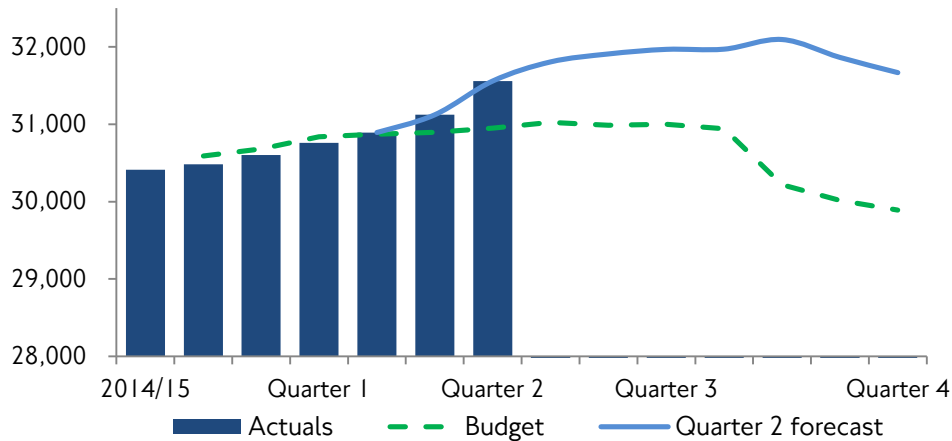
Table 29: TfL full-time equivalent (FTE)

FTEs	End of Quarter 2, 2015/16		End of 2015/16		
	Actual	Variance to Budget	Quarter 2 Forecast	Variance to Quarter 1 Forecast	Variance to Budget
London Underground	22,266	(498) ▲	22,084	(594)	(1,189) ▲
London Rail	332	(8) ▲	384	(21)	(78) ▲
Surface Transport	3,664	37 ▼	3,830	(71)	(102) ▲
Shared services	4,294	(232) ▲	4,366	90	(409) ▲
Crossrail	1,002	92 ▼	1,004	-	- ▶
Total	31,559	(610) ▲	31,667	(596)	(1,778) ▲

- 4.1 At the end of Quarter 2 LU headcount was 498 higher than Budget. Actual headcount is 264 FTE higher than Budget, with a headcount vacancy provision – to adjust for optimism in recruitment forecasts - included in the Budget accounting for a further 234. The key variances to Budget included a transfer of 129 FTE Project Management Office (PMO) staff from shared services to LU and an additional 99 FTE to deliver the Four Lines Modernisation programme. The vacancy provision was not used as recruitment levels are now running closer to the underlying Budget.
- 4.2 LR headcount was 8 higher than budget due to the use of agency staff on Trams maintenance instead of consultants (as budgeted), plus accelerated recruitment to support Crossrail engineering assurance activities, partly offset by slower recruitment of DLR engineering staff.
- 4.3 Surface Transport headcount was 37 FTE lower than Budget at the end of Quarter 2. This was mainly attributable to vacancies in Enforcement and On Street with slower than expected recruitment of revenue protection officers and road transport enforcement officers. These variances were partially offset by a vacancy factor of 77 FTE to reflect the trend of being unable to recruit to forecast.
- 4.4 At the end of Quarter 2 shared services headcount is 232 FTEs higher than Budget. This was due to 132 additional project roles – where funding was included in the financial Budget, but resource requirements were not known – for IM and Customer Experience & Marketing, projects; 84 additional FTEs from the annual graduate intake, 43 within HR to support recruitment in delivery areas; and a vacancy provision of 63 FTEs. In addition, a budget of 111 FTEs was transferred to LU (see Section 4.1 above). This was offset by minor vacancies across the directorate.
- 4.5 Crossrail employed 1,002 FTE at the end of the Quarter, 92 less than Budget. This is primarily due to delays in recruitment activities from a change in work schedule and making better use of existing resources. We expect Crossrail headcount to be largely unchanged by the end of the year.

Forecast headcount at the end of 2015/16

Chart 6: Headcount actuals and forecast, 2014/15 to 2015/16



4.6 By the end of the year we expect total headcount to be 31,667. This is 109 FTEs more than currently employed, but 1,778 more than anticipated when we completed the Budget.

4.7 Our forecast headcount has increased due to a number of reasons, including:

- Directly employing staff – including 233 on the Four Lines Modernisation project, where we will directly employ project staff to ensure successful project delivery. In London Rail we also plan to employ a further 27 FTEs as we move Trams maintenance in house
- Delays to full Fit for the Future – Stations programme implementation due to prolonged trade union negotiation
- Reductions in the central vacancy provision – used to adjust for optimistic recruitment forecasts – across the business of as our headcount forecasts improve.

4.8 By the end of the year, LU headcount is now expected to be 1,189 higher than Budget. This is due to an expected increase of 662 FTE and a change in the central vacancy provision of 527. The 662 variance to Budget is partly due to revised Fit for the Future – Stations delivery assumptions – as a result of prolonged trade union negotiation – with 191 more FTE than expected, and more FTE within capital programmes, the latter largely due to 233 FTE on the Four Lines Modernisation programme – where we now plan to directly employ project resources, rather than those of the appointed contractor – and 86 FTE driven primarily by the extended Northern and Jubilee lines upgrades. In addition, by the end of the year we expect 104 FTE to have been transferred from shared services.

4.9 For the vacancy provision, 260 relates to a reduction of the budgeted vacancy provision as recruitment levels are now running closer to the underlying budget than was previously assumed. The remaining movement for the vacancy provision of 267 allows for a potential delay to the Fit for the Future – Stations implementation timescale.

4.10 For the full year, LR headcount is expected to be 78 FTE higher than budget. The LR increase is mainly due to 27 FTEs for trams mobilisation and maintenance being brought in-house, 28 FTEs to support Crossrail engineering assurance activities and 15 FTEs for additional LO project resource.

4.11 By the end of the year, Surface Transport headcount is now forecast to be 102 FTE higher than Budget. Headcount is expected to increase by 61 FTE in Enforcement & On Street mainly as a

result of the EoS Futures transformation programme which aims to improve integration and operational effectiveness across the directorate. We will also increase the number of Compliance Officers in line with the Mayor's announcement on 9 June 2015, which is to be funded through Taxi & Private Hire Licence fees. Strategy Planning forecast an increase of 33 FTE to enable delivery of the Freight and Fleet programme and to coordinate the Travel Demand Road Modernisation Plan. Road Space Management anticipates an increase of 11 FTE to work on programmes such as Brent Cross, Roads Modernisation and Cycle Superhighways. Service Operations plan to maintain increased headcount in Taxi Licensing until the end of the year to process the backlog, and expected increase, in taxi licenses, with these resources funded through licence fees.

- 4.12 At the end of 2015/16 shared services headcount is now expected to be 4,366, 409 more than planned in the Budget. This is due to 391 FTE working on projects, including IM projects, Cycle Hire Re-let, ticketing projects and Crossrail 2. In addition, 50 FTE in HR are required to support recruitment across the business. These are offset by minor variances across the directorate.

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 2 forecast	Variance to Quarter 1	Variance to Budget	
London Underground	1,166	3 ▲	2,561	(4)	5 ▲	2.1 and 2.2
London Rail	209	6 ▲	484	4	12 ▲	2.3
Emirates Air Line	4	(0) ▼	7	(0)	(0) ▼	
Total fares income	1,375	9 ▲	3,045	0	16 ▲	
Other operating income	75	(1) ▼	169	6	3 ▲	2.5 and 2.6
Total operating income	1,449	8 ▲	3,213	6	19 ▲	
Chief Operating Officer	(771)	9 ▲	(1,735)	8	(13) ▼	
Capital programmes directorates operating costs	(22)	(2) ▼	(47)	(5)	(7) ▼	2.10 and 2.11
Other Operational Expenses	(173)	10 ▲	(406)	12	23 ▲	
London Rail Operations	(242)	(1) ▼	(553)	4	4 ▲	2.12 and 2.13
Renewals and reliability Projects	(61)	18 ▲	(128)	14	30 ▲	
Total operating expenditure	(1,268)	33 ▲	(2,868)	33	37 ▲	
Capital expenditure						
London Underground	(488)	52 ▲	(1,169)	(5)	17 ▲	2.22 and 2.23
London Rail	(117)	(11) ▼	(296)	(0)	(2) ▼	2.24 and 2.25
Net capital expenditure	(605)	40 ▲	(1,465)	(5)	14 ▲	
Net Service Expenditure	(424)	82 ▲	(1,120)	35	71 ▲	

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	715	(33) ▼	1,548	7	(63) ▼	2.4
Bus contract costs	(923)	13 ▲	(2,015)	9	20 ▲	2.14, 2.15 and 2.16
Direct Bus Subsidy	(208)	(20) ▼	(468)	17	(43) ▼	
Other Bus Income	14	1 ▲	33	3	4 ▲	2.7
Bus operating Expenditure (net of third-party contributions)	(36)	3 ▲	(79)	3	6 ▲	2.14, 2.15 and 2.16
Bus Capital Expenditure (net of third-party contributions)	(53)	2 ▲	(126)	(10)	16 ▲	2.26 and 2.27
Net Bus Service Expenditure	(283)	(14) ▼	(639)	12	(18) ▼	
Other Surface Transport						
Other Operating Income	184	2 ▲	390	3	7 ▲	2.7
Other Operating Expenditure (net of third-party contributions)	(339)	(1) ▼	(807)	3	21 ▲	2.14, 2.15 and 2.16
Other Capital Expenditure (net of third-party contributions)	(178)	(14) ▼	(346)	11	(4) ▼	2.26 and 2.27
Net Service Expenditure	(616)	(27) ▼	(1,403)	29	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	33	10 ▲	62	1	5 ▲	2.8 and 2.9
Operating Expenditure (net of third-party contributions)	(327)	13 ▲	(744)	13	28 ▲	2.17 and 2.18
Net capital Expenditure	(86)	15 ▲	(205)	(3)	(42) ▼	2.28, 2.29, 2.32 and 2.34
Net Service Expenditure	(379)	38 ▲	(887)	10	(9) ▼	

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

TfL group (£m)	Year to date		Full year, 2015/16			Section
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget	
TfL gross capital expenditure						
London Underground	498	51 ▲	1,213	(7)	4 ▲	
London Rail	118	(6) ▼	300	(0)	2 ▲	
Surface Transport	239	(13) ▼	488	2	12 ▲	
Shared services	467	11 ▲	599	(4)	(49) ▼	
Total gross capital expenditure	1,322	42 ▲	2,600	(9)	(31)	
Plus revenue investment (included in operating expenditure):						
London Underground	61	18 ▲	128	14	30 ▲	
Surface Transport	64	(12) ▼	206	3	17 ▲	
TfL revenue investment	126	6 ▲	333	17	46 ▲	
TfL gross investment programme						
London Underground	560	69 ▲	1,341	7	34 ▲	
London Rail	118	(6) ▼	300	(0)	2 ▲	
Surface Transport	303	(25) ▼	694	5	29 ▲	
Shared services	467	11 ▲	599	(4)	(49) ▼	
TfL gross investment programme	1,448	48 ▲	2,934	8	15 ▲	

Appendix C: Balance Sheet

TfL Group Balance Sheet at Quarter 4 (£m)	End of Quarter 2, 2015/16		End of 2015/16	
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Budget
Non-current assets (-higher / lower than budget)	34,013	112	35,527	(27)
Current assets (exc. cash & investments) (-higher / lower than budget)	702	(83)	613	(35)
Short term loans receivable – (higher) / lower than budget	1,023	38	1,285	25
Cash & investments (-higher / lower than budget)	4,410	(194)	3,040	(50)
Creditors (higher / -lower than budget)	(2,879)	(41)	(3,098)	104
Derivative liabilities (higher / -lower than budget)	(103)	24	(98)	19
Borrowings (higher / -lower than budget)	(9,116)	(24)	(9,112)	(3)
Provisions (higher / -lower than budget)	(3,173)	36	(3,024)	(42)
Total Net Assets – (higher) / lower than budget	24,877	(132)	25,133	(9)

Non-current assets

- 5.0 Non-current assets at the end of Quarter 2 were £34,013m, £112m below Budget. £85m of the variance was due to lower capital expenditure activity; £45m for the Crossrail project and £40m in the rest of TfL. Other non-activity movements to depreciation and revaluations totalled £34m, offset by a £4m increase in long-term debtors in TfL where some insurance and IM related pre-payments have been transferred from short-term debtors after an in-depth review of all balances, and a £3m increase in the working capital cash injection into the Earl's Court property partnership.
- 5.1 The Quarter 2 non-current asset forecast long term assets at £35,527m, a reduction of £73m from the Quarter 1 forecast, but £27m higher than Budget. Shared services expect to see higher capital activity of £41m. due to reclassification of projects related to Future Ticketing and retail developments from operating expenditure to capital. This is offset by £5m of capital underspend elsewhere across the Group, largely due to plant and machinery purchases which are expected to be lower than Budget. Depreciation and disposal variances are £12m. The remaining £3m variance is the net of an £8m increase in the loan to the Earl's Court Partnership company, offset by a £5m reduction to other long-term debtors.

Current assets

- 5.2 Short-term debtors were £83m above budget at the end of Quarter 2. Accrued grant was higher than Budget for the Northern Line Extension (£28m) and London Overground operations (£18m). In addition, JFT debtor balances were £19m higher than Budget, due to more favourable travelcard allocation income than assumed. Pre-payment balances were £19m higher than Budget, due in part to a payment to Capita for delays to the London Road User (LRU) contract (£3m), as well as some utility (£5m) and payroll (£6m) payments made in advance of the budgeted date which are expected to reverse in future periods.
- 5.3 The Quarter 2 full-year forecast for short-term debtors is £35m higher than Budget, mainly due to higher ticketing balances of £15m and higher prepayments of £20m.

5.4 The short-term loan receivable balance represents the amount loaned to Network Rail as part of the Crossrail project, which is due to be repaid in full in May 2016. The variance at Quarter 2 and the full year reflect the latest Network Rail funding requirements.

Cash and investments

5.5 Cash and short-term investments at Quarter 2 were £4,410m, £194m higher than Budget. The forecast position reduces to £3,040, reflecting a £50m grant reduction following reductions to the DfT General Grant and additional reductions representing the premium to be paid for the West Anglia franchise, and £75m from a Business Rates Retention shortfall from prior years. Appendix 3 below summarises actual and forecast cash movements compared to Budget.

Creditors

5.6 Year-to-date creditors were £41m lower than budget, reflecting lower levels of accruals for capital works (both short and long term) aligned to the activity underspends. The full-year creditor forecast is now expected to be £104m higher than Budget following revised assumptions around the phasing of expenditure, which is now expected to be towards the later part of the year.

Derivatives

5.7 The derivatives position at Quarter 2 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 2 were £24m 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 2 were £36m higher than Budget mainly related to the Crossrail project, with lower payments for property claimants of £50m offset by an £11m reduction in the balance for contractual claims. Provisions are forecast to be £42m below budget at the end of the year, largely driven by Crossrail assumptions with higher than budgeted property payments of £16m added to lower amounts provided for contractual claims of £24m.

Balance Sheet (£m)	Year to date			Full year, 2015/16	
	Actual	Budget	Variance to Budget	Quarter 1 Forecast	Variance to Budget
Intangible assets	117	111	(6)	90	7
Property, plant & equipment	32,964	33,089	125	34,483	(31)
Investment properties	438	438	-	438	-
Investment in associate	44	44	-	44	-
Long term investments	10	10	-	10	-
Long term debtors	440	433	(7)	462	(3)
Non Current Assets	34,013	34,125	112	35,527	(27)
Stocks	58	54	(4)	56	(3)
Assets held for Sale	644	565	(79)	557	(32)
Short term debtors	3	23	20	5	18
Short term derivative	1,023	1,061	38	1,285	(50)
Cash and Short Term Investments	4,410	4,216	(194)	3,040	(125)
Current Assets	6,138	5,919	(219)	4,943	(42)
Short term creditors	(2,095)	(2,109)	(14)	(2,351)	135
Short term derivatives	(15)	(1)	14	(11)	10
Short term borrowings	(784)	(784)	-	(784)	-
Short term lease liabilities	(56)	(69)	(13)	(115)	62
Short term provisions	(212)	(176)	36	(73)	(64)
Current Liabilities	(3,162)	(3,139)	23	(3,334)	143
Long term creditors	(82)	(106)	(24)	(78)	(41)
Long term borrowings	(8,332)	(8,356)	(24)	(8,328)	(3)
Long term lease liabilities	(646)	(636)	10	(554)	(52)
Long term derivatives	(91)	(101)	(10)	(92)	(9)
Other provisions	(75)	(73)	2	(71)	24
Pension provision	(2,886)	(2,888)	(2)	(2,880)	(2)
Long Term Liabilities	(12,112)	(12,160)	(48)	(12,003)	(83)
Total net Assets	24,877	24,745	(132)	25,208	(84)
Capital and Reserves					
Usable reserves	4,455	4,148	(307)	2,809	(220)
Unusable reserves	20,422	20,597	175	22,324	211
Total capital employed	24,877	24,745	(132)	25,133	(9)
Cash and Investments					
CRL Sponsor funding account	1,914	1,887	(27)	1,486	88
Other cash and investments	2,506	2,339	(167)	1,564	(138)
Total as above ¹	4,420	4,226	(194)	3,050	(50)

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	(646)	(707)	(61)	(1,586)	(111)
Working Capital Movements	49	83	34	(12)	91
Cash Spend on Operating Activities	(597)	(624)	(27)	(1,598)	(20)
Net Capital Expenditure	(922)	(966)	(44)	(2,142)	16
Crossrail	(690)	(738)	(48)	(1,531)	(4)
Working Capital Movements	181	236	55	408	(124)
Cash Spend on Capital Activities	(1,431)	(1,468)	(37)	(3,265)	(112)
Cash Settlement of derivatives	-	-	-	-	-
Non-cash items included in activity	81	51	(30)	139	(28)
Fair value adjustment for long term investments	-	-	-	-	-
Loans to third parties (paid) / repaid	(591)	(627)	(36)	(883)	(17)
Non-Activity Cash Movements	(510)	(576)	(66)	(744)	(45)
Grants, Precept & other contributions	1,679	1,591	(88)	3,380	125
Borrowings Raised	602	626	24	624	2
Borrowings Repaid	-	-	-	(25)	-
Total Funding	2,281	2,217	(64)	3,979	127
Net Movement in Cash	(257)	(451)	(194)	(1,628)	(50)

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	1,902	2,090	188	10%
Other operating income	310	311	1	0%
Total income	2,212	2,400	188	8%
Operating expenditure (net of third-party contributions)	-2,725	-2,897	-172	6%
Operating margin	-513	-497	16	-3%
Interest income	12	12	0	0%
Debt interest	-160	-175	-15	9%
Contingency and group items	12	13	1	8%
Margin	-648	-646	2	0%
Finances sources	0	0	0	#DIV/0!
General grant	386	308	-78	-20%
Overground grant	13	20	7	54%
GLA precept	2	2	0	0%
Business Rates Retention	414	353	-61	-15%
Other revenue grants	2	0	-2	-100%
Total revenue grants	817	684	-133	-16%
Operating contribution to fund investment	168	38	-130	-77%

		Full-year	
Full-year actuals, 2014/15	Quarter 2 forecast, 2015/16	Year on year change	
4,281	4,592	311	7%
720	661	-59	-8%
5,002	5,254	252	5%
-6,152	-6,521	-369	6%
-1,150	-1,268	-118	10%
28	23	-5	-18%
-358	-378	-20	6%
27	37	10	37%
-1,453	-1,586	-133	9%
		0	#DIV/0!
897	591	-306	-34%
26	37	11	42%
6	6	0	0%
828	848	20	2%
8	1	-7	-88%
1,766	1,483	-283	-16%
313	-103	-416	-133%

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	-906	-1,322	-416	46%
Third-party contributions – capital	15	18	3	20%
Sales of property and other assets	12	381	369	3075%
Net capital expenditure excl. Crossrail	-880	-922	-42	5%
Crossrail capital expenditure	-660	-690	-30	5%
Net capital expenditure incl. Crossrail	-1,540	-1,612	-72	5%
Finance sources	0		0	#DIV/0!
Surplus/ -deficit to fund investment	168	38	-130	-77%
Crossrail funding sources	834	498	-336	-40%
Investment grant	420	453	33	8%
Other capital grants	68	44	-24	-35%
Working capital	-48	-280	-232	483%
Net borrowing and reserve movements	97	859	762	786%
Total	1,540	1,612	72	5%

			Full-year	
Full-year actuals, 2014/15	Quarter 2 forecast, 2015/16	Year on year change		
-1,979	-2,600	-621	31%	
25	65	40	160%	
47	393	346	736%	
-1,906	-2,142	-236	12%	
-1,475	-1,531	-56	4%	
-3,382	-3,673	-291	9%	
		0	#DIV/0!	
313	-103	-416	-133%	
1,702	906	-796	-47%	
909	925	16	2%	
124	141	17	14%	
-389	-346	43	-11%	
722	2,150	1,428	198%	
-3,382	3,673	292	-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



Installation of new ballasted track at White City

Investment Programme Report Quarter Two

July – September 2015

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TfL investment programmes

About Transport for London (TfL)

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 (LU), London Buses, Docklands Light Railway (DLR), London Overground, TfL Rail, London Trams, London River Services (LRS), 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 we make 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.

The 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.

This Investment Programme Report includes:

- Group summary of progress – summarisation of the performance of the whole Investment Programme
- Programme update – commentary update to the significant projects and programmes within the Investment Programme
- Financial variance – variance with commentary on financial Key Performance Indicators (KPIs)
- Milestone and project variance – variance and commentary on significant movement on delivery milestones



Tunnelling breakthrough at Bond Street station upgrade

Investment Programme highlights

Q2 2015/16 Plan Milestone Analysis



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

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 made steady progress delivering our milestones this quarter and forecast that 90 per cent of our budget milestones will be delivered on time or early for the year.

Following the award of the Automatic Train Control (ATC) signal supply contract to Thales, we have started fit-out of the ATC equipment on London Underground trains. This drives forward our work to increase capacity and improve customer journey time with a more frequent and reliable service. As part of this work, we aim to deliver a 36 trains per hour (tph) peak service across the Victoria line during 2016, and have now replaced the deep level crossover at Walthamstow and installed new, more reliable point machines.

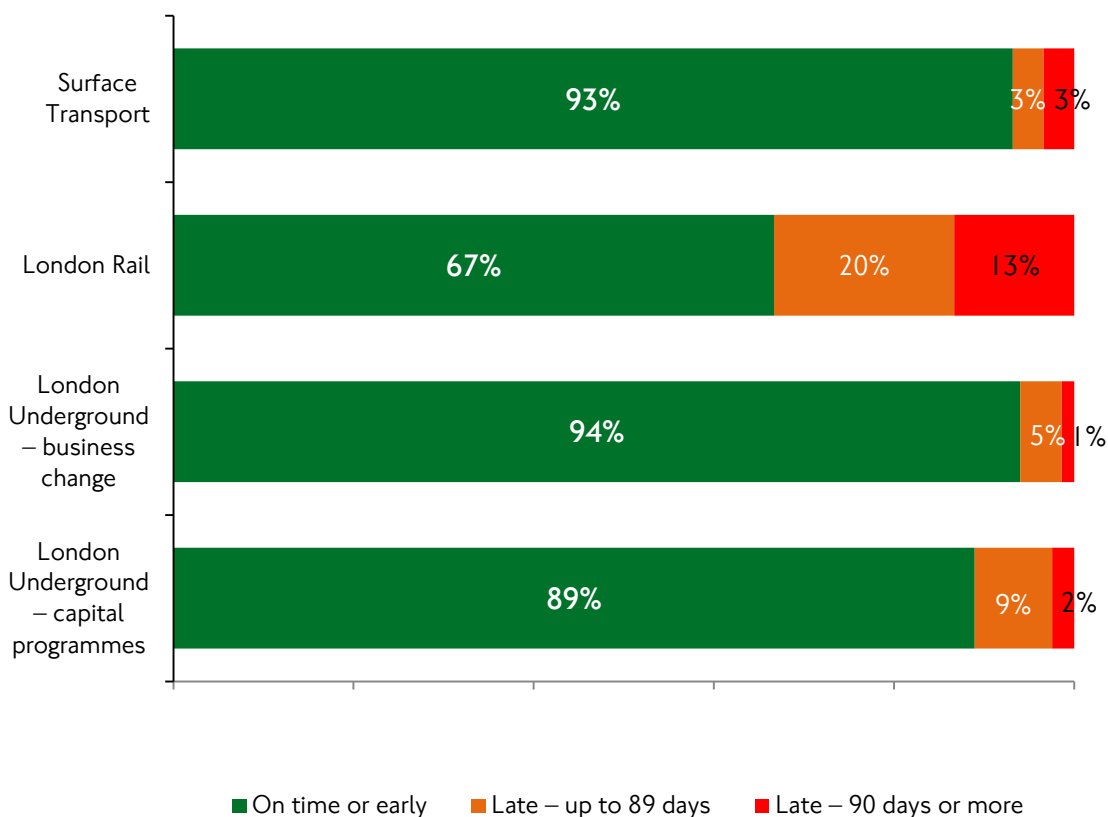
Station modernisation is a part of our strategic programme to relieve congestion throughout London. We achieved a key milestone with the tunnel breakthrough from Bond Street station into the new Crossrail station. At Victoria, we completed the connection of the tunnels joining the new north ticket hall and the enlarged south ticket hall. On London Overground, we completed improvements at Hackney Interchange to make journeys quicker, safer and more accessible. On the Northern line extension (NLE), we began work at the main locations. Our new 'muck-away' conveyor at Battersea will provide environmental benefits by moving spoil from the tunnels into barges on the Thames, avoiding need for additional lorries on London's streets.

We completed the Hammersmith flyover strengthening work, which has prolonged its life and will ensure no major maintenance is required for many years. As part of our Road Modernisation Plan, we completed the second phase of works at Elephant & Castle to transform this vital transport interchange. Construction on the Meridian Water to Enfield Town Quietway commenced in Enfield, and Waltham Forest completed its first village scheme in the Pembroke Road area. These schemes directly contribute towards the objectives set out in the Mayor's Vision for Cycling, namely to transform the cycling experience.

IPR programme updates

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Q2 2015/16 Plan Milestone Analysis



London Underground and London Rail

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London Underground

Four Lines Modernisation (4LM)

Overview

The 4LM covers 40 per cent of the Underground 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 because most existing assets were at, or beyond, their design life. The need for asset replacement has also created an opportunity for asset modernisation and delivery of improved journey times and capacity – both 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 offering 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 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. Completion of the District line roll-out is forecast to be slightly delayed following industrial action by maintenance staff, but is still planned for 2016, ahead of the Department for Transport’s (DfT’s) milestone.



S7 train in service at Ealing Broadway on the District line

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Power works complete for 44 District line S-Stock (Victoria and Embankment DC feeder cables)	11-Sept-15	08-Jul-15	Complete		-
Winterisation facilities available for S-Stock at Ealing Common and Upminster depots	04-Dec-15	04-Dec-15	●		-24
Lighting main upgrade complete	01-Jan-16	16-Oct-15	●	Achieved post quarter.	-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
2,839.7	3,143.7	3,144.0	0.7 ▼0.0%	Revised programme authority for Four Lines Modernisation was obtained on 1 July 2015.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
S-Stock train roll out	155	140	-15	-10%	The increase against budget is due to delivery of the rolling stock heavy spares being deferred from the previous year into this financial year, due to a prior issue with capacity. We have resolved this and delivery of the spares occurred post quarter end in October 2015.

Automatic Train Control (ATC)

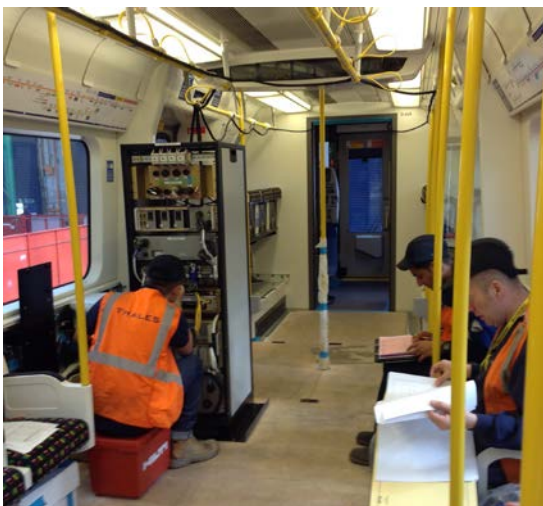
Quarterly progress

We awarded the ATC signal supply contract to Thales on 28 July 2015. We have started mobilisation for the contract, fit-out of the ATC equipment on trains and delivery of the LU infrastructure enabling works.

We are fitting a prototype train with ATC equipment, to test the system before the design is finalised. Installation at the test site in Derby is complete and testing underway. We moved the prototype to the Old Dalby Test Track in October 2015, post quarter end, for system testing with the newly completed wayside system.

The wayside enabling project will provide the infrastructure to allow the installation of the new ATC signalling system. The scope includes 140km of cable route management system (CRMS), 51 signal equipment rooms (SERs) with low voltage alternating current, and platform, station and depot enabling to support the migration of the ATC system. Our asset delivery is progressing well, with 12km of CRMS installed and we have started construction on the first tranche of five SERs.

We are also modifying the track layout to optimise the adoption of ATC, and work on fitting out the new Hammersmith service control centre is in progress.



Thales staff conducting verification testing of ATC equipment on the test train

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Full signalling upgrade across the Sub-Surface network complete (Annex B: 2018)	31-Dec-18	TBC	-	Following re-let of the ATC signal supply contract, new ATC delivery milestones are being developed for agreement with stakeholders.	-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
653.6	2,268.0	2,268.0	0.00-0.0%	The EFC is in line with authority and no pressures are currently identified.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Automatic Train Control (ATC)	201	235	34	14%	The variance reflects the reduction in expenditure in the first two quarters of this year on the ATC contract and associated enabling works, due to the delay in contract award.

Metropolitan line extension

Overview

The key objectives of the Metropolitan line extension 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

Delivery responsibility continues to transition from Hertfordshire County Council to LU. This includes novation of the two stage Taylor Woodrow contract, for which a Procurement Recommendation to continue with the Stage 1 (design) works is in place. A suite of agreements to facilitate transition has been drafted and final discussions are taking place.

We continue to progress the design during the transition period and have approved all 39 concept design submissions for the LU operable section. Discussions are underway with Network Rail to confirm and agree its role, which is key to the future delivery of the scheme.



Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
9.1	*	285.1	*	

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:
 - Ballasted and deep Tube track renewals – replacing and reconditioning track
 - Rail joint elimination – a network-wide workstream replacing joint rails with welded plain rail to significantly reduce network safety and performance risks
 - Track depot and sidings works – renewal and refurbishment of track in depots and sidings
 - Drainage renewals/replacements – improve track drainage infrastructure
 - Points and crossings – refurbishment/renewal of points and crossings, and the installation of new junction layouts
- Power upgrades: provides the 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
- Plant and depot works: supports infrastructure renewals and maintenance activities by providing an enhanced engineering vehicle fleet capacity and capability
- Civils earth structures: carrying out work to embankments and associated structures to prolong lifespans

Track programme

Quarterly progress

In total, we delivered 8.6km of ballasted track renewal, 4.5km of drainage works, and renewed 23 points and crossing units, as well as completing 2.9km of deep Tube renewals. All outputs exceeded target with the exception of ballasted track renewals, which were affected by lost possessions.

As part of our works to deliver a 36 trains per hour peak service across the Victoria line in 2016, we replaced the deep level crossover at Walthamstow. It was handed back early to ensure a full service was in operation for the Notting Hill Carnival. During the same closure we also renewed 300 metres of track, and installed new and more reliable point machines.

We replaced the final two sets of points at Neasden to complete the renewal of one of the most unreliable junctions on the network. The modern track form and point motors will improve ride quality, operational reliability and will reduce future maintenance costs.

We installed new padded concrete sleepers with a reduced sleeper spacing for the first time at South Kensington. This will be our standard renewal formation from now on as it will increase its life by reducing the wear and deterioration of the ballast structure and should remove the need for a midlife reballast. This change is the result of a worldwide benchmarking exercise that we carried out.

We began work between Hammersmith and Edgware Road which, when finished in February 2016, will have replaced nearly two kilometres of track, including a joint plan of work through Paddington suburban station that will be delivered with Network Rail this Christmas. Preparations are also underway to install a new crossover to the west of Paddington suburban station as part of the Four Lines Modernisation programme.

We converted a total of 2.5km of bullhead rail to current specification within the restricted southbound Metropolitan line single bore tunnels between Finchley Road and Baker Street.

Our overnight ballasted track programme delivered almost one kilometre of new ballasted track in Quarters 1 and 2, preserving the operation of the vital London to Heathrow link by avoiding three weekend Piccadilly line closures.



Day 11 of the major renewals at Walthamstow with concrete pouring imminent

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Remodel Walthamstow crossover – block closure complete	07-Sept-15	29-Aug-15	Complete		-
Renew points and crossings units – achieve 20 units	16-Oct-15	18-Sept-15	Complete		-
Track drainage renewal – achieve 3km	16-Oct-15	18-Sept-15	Complete		-
Deep Tube renewal – achieve 2.9km	15-Oct-15	15-Oct-15	●	Achieved post quarter.	-
Ballasted track renewal and re-ballast – achieve 13,760 metres	08-Jan-16	08-Jan-16	●	The plan date has been change controlled from 16 October 2015 following some lost possessions.	-
Achieve 'consent to operate' for the 7th Schoma locomotive	07-Dec-15	12-Oct-15	●		-
Achieve 'consent to operate' for first of two new tamping machines	03-Mar-16	20-Jan-16	●		-
Cumulative 16 per cent of track replaced on Sub-Surface and Bakerloo, Central and Victoria (BCV) lines	31-Mar-16	31-Mar-16	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
113.0	249.2	229.8	-19.4 ▲-7.8%	A new three year Track authority was approved since the budget was set, and the workbank has been re-profiled over the three years, causing a variance to the current year EFC. However, the total three year EFC is in line with the total three year authority.

*The EFC and authority stated are for the 2015/16 financial year only. EFC does not include Jubilee, Northern and Piccadilly line works.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Track programme	249	230	-19	-8%	As above.

4LM Major Power Works (Traction)

We continued work on the bulk supply point's new 132kV grid transformer at Neasden. Key achievements included pre-commissioning of the protection panels and installing the multi-core cables. We also continue to prepare the invitation to tender (ITT) for the new power quality equipment to be installed at Greenwich generating station.

At West Ham, we energised the new high voltage substation, providing increased power capacity to the east end of the District line to enable improved customer journey times.

We also completed the demolition of old Upminster Bridge traction substation one month earlier than planned.



New West Ham high voltage substation

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
436.2	502.9	521.4	18.5 ▼3.7%	EFC has reduced due to efficiencies embedded across the portfolio as a result of value engineering initiatives and risk mitigation.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
4LM Major Power Works (Traction)	34	45	11	25%	The variance reflects rephasing of 4LM power projects and 4LM signalling expenditure post ATC contract award. Also, efficiencies have been embedded following successful contract negotiations.

Programme milestones forecast

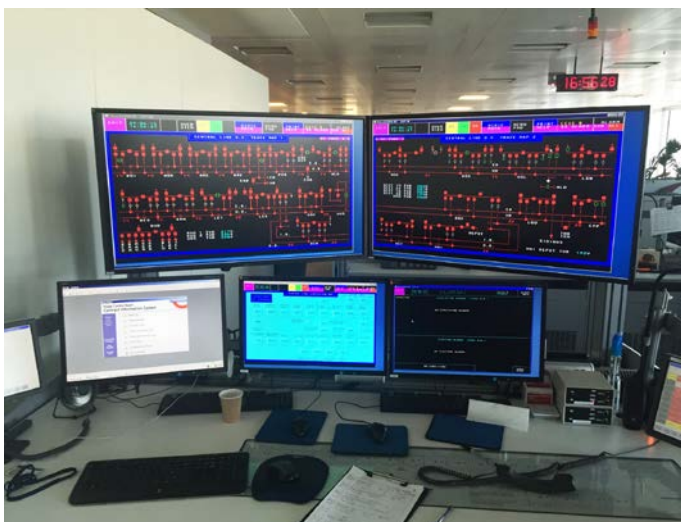
Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Package 5C issue ITT for static VAR compensator at Greenwich	24-Sept-15	30-Jul-15	Complete		56
Main civil works substantial completion	05-Oct-15	05-Oct-15	●	Achieved post quarter.	-
Completion of jointing 132kV cable route	15-Oct-15	15-Oct-15	●	Achieved post quarter.	-
P8M completion of main system Quality Inspection Completion Certificates – Part 8	28-Oct-15	24-Sept-15	●	Achieved post quarter.	-
Package 3B Cromwell Curve substation – ready to energise	23-Oct-15	23-Oct-15	●		-
Southfields – substation power upgrades commissioning completion	27-Nov-15	27-Nov-15	●		-
Finish Package 2 – delivery (stage gate 5)	01-Dec-15	09-Nov-15	●		-7
Package 3A substations – substantial completion	03-Dec-15	12-Nov-15	●		-7
Package 3B – Putney Bridge first transformer rectifier – ready to energise	12-Feb-16	15-Jan-16	●		-
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	●		-

Power system control replacement (SCADA)

We are in the invitation to tender (ITT) phase and have held a series of technical engagement workshops with the bidders. We are preparing for the bid evaluation process and, subject to successful evaluation, are scheduled to award a contract in spring 2016.

We carried out significant research and focused on lessons learnt from similar projects to mitigate identified key risks. We also recruited a software product development specialist with design and assurance experience into the project team to increase technical capability and further mitigate software development risk.

In collaboration with our key stakeholders, we established a draft concept of the operational people model to ensure migration and transition into operational readiness.



Existing power control room work station, which will be upgraded by the Supervisory Control and Data Acquisition (SCADA) project

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
3.6	45.8	5.4	-40.4 ▲ -88.2%	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.

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 ensure that the existing asset base is kept in a safe and reliable condition until planned modernisations commence. The programme will be delivering a range of refurbishments on the Bakerloo '72 Tube Stock (72TS), battery locomotives (engineering trains), Central line '92 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 have completed 750-volt upgrades on 17 out of 28 existing battery locomotives and life extension works for 14 out of the 28 existing battery locomotives.

The Bakerloo '72 Tube Stock works will address the condition of the Bakerloo line fleet and aims to extend the life of three trains a year. The first and second trains are completed and work on the third is ahead of schedule.



Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Complete life extension work for 14th battery loco	28-Aug-15	14-Jul-15	Complete		-
Complete life extension work for 16th battery loco	24-Feb-16	27-Jan-16	●		-
Complete life extension work for 17th battery loco	28-Jun-16	28-Jun-16	●		-
Complete 750v upgrade works for 15th battery loco	11-Sept-15	14-Jul-15	Complete		-
Complete 750v upgrade works for 20th battery loco	15-Jan-16	18-Dec-15	●		-
Life extension complete on 72TS – train 2	28-Oct-15	21-Sept-15	●	Achieved post quarter.	9
Life extension complete on 72TS – train 3	12-Feb-16	15-Jan-16	●		-

Legacy train systems

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Battery locos engineers 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

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
161.3	790.4	354.4	-436.0 ▲-55.2%	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.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Legacy train systems	26	48	22	46%	The reduction in forecast against budget is due to the revised plan for starting Bakerloo and Central line life extension works. A slower increase of repair and replacement activities due to previous resource issues and material defects have also reduced spend this year.

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 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 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, additional rolling stock, power supply, communications and control systems to support a peak service frequency of at least 28 trains per hour on this new section of the Northern line. We are working to achieve these key deliverables and commence operation in 2020.

Quarterly progress

We completed the 'muck-away' conveyor, which will move spoil from the new railway tunnels at Battersea directly on to barges on the Thames. This method provides environmental benefits by avoiding additional lorries on London's streets during the excavation.

We have started piling for the new Nine Elms station, where a total of 350 piles will be bored during the next 12 months. Piling of the crossover box will begin in November and this will help establish the tunnel boring machine launch date. We have also installed a bentonite plant, which is fully operational at Nine Elms and another is planned to be commissioned at Battersea in November 2015. Bentonite is commonly used in construction projects to retain the sides of excavations in sandy, wet or unstable soil. It is an essential material in tunnel construction as it ensures the foundation remains stable during excavation and while concrete is poured.

We demolished Covent House, Boiler House and Chimney at Nine Elms and the ownership of Banham's headquarters building was formally transferred to TfL on 31 July 2015. We completed surveys for hazardous materials and commenced preparation for the Banham's building demolition. (Post quarter end, the building demolition is complete.)

All NLE worksites are now registered with the Considerate Constructors Scheme.



Excavation at Battersea with muck-away conveyor in foreground

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Nine Elms commence piling	30-Oct-15	21-Aug-15	Complete		34
Battersea complete construction of muck-away river jetty	08-Oct-15	08-Sept-15	Complete		-28
Kennington Park commence piling	12-Jan-16	02-Oct-15	●	Achieved post quarter.	-20
Battersea commence piling	10-Dec-15	09-Nov-15	●		-55
Nine Elms complete demolition of existing Banham building	12-Feb-16	30-Nov-15	●	Achieved post quarter.	-17
Kennington completion of loop and platform early enabling works	18-Jan-16	10-Dec-15	●		-52
Tunnels first tunnel boring machine (TBM) final Factory Acceptance Test approved to enable TBM to be delivered	28-Mar-16	10-Dec-15	●		-6
Kennington Green commence piling	29-Feb-16	03-Nov-15	●		7
Stockwell commence substation HV panel modifications	30-Mar-16	11-Mar-16	●		-
Handover of crossover box for commencement of tunnelling launch chambers	30-Mar-16	03-Jun-16	▲	Although the forecast dates are impacted by the over station development (OSD) design changes, we are investigating whether this can be mitigated by resequencing the works.	20
Northern line extension completion	31-Dec-20	23-Feb-21	▲		-

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) OSD design changes have delayed the station box design being finalised. This has delayed the design and construction activities. The project will continue to work with BPSDC to mitigate the slippage.

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
170.7	*	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 wave of modernisations on the Northern, Victoria and Jubilee lines (Capacity 1 Modernisations). There are still some works outstanding to complete the original Jubilee and Northern line modernisations. The majority of these works will comprise snagging, removal of redundant equipment and implementation of further reliability enhancements. Further service improvements are planned on the Northern line Upgrade 1 to deliver 32 trains per hour from Morden by November 2016.

Our second wave of upgrades (Capacity 2 Modernisations) are at differing stages of maturity, with the Victoria line Upgrade 2 early design/implementation, Jubilee line Upgrade 2 in early design and Northern line Upgrade 2 approaching the end of feasibility. We are planning capacity improvements across three lines, which will increase the Victoria line from a current level of peak service of 34tph up to 36tph by late 2016. The Jubilee line capacity will increase from a current level of peak service of 30tph up to 36tph by mid 2019, and capacity on the Northern line (central branches) will further increase to 36tph by mid 2021.

Capacity 1 Modernisations

Quarterly progress

The new signalling systems on the Jubilee and Northern lines are performing well and attaining reliability targets through improvements and software commissioning. The final software releases, initially delayed by the prioritisation of the Night Tube software release, are deferred from December 2015 to April 2016 while we assess cost constraints associated with the close-out of the project.

We have postponed the Jubilee line rolling stock midlife refurbishment contract award by four months to November 2015. This will allow us to incorporate lessons learnt from the Northern line rolling stock midlife refurbishment within the contract, reducing the potential for future variations. We are in the process of reviewing tenders as part of the evaluation process, and suppliers have been invited to provide responses where required on key points. The commencement of midlife fit-out on the Jubilee line rolling stock trains has been rescheduled to May 2016.



Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Software commissioning 3.16	28-Sept-15	09-Nov-15	▲	We asked Thales to prioritise the Night Tube software, which is being done as part of the 3.16 software commissioning release. Within the quarter, Thales has accelerated its schedule by 22 days.	22
Cockfosters to Barons Court – all PLC cabinets installed and powered	27-Nov-15	30-Oct-15	●		-
Northern line rolling stock midlife refurbishment project closeout	28-Dec-15	30-Nov-15	●		-
Software commissioning 3.17	25-Apr-16	29-Feb-16	●	The plan date has been change controlled as this milestone was impacted as a result of Thales being asked to prioritise the Night Tube software.	28

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	-127	Contract award was delayed while the procurement process was reviewed following cost and scope changes.

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Working Timetable 55 reliability scope (delivery of phase 2 scope)	29-Sept-15	12-Nov-15	▲	The project was affected by the discovery of asbestos at two work sites. The delay will not impact delivery of business improvements or the current timetable.	-72
Commencement of midlife fit-out	28-May-16	30-Apr-16	●	The plan dates have been change controlled as the fit-outs were impacted when we decided to defer contract award to align with revised commencement of works, which has also allowed us to undertake value engineering with the bidders.	-182
Complete Jubilee line fit-out of first train	28-Aug-16	31-Jul-16	●		-92

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
1,240.8	1,323.2	1,674.0	350.8 ▼26.5%	Savings have been made throughout the project against authority due to the signalling contractor delivering below the target price.

Significant changes in EFC this quarter (more than two per cent)

Project name	Project EFC (£m at Q2)	Change from Q1 2015/16	Variance commentary
Capacity I Modernisations	1,323	3%	The reduction in EFC reflects the transfer of a small number of projects to another programme.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Capacity I Modernisations	33	4	-29	-730%	The increase in forecast 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**

We continue to work towards agreeing a price and programme to support delivery of up to 36 trains per hour on the Victoria line by November 2016. Work is progressing with the initial signalling works instruction while negotiating the main works in parallel as part of a new engineering contract (NEC) framework.

We drafted the final overarching Northern line Upgrade 2 feasibility study report and are undertaking initial review, which we expect to complete in November 2015.

We completed the Jubilee line Upgrade 2 power tender review and are progressing to contract award in Quarter 3.

**Programme milestones forecast**

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Victoria line Seven Sisters substation works – detailed design complete	12-Aug-15	12-Aug-15	Complete		-28
Issue ITT for supply of rolling stock	28-Oct-15	20-Nov-15	▲	The procurement strategy is under review; as a result, the issue of the ITT is on hold.	-51
Northern line final Stage 2 feasibility report approved	28-Dec-15	30-Nov-15	●		-
Jubilee line – all concept design complete	28-Feb-16	31-Jan-16	●		-

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	Scope, terms and conditions are currently being finalised with the supplier.

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
VLU2 – completion of signalling work	21-Mar-16	13-Dec-16	■	As above.	-295

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
15.8	993.7	79.5	-914.2 ▲ -92.0%	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.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Capacity II Modernisations	29	39	10	26%	The reduction in the forecast against budget is because 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). The key milestone for the next phase of the programme is to issue the ITT for the first phase of the new generation of trains.

Quarterly progress

We completed the initial stage of the programme set-up and organisational analysis using the HM Treasury route map. HM Treasury, in conjunction with Leeds University, presented a report to the programme, which included a summary of the process to date and some final recommendations. HM Treasury will work with the programme to implement these recommendations.

We completed a programme partner engagement exercise with 11 responses, and with positive feedback from the supply chain. The responses indicate firm support for the scope, commercial proposition and risk allocation, and we are progressing the procurement process.

Work associated with the preparation of the train invitation to tender is at an advanced stage. We completed the proof test and audit of the rolling stock tender evaluation model. Internal reviews and board approval are the final activities to support a planned release before the end of 2015.



NTfL exterior train badge

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
OUTPUT Safe platform train interface (PTI) final concept design complete	17-Dec-15	19-Nov-15	●		-31
Issue ITT for NTfL rolling stock	29-Dec-15	30-Nov-15	●		-
Issue of works information (for ITT) – site works	31-Mar-16	31-Mar-16	●		-9

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
39.9	56.5	59.1	2.6 ▼ 4.6%	The EFC is in line with 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 have brought the new gateline in the enlarged ticket hall into use ahead of plan. The tunnelling contractor demobilised following completion of works and we are undertaking the rendering and tiling of the cross passages.



New gateline at Vauxhall station

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Vauxhall station capacity and step-free access (SFA) – bring into use (lift and stairs)	08-Jan-16	25-Nov-15	●		-
Mandatory asset information deliverable accepted by LU – Vauxhall	25-Jan-16	27-Jan-16	▲	Although slightly delayed, this milestone is not on the critical path and the completion of works on site remains ahead of schedule.	-22
Vauxhall station capacity and SFA – completion of all site works (including snagging)	11-Mar-16	15-Jan-16	●		-
Bring into use – bus station lift	31-Mar-16	15-Jan-16	●		-

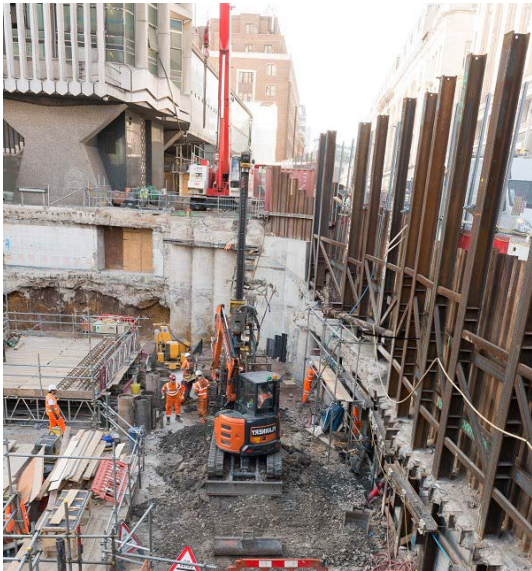
Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
25.6	30.6	35.1	4.5 ▼ 14.7%	The reduction in EFC 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 have completed the piling to the ticket hall and installed the roof beams. We have also started escalator refurbishment works ahead of the Central line opening in December 2015. We agreed a new permanent location within the station for the Eduardo Paolozzi church window mosaic, formerly located at the old Oxford Street station entrance.



Capping of ticket hall piling

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Start of Central line escalator refurbishment	26-Oct-15	03-Aug-15	Complete		28
Demobilise tunnels works during Central line closure	09-Nov-15	14-Sept-15	Complete		-
Complete Central line platform closure	05-Mar-16	07-Dec-15	●		-
New passenger facilities open – (Annex B: 2016)	20-Nov-16	09-Sept-16	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC (£m)	Authority (£m)	Variance to authority	Commentary
425.3	487.1	538.0	50.9 ▼ 10.4%	Efficiency savings have reduced the EFC.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Tottenham Court Road station upgrade	50	41	-9	-22%	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 achieved a key milestone with the tunnelling breakthrough into the new Crossrail station. We constructed more than 550 metres of new tunnels, with the majority of the tunnelling completed by hand.

The project has been shortlisted in three categories for the 2015 New Civil Engineer Tunnelling & Underground Space Awards, and one of LU's tunnelling engineers shortlisted in the 'Rising Star of the Year' category.



Tunnelling breakthrough at Bond Street station upgrade

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Tunnelling works completed and handed over to allow commencement of fit-out of southern tunnels	27-Dec-15	01-Oct-15	Complete		15
Start escalator 9 and 10 installation	21-Apr-16	10-May-16	▲	Some minor slippage, but expected to be recovered and delivered on time.	-4
Tunnelling set up decommissioned	18-Jul-16	27-May-16	●		-2
OSD frame handover to developer – planned date	28-Apr-17	30-Mar-17	●		-2
Bond Street station upgrade – practical completion (Annex B: 2017)	28-Apr-17	30-Mar-17	●		-7

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
All primary spray concrete lining tunnelling completed	01-Nov-15	20-Oct-15	●	There has been some resequencing to the tunnelling schedule but the milestone will still be delivered within target. Achieved post quarter.	-64

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
246.7	307.8	307.6	-0.2 ▲ -0.1%	The minor variance against authority is currently being mitigated, and will be adjusted within the future forecast.

Bank Bloomberg Place**Quarterly progress**

We received the station box from the developer almost three weeks ahead of schedule, allowing us to commence fit-out at Bank Bloomberg. By constructing the station box for LU as part of the Bloomberg Place development, the new station box was delivered for £26m less than could be achieved with a standalone scheme.



Station box – mezzanine level

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Start on site (fit-out)	25-Sept-15	11-Aug-15	Complete		45
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 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
31.5	56.9	58.0	1.1 ▼ 1.9%	The EFC is below authority and no pressures are currently identified.

Bank station capacity

Overview

A re-development 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 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

Our design is progressing to schedule and our plans to transition to stage 2 (works on site) are well progressed, but are dependent on the granting of a Transport and Works Act order (TWAO). The TWAO application was considered at a public inquiry in April 2015. This passed more quickly than predicted and without objection, therefore we expect a decision from the Secretary of State late autumn 2015. Utility diversion works in Arthur Street are delayed while we establish the ownership of uncharted electrical services, but this is not expected to impact the overall schedule.

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
TWAO grant of powers	15-Jun-16	21-Apr-16	●	A decision is expected in the autumn.	-
Start on site – Bank	16-Jun-16	21-Apr-16	●		-
Partial opening (without new ticket hall entrance/exit or lift)	08-Oct-20	13-Aug-20	●		-
New ticket hall open to public	14-Sept-21	25-Aug-21	●		-
Works to relieve station congestion on the Northern line at Bank complete (Annex B: 2021)	31-Dec-21	31-Dec-21	●		-

Significantly late milestones

Milestone description	Current plan date	Variance to budget (days)	Variance commentary
Completion of all designs to compliance to S1538 (the Category I Standard for Design Assurance)	31-Mar-16	-90	A single date for full design compliance was restricting our ability to leverage design capability through the supply chain. We rescheduled the completion of the design to benefit from greater supply chain design input.

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Completion of all designs to compliance to S1538	31-Mar-16	29-Jun-16	■	As above.	-127

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
160.0	607.5	269.7	-337.8 ▲-55.6%	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 resolved all of the 10 design issues on the 10-point improvement plan and work is progressing to our revised plan. We also completed the station operation room design review.

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
6.4	15.4	15.4	0.00-0.0%	The EFC is in line with authority and no pressures are currently identified.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Bank station systems integration upgrade	5	10	6	55%	The forecast has been reprofiled in line with the contractor's revised programme.

Victoria station upgrade

Quarterly progress

We achieved the final connection between the north and south tunnels, which join the new north ticket hall with the enlarged south ticket hall. Some of the 300 metres of new tunnels were constructed less than 30cm from operational Victoria line platforms.



Tunnel breakthrough at Victoria station

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (Days)
Realignment of Bressenden Place road system	11-Aug-15	11-Aug-15	Complete		12
District and Circle line underpass civils complete	15-Dec-15	18-Nov-15	●		-21
Completion of south Paid Area Link tunnelling (PALs 8, 5, 11 & 13)	18-Mar-16	29-Jan-16	●		14
North ticket hall, access to Victoria line, London Fire and Emergency Planning Authority (LFEPA) shaft (sectional completion S1) – delivery into service (Annex B: 2016)	23-Oct-16	09-Jan-17	▲	Mitigations plan implemented – further actions to be implemented to secure DfT milestone (31-Dec-16).	-9
Handback north ticket hall worksites to Landsec (sectional completion S2, S3)	23-Oct-16	09-Jan-17	▲	Historical re-sequencing to maintain programme for critical activities has impacted this milestone. We are working to recover to target.	-
Handback 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	14-Feb-18	●		-29

Significantly late milestones

Milestone description	Current plan date	Variance to budget (days)	Variance commentary
South ticket hall station operations room complete	19-Sept-16	-112	Programme re-sequencing to maintain programme for critical activities has impacted this milestone. We are working to recover to target.

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
426.5	607.6	677.4	69.8 ▼ 11.5%	Efficiency savings have reduced the EFC.

*EFC includes £20m of asbestos removal costs.

Future station capacity**Quarterly progress**

The designer commenced the Old Street feasibility study and we have circulated the Walthamstow Central design brief. We also agreed the boundary for the Elephant & Castle station box.

We continued preparations ahead of the planned Camden Town public consultation, which commenced post quarter end.



Indicative view of proposed second entrance and exit

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
14.4	859.7	78.4	-781.3 ▲ -90.9%	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.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Future station capacity	19	8	-11	-138%	The increase in forecast against budget is mainly due to additional scope on the Paddington Bakerloo line link, which is fully recoverable from Crossrail.

Integrated Stations Programme (ISP)

Quarterly progress

Scoping is progressing as planned, with three stations in concept design and two in detailed design. We achieved practical completion at Earl's Court station, where works include modernisation of systems, tiling, painting and general building. We also started survey works at Liverpool Street and pre-closure works at Holland Park stations. Main works continue at Sloane Square.



Survey works at Liverpool Street

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Practical completion – Earl's Court	18-Sept-15	14-Sept-15	Complete		-13

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Mandatory asset information deliverable approved – Baker Street	09-Oct-15	30-Sept-15	●	Electrical contractor's handover information (certificates, asset registers, operation and maintenance manuals) were not of the required standard. LU will complete these to achieve MAID and recharge the contractor. Milestone achieved post quarter.	-78
Finish on site – South Kensington	26-Apr-16	29-Mar-16	●	The plan date has been change controlled owing to a significant increase in scope including the installation of a new suspended ceiling throughout the ticket hall.	-158

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
105.3	333.1	333.1	0.00-0.0%	

LU lifts and escalators

Quarterly progress

We returned escalators into customer use following replacement or refurbishment at 12 stations across the network including Canary Wharf, King's Cross and Victoria. We returned lifts into customer use at Queensway, London Bridge and Elephant & Castle stations.



Lift works in progress at Greenford station

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Queensway lift – bring into use	21-Jun-15	02-Jul-15	Complete		-1
King's Cross escalator works – bring into use	03-Aug-15	13-Jul-15	Complete		-
Angel escalator works – bring into use	13-Aug-15	17-Jul-15	Complete		-4
Green Park escalator works – bring into use	18-Aug-15	20-Jul-15	Complete		-5
London Bridge lift – bring into use	04-Sept-15	10-Aug-15	Complete		-3
Brixton escalator works – return to service	21-Sept-15	20-Jul-15	Complete		5
Elephant & Castle station lift works – bring into use	12-Oct-15	12-Sept-15	Complete		-2
Greenford station Phase 2 – stair works – bring into use	20-Oct-15	20-Oct-15	●		-26
Greenford station Phase 3 – lift works – bring into use	20-Oct-15	20-Oct-15	●		-26
Westminster escalator works – bring into use	24-Nov-15	27-Oct-15	●		-
Covent Garden lift works – bring into use	04-Dec-15	06-Nov-15	●		-
King's Cross escalator works – return to service	18-Dec-15	11-Nov-15	●		-
Tottenham Court Road escalator works – bring into use	14-Dec-15	16-Nov-15	●		-

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Tottenham Court Road escalator works – bring into use	14-Dec-15	16-Nov-15	●		-
Walthamstow Central escalator works – return to service	23-Dec-15	24-Dec-15	▲	Resequencing of escalator 2 and escalator 3. Escalator 2 will be delivered significantly ahead of plan.	-33
Angel escalator works – bring into use	22-Feb-16	02-Feb-16	●		-8
Tufnell Park lift works – bring into use	22-Mar-16	24-Dec-15	●		-
Elephant & Castle lift works – bring into use	30-Mar-16	11-Dec-15	●		-2
Walthamstow escalator works – return to service	01-Apr-16	01-Apr-16	●		-41
Tufnell Park lift works – bring into use	05-Apr-16	24-Dec-15	●		-
Canada Water escalator works – bring into use	07-Apr-16	15-Mar-16	●		-13
Kings Cross escalator works – return to service	30-May-16	17-Mar-16	●		-
Completion and consent to operate report approved – Elephant & Castle lift works – return to service	05-Jul-16	03-Jun-16	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
326.0	955.0	595.9	-359.1 ▲ -37.6%	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.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
LU lifts and escalators	49	55	6	11%	The reduction in forecast against budget is mainly due to the review of the lifts and escalators workbank, resulting in deferral of some works to meet operational requirements.

London Underground Crossrail works

We completed the station operations room integration project test facility enabling works and commenced installation of the communications system equipment. This facility tests the integration of the LU and Crossrail station communication systems prior to installation on site.

We commenced works on site for the Griffith House to Royal Oak Crossrail cable project, to allow Crossrail traction power.

We also produced the draft readiness plans for operations and maintenance in preparation for handover in July 2018.



Station operations room test facility at Blackfriars

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
LU support complete for Crossrail trial running stations (central section)	28-Feb-19	31-Dec-18	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
238.8	285.0	266.2	-18.8 ▲-6.6%	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. When Crossrail issues instructions and funding to carry out future works, the authority will be updated accordingly.

London Rail capacity and growth

Overview

The London Rail 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. With commencement of the West Anglia inner services in 2015, work will also begin on improving the stations along this route. 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 enable 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 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

We completed installation of the signalling system for the new railway sidings and the majority of the maintenance areas are ready for service. This allows our operator, London Overground Rail Operations Ltd (LOROL), to complete safety checks and commence the driver and yard controller training programme.



New sidings at Wembley

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Commission East London line signalling data stage	30-Sept-15	25-Jul-15	Complete		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
155.9	174.6	174.7	0.1 ▼ 0.1%	

London Overground Station Capacity Programme (LOSTAT)

Quarterly progress

We held an official launch in August to open the newly completed Hackney Interchange, hosted by the Director of London Overground and the Mayor of Hackney. The 200-metre long covered walkway, funded by TfL, the London Borough of Hackney and Network Rail, includes lifts, monitored CCTV and bright lighting – making journeys quicker, safer and more accessible. Customers at Hackney Central can easily access trains to north London or Liverpool Street via Hackney Downs, and those at Hackney Downs can easily access trains to Stratford or Highbury & Islington via Hackney Central. Since opening, more than 123,000 journeys have already been made between these locations.

Following our delivery of a new canopy and transformation of access with new lift installations, Crystal Palace station was highly commended in the Station of the Year (Medium) category at the National Rail Awards.



Customer interchange at Hackney

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Hackney Interchange – bring interchange bridge into passenger use	31-Jul-15	23-Jul-15	Complete		8
Hackney Central – issue ITT delivery contract	31-Aug-15	17-Sept-15	Complete		-17

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
16.9	34.2	29.3	-4.9 ▲ -14.3%	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.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
London Overground Stations Capacity Programme (LOSTAT)	10	17	6	38%	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 a vital development 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

The remodelling of Wimbledon station's platform 10 to include a new platform is at an advanced stage. A short section of the route will be closed from Dundonald Road to Wimbledon until early November 2015 while we complete the transformation.

The first of the new trams is nearing completion of a performance monitoring period before entering service. A second new vehicle has arrived in Croydon and will soon begin performance testing. (Post quarter end, testing is in progress.)



New tram vehicle, number 2560

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Wimbledon platform 10b in service	31-Mar-16	31-Mar-16	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
23.7	30.0	30.0	0.00-0.0%	

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

The Option Selection report has been accepted and the preferred option endorsed by TfL and Network Rail. The initial chapters for the environmental statement are under review. We have started delivery planning workshops to progress works staging, logistics and access requirements. Our supplier engagement day was attended by more than 180 representatives from the supply chain.

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
2.4	263.2	4.7	-258.5 ▲ -98.2%	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 (previously known as Improvements East and West Programme) covers works at 22 'on network' 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. Lift schemes at Manor Park, Seven Kings and Maryland have been issued out to tender as well as being submitted for planning. The installation of lifts at these stations by Rail for London (RfL) fulfils the requirement that all existing surface stations to the east are accessible for all. A contractor is expected to be appointed by January 2016.

Additionally, we issued the first package of station improvement works at Manor Park, Seven Kings and Ilford North to tender with a contractor expected to be appointed by November 2015.



Standard new footbridge to be provided at Manor Park and Seven Kings, with full height glazing requested by users to increase safety

Programme financial forecast

Spend to end Quarter 2 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
3.1	93.6	93.6	0.00-0.0%	

Crossrail rolling stock programme**Quarterly progress**

We completed our design for the physical elements of the new Class 345 rolling stock which, subject to RfL review, is on schedule for sign-off in November 2015. The pre-production car body is undergoing structural testing, which completed post quarter end, and the first production car body will be erected in early November. Factory testing of the first train is on schedule for March 2016, and the Derby test track has been extended in preparation.

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

Construction of the operations, maintenance and control building at Old Oak Common by Bombardier continues with steel framing and external cladding nearing 50 per cent completion. Handover of the first section of the depot in May 2017 is still on schedule.

Bombardier's train maintenance management teams are fully resourced and detailed planning is progressing to support Class 345 introduction into service from May 2017.



Old Oak Common operations, maintenance and control building structure

Programme financial forecast

Spend to end Quarter 2 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
153.5	1,093.8	1,093.8	0.00-0.0%	Liverpool Street station platform works have moved to a discrete profit centre and EFC and authority have both reduced accordingly.

Crossrail

Crossrail Limited (CRL)

Quarterly progress

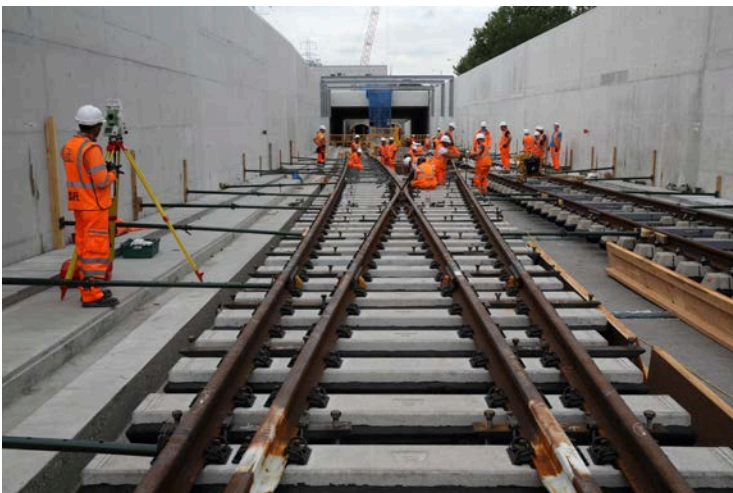
Crossrail remains on time and within the funding envelope of £14.8bn. Overall, the project is nearly 70 per cent complete. Circa £350m was spent in Quarter 2, at the end of which there is more than a 20 per cent chance that some of the £600m TfL contingency funding will be needed.

Canary Wharf Group plc completed the construction of Canary Wharf Crossrail station and handed over the ticket hall and platform levels to Crossrail Ltd. Work has begun on fit-out of the station with railway systems including signalling, overhead line power and platform screens.

Following the completion of tunnelling in Quarter 1, tunnel boring machines Elizabeth and Victoria were successfully dismantled under Farringdon, ahead of schedule. Platform secondary lining is 67 per cent complete. First stage concrete in the running tunnels is 73 per cent complete. Platform construction is 50 per cent complete and installation of the structures to support the platform screen doors has started at Bond Street and Tottenham Court Road. Crossrail's 465 metre concreting train arrived at the Plumstead railhead in August to commence operation in Quarter 3.

The £2.3bn modernisation of the existing rail network for Crossrail being undertaken by Network Rail is 50 per cent complete. Crossrail continues to work closely with Network Rail on the project-critical issue of signalling on Crossrail's western route. Network Rail has started work on improvements to Gidea Park station. Proposals for West Ealing station have been given the go-ahead by Ealing Council and work to overhaul Ealing Broadway station commenced in September.

We achieved the two key milestones forecast for Quarter 2. The remaining 2015/16 milestones are forecast to be achieved prior to their baseline late dates, with the majority tracking their baseline early dates.



Switches installation at Victoria Dock portal

Crossrail key milestones forecast

Milestones	Baseline early date	Baseline late date	Actual/forecast	RAG	Commentary
Completed Q2 2015/2016					
Access via Fisher Street to floating track slab west of Tottenham Court Road	01-Aug-15	01-Oct-15	08-Aug-15	Complete	
Final handover of Bond Street western ticket hall	31-Aug-15	25-Nov-15	25-Sept-15	Complete	
Scheduled 2015/2016					
Westbourne Park railhead established and ready for track installation	15-Nov-15	18-Dec-15	30-Nov-15	●	
Nine urban realm principal station consents obtained for central section	11-Nov-15	04-Feb-16	11-Nov-15	●	
European Train Control System completion of outline design	30-Nov-15	30-Nov-15	30-Nov-15	●	
Handover east and westbound running tunnels Victoria Dock portal to Stepney Green	30-Nov-15	25-Jan-16	30-Nov-15	●	
Access through Pudding Mill Lane portal for track delivery by Systemwide	01-Dec-15	11-Dec-15	01-Dec-15	●	
Network Rail – completion of Old Oak Common stage works	04-Jan-16	04-Jan-16	04-Jan-16	●	
Seven over-site development agreements signed by 31 March 16	30-Mar-16	23-Jun-16	26-Apr-16	▲	The forecast date has improved from Q1, with three agreements completed and one expected by the end of 2015. Work continues on the remaining three to secure agreement by 31 March 2016, however, this is an ambitious target as it includes a need to negotiate third party agreements.

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 redesign the way that Underground stations work so staff are more accessible and can focus on customer needs quickly and effectively, providing high levels of customer service.

To achieve this, the programme aims to update processes and ensure staff are equipped with the relevant knowledge and technology.

Quarterly progress

We are delivering the programme in three phases.

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

In Phase B, we will address the customer service transformation, which includes ticket hall changes (including relocation of staff), customer service training and providing mobile devices to staff. By the end of Quarter 2, approximately 3,000 staff had attended a five-day customer service training course and the programme closed 193 ticket offices. Following this transformation, customer satisfaction has improved at stations with increases in survey scores for staff helpfulness and availability.

In Phase C, we will deliver a new station staffing operating model for LU stations, improving processes throughout the operational organisation. We have started working on the exact approach to implementation. We are investigating a number of options including a phased approach, however, our intention remains that elements of the operating model, including at least one station cover group, will go live in February 2016. The final proposal, which includes any impacts on financial benefits that this may drive, is due to be agreed in November 2015.



Liverpool Street's new Visitor Centre, which opened in July 2015 as part of the Fit for the Future – Stations programme

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
First gateway station operating without ticket office	07-Sept-15	02-Sept-15	Complete		-9
Contract award for cash management solution at stations	01-Sept-15	20-Aug-15	Complete		8
Start distribution of new uniform for the main roll-out to station staff	02-Oct-15	01-Oct-15	Complete	Achieved post quarter.	-
All planned Visitor Information Centres open for business	09-Oct-15	24-Sept-15	Complete	Achieved post quarter.	-
Start first tranche roll-out of cash management equipment to stations	02-Nov-15	02-Nov-15	●		-10
All station staff formally contracted and notified of final working location	18-Dec-15	20-Nov-15	●		-
All relevant ticket offices converted to Passenger Operated Machine (POM) suites	22-Jan-16	25-Dec-15	●		-
All stations operating without ticket office (excluding ex-Silverlink stations)	29-Jan-16	18-Dec-15	●		13
All planned customer service training completed	26-Feb-16	19-Feb-16	●		-22
New station operating model go live	07-Mar-16	07-Feb-16	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
60.6	131.7	125.7	-6.0 ▲-4.6%	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.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Fit for the future – stations programme	53	67	14	21%	The forecast underspend is driven by built environment savings and rephasing of some training courses into 2016/17.

Information communication technology transformation

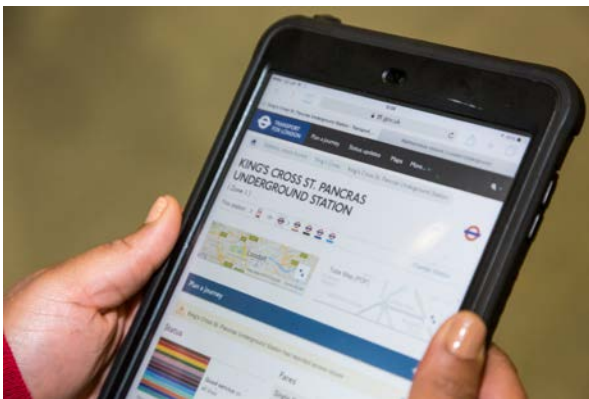
Overview

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 is progressing as planned. We have issued more than 3,500 staff with personal devices and the distribution rate continues to meet the needs of 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 commenced a feasibility study on the delivery of improvements to customer information provision on the relevant lines in advance of the Four Lines Modernisation.



Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Publish report and recommendations for review	25-Jul-15	25-Jul-15	Complete		-
Stage gate 5 – business go live (stations)	07-Feb-16	07-Feb-16	●		-

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Approval of strategy at Rail and Underground Board (RUB)	19-Sept-15	20-Nov-15	▲	It has been necessary to revise the draft data networking strategy to ensure the requirements of the large number of stakeholders are satisfied.	-62

Significantly late milestones

Milestone description	Current plan date	Variance to budget (days)	Variance commentary
ICTT Programme Board decision on next phase of implementation of remotely viewable station CCTV	30-Jun-14	-304	Following a review of the robustness of the commercial proposition, an alternative solution is currently being developed, with impacts to schedule and/or EFC to be determined.

Programme financial forecast

Spend to end Quarter 2, 2014/15 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
41.5	61.1	47.0	-14.1 ▲-23.1%	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.

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 enable 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

Phases 3 and 4 were given full authority in July 2015. We have defined Phase 3 requirements and started design and development.

We held Phase 4 workshops with our contractors to ensure we have a fully aligned set of business requirements and design solution allowing development work to start. Following customer research for the mobile ticketing app, we have produced prototypes to inform the design.

Phase 5 is planned to commence in 2020.



Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (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

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
1.8	45.8	44.3	-1.5 ▲-3.3%	A recent review identified that 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.

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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 outcomes to be delivered.

Asset Capital Programme (ACP)

Overview

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

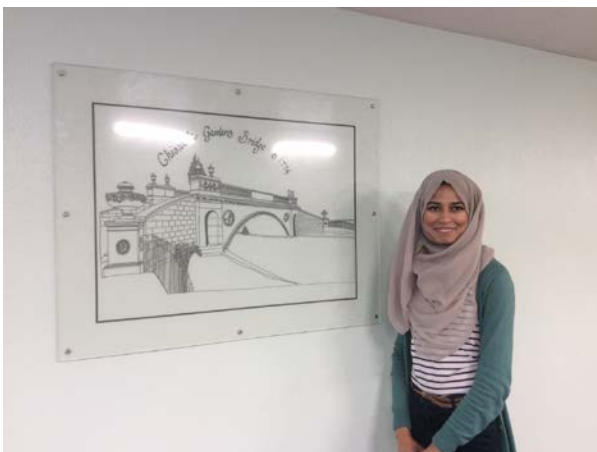
Quarterly progress

The programme is on target and the continued focus on data, processes and collaborative forward planning with our suppliers is improving delivery and will permit additional high priority works to be accelerated and delivered this financial year if the opportunity arises.

Our delivery included almost 155,000 square metres of carriageway resurfacing. Locations treated included the A100 Tower Bridge Road, A105 Burdett Road, A406 Fore Street Tunnel and A232 Cherry Hill Gardens. In addition, we re-laid almost 3,000 square metres of footway on the A23 Streatham High Road.

We completed tunnel renewal works on Fore Street (A406) and structural repairs on the A406 Woodheyes footbridge, Brook Road footbridge, the Duke of Northumberland's River footbridge and Dukes Avenue subway.

Other repairs included the renewal more than 50 lighting columns and the replacement of almost 1,400 conventional luminaires with energy efficient LEDs.



Dukes Avenue subway artwork by TfL apprentice Khadejah Begum, who volunteered her time to provide images for the subway. She commented: 'Being able to make my stamp on the project through my artwork has been fantastic – it's not something you get to do every day!'



23 Streatham High Street

Programme volume delivery

Output	Unit	Annual Target	YTD Actual	YTD Forecast	Commentary
Carriageway resurfacing	m ²	475,000	236,816	180,752	50% of annual target achieved.
Footway resurfacing	m ²	55,000	9,241	12,125	17% of annual target achieved.
Lighting columns	No.	550	214	221	39% of annual target achieved.
Luminaires renewed	No.	6,000	2,378	2,477	40% of annual target achieved.
Vehicle restraint barriers	km	17	2.1	0	12% of annual target achieved.
Structure renewals	No.	15	11	11	73% of annual target achieved.
Tunnel refurbishment	No.	10	4	4	40% of annual target achieved

Programme financial forecast*

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
52.5	100.5	93.6	-6.9 ▲ -6.9%	EFC increase due to lighting reprofiling to maximise energy reduction and brought forward funding for additional works, that have been assessed as necessary and provide value for money, to be delivered this financial year. Additional authority will be sought as part of 2016/17 funding request.

* Figures are for the 2015/16 financial year as ACP is a delivery portfolio that obtains authority annually.

EFC exceeds authority (more than 2.5 per cent)

Project name	RAG	% over	£m	Variance commentary
Asset Capital Programme	▲	-7%	-7	As above.

Significant changes in EFC this quarter (more than two per cent)

Project name	Project EFC (£m at Q2)	Change from Q1 2015/16	Variance commentary
Asset Capital Programme	101	-6%	As above.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Asset Capital Programme	101	94	-7	7%	As above.

Hammersmith flyover strengthening

Quarterly progress

We completed the final phase of the flyover strengthening works in September 2015. The refurbishment, which required engineers to work day and night for the past two years, means the flyover will be safe to use for decades and will require less regular maintenance work, resulting in reduced congestion and traffic delays.

We installed and tensioned 6.5km of new cables to restore the strength within the structure. We re-waterproofed and resurfaced the entire flyover and replaced all 34 bearings and expansion joints enabling movement up to 180mm in adapting to seasonal conditions.

We won two major industry awards for the project – the Institution of Civil Engineers London Special Award: Re-engineering London and the Chartered Institution of Highways & Transportation (CIHT)/Ringway Innovation Award.

The site will be cleared by December 2015.



Expansion joint installation at Hammersmith flyover

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Finish on site	31-Mar-16	31-Dec-15	●		49
Project close completed	31-Mar-17	31-Dec-16	●		-

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Stage 6 project close certificate issued	31-Mar-17	30-Dec-16	●	Not all construction risks were realised and the site completion date was brought forward, allowing the project close stage to be completed earlier.	90

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
89.1	91.1	101.1	10.0 ▼ 11.0%	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.

Significant changes in EFC this quarter (more than two per cent)

Project name	Project EFC (£m at Q2)	Change from Q1 2015/16	Variance commentary
Hammersmith flyover strengthening	91	6%	As above.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Hammersmith flyover strengthening	22	30	9	28%	As above.

Safety Camera Replacement Programme**Overview**

The programme's main objective is to maintain the existing road safety benefits currently realised by wet film cameras. Research shows that cameras can help to reduce the number of people killed or seriously injured (KSI) by as much as 58 per cent. These new cameras can also enforce against vehicles breaking the speed limit while going through green traffic lights, helping to further improve safety at junctions.

Quarterly progress

We have replaced 253 of 349 spot speed and 188 of 248 red light wet film cameras with digital ones, with the plan still on target to replace the remaining cameras by October 2016. These new digital cameras can monitor speed in both directions when located on the central reservation, providing a wider enforcement area. In addition, the first of four trial average speed corridors is close to completion on the A40. Enforcement is planned from the end of October 2015 (and post quarter end this began on 26 October as planned). The A406, A316 and A2 will follow during 2016, helping to further reduce KSIs on these roads.



New average speed cameras on the A40

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Replaced 62% in scope wet film red light cameras	30-Sept-15	21-Aug-15	Complete		40
Project close approved at Surface Board	31-Mar-17	31-Mar-17	●		-

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
38% of in scope wet film spot speed cameras replaced	30-Sept-15	25-Jul-15	Complete	We installed both spot speed and red light cameras using a single contractor, which allowed resources to be deployed efficiently to accelerate the original delivery schedule.	67

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
22.0	36.6	36.6	0.0-0.0%	

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.

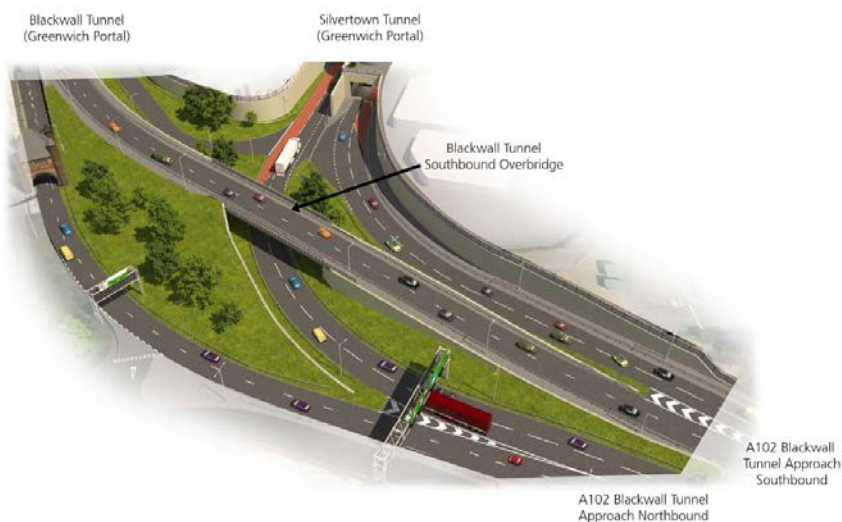
Quarterly progress

Public statutory consultation (PSC) was approved to commence on 5 October 2015.

The next stage in the procurement plan is to issue the Prior Information Notice in March 2016. An industry day is scheduled for May 2016 following the outcome of the PSC.

The proposal is for the project to be privately financed, and throughout the life of the concession these costs would be covered through user charges.

Further modelling work around the case for user charging has shown improvement in air quality impact, and air quality levels are therefore predicted to be within acceptable tolerances.



Silvertown Tunnel – Greenwich portal

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Launch statutory consultation	05-Oct-15	05-Oct-15	●	Achieved post quarter.	-7

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC (£m)	Authority (£m)	Variance to authority	Commentary
3.8	107.4	46.0	-61.4 ▲ -57.2%	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.

Significant changes in EFC this quarter (more than two per cent)

Project name	Project EFC (£m at Q2)	Change from Q1 2015/16	Variance commentary
Silvertown tunnel	107	-29%	As above.

Major highways 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 all road users and create a new and accessible public space. The £24m 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

We completed the second phase of works, the realignment of the kerblines on three of the roundabout's arms, to schedule on 1 October 2015.

The main highway work is scheduled for completion by summer 2016, with work on the public space within the new peninsula to be carried out after the Northern line station upgrade is completed in the early 2020s.



New widened carriageway at London Road junction

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Stage 6 project close certificate issued	31-Mar-21	31-Mar-21	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
6.1	24.4	24.4	0.0-0.0%	

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 'stand alone' schemes, 10 are larger capacity and reliability upgrade schemes, and 10 will be delivered through the Cycle Superhighways programme.

Better Junctions core programme

Quarterly progress

We introduced a new 'hold the left' innovative junction design on to London's road network when we completed the first of four junction realignments (Kennington Road/Kennington Park Road) on 28 July 2015. The new junction is designed to prevent cyclists being hit by left-turning traffic. Left-turning vehicles will be held back to allow cyclists to move straight ahead without risk, while cyclists will be held when vehicles are turning left.

We completed construction of the northbound segregated cycle track along Kennington Park Road from Oval LU station to Kennington Road and it was opened to the public on 28 August 2015. Our main construction works continue to schedule at Oval Triangle.

We commenced enabling works for Stockwell Cross in September. We submitted a funding request to Surface Board on 1 September, which was subsequently approved by the TfL Commissioner, and main construction works commenced as planned post quarter end on 5 October 2015.

We are progressing the detailed design (highway and urban realm) for Archway and are developing a construction schedule, including planning for utility diversions and enabling works, with our contractor.

We continue to prepare the Westminster Bridge South consultation documentation and materials, ahead of public consultation in early November 2015.

We are progressing feasibility design activities for Lambeth Bridge North and South, which will help identify a preferred solution.



Approach to the first 'hold the left' junction at Oval

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Stockwell gyratory – start of main works construction	15-Dec-15	05-Oct-15	●	Achieved post quarter.	43
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 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
21.0	61.1	30.4	-30.7 ▲ -50.2%	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.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Better Junctions core programme	13	20	8	37%	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 so far, with a number of new routes to be opened by 2016.

Cycle Superhighway programme

Quarterly progress

We continue to progress construction on the Superhighway routes:

- In August we completed construction of the Horseferry Road scheme on the CS3 upgrade and started construction of the Cable Street scheme, which is on schedule for completion by 6 November 2015
- Construction is 90 per cent complete on the Route 5 Inner (Oval to Pimlico). The section north of the river between Rampayne Street and Vauxhall gyratory, including Vauxhall Bridge, is open to cyclists travelling southbound. There is also a short section open to cyclists along Harleyford Road. We have completed work on the Network Rail arch. The track is on schedule to complete by 30 October 2015
- Construction is 60 per cent complete on Route 2 upgrade (Bow to Aldgate) and we have opened four short sections of the route to cyclists. Burdett Road junction was on schedule to open on 14 October 2015 and the section between Hartford Street to Harley Grove on 12 October 2015. We are due to complete the section connecting White Church Lane to Cambridge Heath junction on 4 November 2015. Overall, construction is on schedule to finish in April 2016
- Construction is 20 per cent complete on Cycle Superhighway Route 1 (Tottenham to the City) and work has begun along the A10 High Road and Pitfield Street. We started work at Apex Junction in August and construction is also underway along Lordship Lane and Philip Lane, with construction on schedule for completion in April 2016. When this route is delivered, it is expected that cyclists' journeys will be 12 minutes faster than using the adjacent busy A10 route
- Our design work continues to progress on Routes 4, 7, 8 and 11



New cycle track on A202 Vauxhall Bridge Road (Cycle Superhighways Route 5 Inner)

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
CS Route 2 upgrades: Completion of construction at Cambridge Heath junction	04-Sept-15	18-Aug-15	Complete		3
Completion of concept design	18-Dec-15	18-Dec-15	●		-
CS5 (Inner) completion of construction	08-Jan-16	30-Oct-15	●		-
CS4 start of detailed design	23-Feb-16	01-Dec-15	●		-
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: CS Route 4 Phase 3 (London Bridge to Tower Bridge)	22-Jun-19	30-Mar-19	●		-

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
CS11 start of public consultation	01-Feb-16	23-Nov-15	●	It has proved impossible to produce a design for the northern end of the CS11 route that meets the required standards. Delivery will therefore focus on the southern section (now named CS11 Inner). Consultation of CS11 Inner is scheduled for 23 November 2015 with detailed design starting early in 2016 and construction in autumn 2016.	-105

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
65.3	151.9	102.9	-49.0 ▲ -32.3%	Future routes not yet authorised (Routes 2, 4 and 5 extension).

North-South Cycle Superhighway

Quarterly progress

We are progressing construction on St George's Road from Elephant and Castle to the Lambeth Road junction, and on Blackfriars Road from St. George's Circus to The Cut. We commissioned the signals at St George's Circus on 19 August 2015.

We are coordinating construction work at Blackfriars junction with waterproofing work on the Victoria Embankment slip road and Thames Tideway diversion works. The first sectional cycle tracks from Elephant and Castle to Webber Street opened post quarter end on 13 October 2015.



Works in progress at St George's Circus

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
8.1	17.5	17.5	0.00-0.0%	

East-West Cycle Superhighway

Quarterly progress

We opened the westbound sectional cycle track between Derby Gate and Horse Guards Avenue on 28 August 2015 and completed large portions of segregation along the Victoria Embankment, with further sectional openings scheduled in November.

We also continue construction along Upper and Lower Thames Street, with the section from Fish Street Hill to Great Tower Street planned to open in November.

Design changes requested by The Royal Parks have delayed work along West Carriage Drive in Hyde Park, with a revised start planned for early November 2015.

We obtained the required permit and traffic management work approvals and construction in Parliament Square commenced on 19 October 2015 (post quarter end).



Newly opened section of cycle track between Derby Gate and Horse Guards Avenue

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
12.3	47.6	41.3	-6.3 ▲ 13.2%	EFC includes Phase 2 Westway costs, which do not yet have project authority for construction.

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Stage 6 close: East West Cycle Superhighway Phase 2 (Westway to White City)	30-Sept-17	30-Sept-17	●		-

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.

Approval has been given for 25 of the 95 Mini-Holland scheme proposals and consultations are either live or complete for 10 schemes.

Construction on the Meridian Water to Enfield Town Quietway started in Enfield, and Waltham Forest completed its first village scheme in the Pembroke Road area. A launch event was held in Walthamstow Village on 14 September 2015, attended by the Cycling Commissioner. Ruckholt Road is also substantially complete.

Construction on the North Kingston cycleway development has started. This will link with the NW1a Quietway route and will complete in 2016, along with the new residential and educational developments that will benefit from the Mini-Holland programme in Kingston.



Orford Road, Waltham Forest



Ruckholt Road cycle signals, Waltham Forest

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Construction complete of first Mini-Holland scheme in Waltham Forest	31-Oct-15	14-Sept-15	Complete		47
Project authority for future scheme design and delivery approved at Surface Board	31-Mar-16	03-Mar-16	●		-

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Quick win schemes in Enfield, Kingston and Waltham Forest have commenced	26-Jul-15	31-Aug-15	Complete	Enfield, Waltham Forest and Kingston have all commenced.	153

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
8.9	100.0	29.3	-70.7▲ -70.7%	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 2016/17 financial year will be sought from Surface Board in December 2015.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Mini-Hollands	18	25	8	31%	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 Cycling Grid

Quarterly progress

Construction continues on schedule, with 24 of the 125 schemes either complete or under construction and delivery gathering momentum towards the end of 2015. We received designs for 97 of the 125 schemes and 81 are approved.

Consultation has commenced for some of these priority links within the City of Westminster.

Alternative grid links in the City are being considered to maintain the integrity of the grid following concerns raised by Members of the City of London in this vital area, and construction is forecast to peak in January 2016. There is a focus on ensuring network capacity and contractor resources are available.

We are planning to seek authority for the next tranche of construction in March 2016.



Pancras Road, a London Borough of Camden scheme

Programme milestones forecast

Milestone	Current plan date	Actual/ forecast date	RAG	Commentary	Forecast change from Q1 (days)
Stage 3 – concept design complete for Transport for London Road Network (TLRN) schemes on Phase 2	26-Oct-15	28-Sept-15	●		-
Phase 3 delivery commencement	28-Oct-15	30-Sept-15	●	Achieved post quarter.	-
Phase 2 delivery completion	27-Feb-16	30-Jan-16	●		-
Phase 3 delivery completion	31-Dec-16	31-Dec-16	●		-
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.

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Phase 3 approval to commence construction	30-May-15	15-Mar-16	■	As above.	-290
Phase 3 design completion	15-Jun-15	30-Nov-15	■	As above.	-91

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC (£m)	Authority (£m)	Variance to authority	Commentary
8.5	54.0	16.7	-37.3▲ -69.1%	It is planned to return to Surface Board in February 2016 to request increase in project authority. This aligns with current spend forecast against existing authority.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Central London Cycling Grid	9	26	17	65%	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 Waterloo to Greenwich Quietway 1 (Q1) and the Bloomsbury to Walthamstow Quietway 2 (Q2). Both routes are expected to complete by early 2016, with the exception of the southern end of Q2, which was realigned by the Cycling Commissioner in August 2015. Construction was already underway and will continue to the original alignment as the new alignment will be included as part of the Central London Grid.

Construction is in progress on three of the eight London Borough of Lewisham Q1 schemes, although some delay has been encountered in achieving agreement to contractor's costs and programme. We are working to accelerate the remaining five schemes to achieve completion by the end of 2015. The Millwall Link, a Q1 major scheme, has received sign off from the land owner, Network Rail.

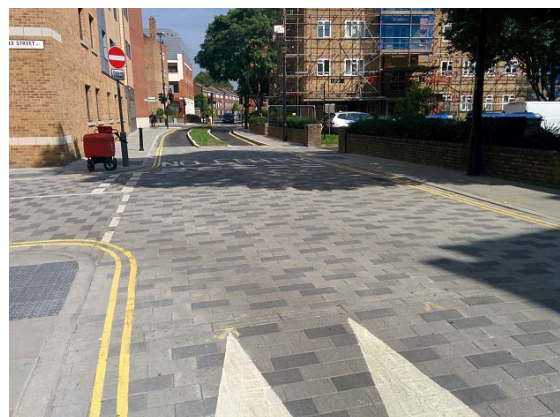
The next five Quietways, Q3 to Q7, will be delivered as a rolling programme, which is expected to complete by the end of 2016. Construction on Q3 has commenced.

Route rides with delivery partners and the Cycling Commissioner for 10 of 30 currently planned Quietway routes have taken place to agree interventions.

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



Stevenson Crescent, Q1



Globe Street, Q1

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Stage D programme close certificate issued	31-Mar-19	31-Mar-19	●		-

Significantly late milestones

Milestone description	Current plan date	Variance to budget (days)	Variance commentary
Completion of first two routes	28-Oct-15	-399	The Cycling Commissioner requested the realignment of the Q2 southern end within the Central London grid in Camden. Completion is expected in November 2016.

Significant quarterly milestones movement

Milestone description	Current plan date	Q2 forecast date	RAG	Movement commentary	Forecast change from Q1 (days)
Completion of first two routes	28-Oct-15	30-Nov-16	■	As above.	-427

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
5.8	121.7	14.6	-107.1 ▲-88.0%	Surface Board approval is being sought in November 2015 to request increase in project authority. This aligns with current spend forecast against existing authority (this authority is for construction of Q3 to Q7).

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Cycling Quietways	13	33	19	60%	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 both 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

Our delivery of the 2015/16 programme of works is on or ahead of schedule.

The 66 RMP bus mitigation schemes will be delivered across multiple partners, including more than 17 boroughs. We have delivered four and a further four are planned to start in Quarter 3. (Post quarter end, the London Borough of Southwark has delivered 14 schemes and the Royal Borough of Kensington and Chelsea has delivered one.) Consultation has completed for the Queenstown Road junction with Battersea Park Road scheme, with 80 per cent of respondents in favour.

We have held meetings with the boroughs delivering the RMP bus mitigation schemes and all schemes have been allocated. Southwark is planning to deliver 18 quick win schemes by the end of October 2015. We are actively supporting boroughs with insufficient resource to manage delivery of their schemes to maintain our delivery schedule.

We are ahead of schedule as three pilot and three reliability schemes are scheduled for delivery this financial year. Following results of the contaminated land survey at Brentfield Road, costs are likely to increase. The delivery of this pilot scheme is scheduled for 2015/16 as planned, subject to the business case outcome and the purchase of land. We started consultation for the Loampit Vale pilot scheme. The boroughs of Greenwich and Bexley continue to work on their pilot schemes, which are on schedule to complete in 2016/17.



Consultation image of Brixton Hill/St Matthew's Road with proposed 'keep clear' markings

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Stage 2 – feasibility complete for 20 RMP bus reliability schemes on TLRN	30-Aug-15	06-Aug-15	Complete		24
Stage 3 – concept design complete for pilot reliability schemes on TLRN	25-Jan-16	02-Nov-15	●		-
Stage 5 – reliability pilot schemes on TLRN completed	31-Mar-16	29-Feb-16	●		-
2016/17 Programme approved	31-Mar-16	31-Mar-16	●		-
Stage D programme close certificate issued	31-Mar-21	31-Mar-21	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
1.5	11.8	11.7	0.00-0.0%	Surface Board approved £8.08m of additional project authority in July 2015, giving an in-year project authority of £11.8m.

Significant changes in EFC this quarter (more than two per cent)

Project name	EFC (£m)	% change	Variance commentary
Bus Priority Delivery Portfolio	12	57%	EFC for 2015/16 is £11.8m as it is now recognised as an annualised programme and not £28.1m as previously stated in Q1, which was for two years.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
Bus Priority Delivery Portfolio	12	18	6	35%	Expenditure has been reprofiled as a result of continuing stakeholder consultation and now reflects the latest delivery programme.

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

We achieved the milestone to enable 600 sites on 30 September 2015. Enabling of 900 sites (cumulative) is expected to be completed ahead of the 30 June 2016 plan date. Lessons learnt have been introduced into business as usual delivery.



Installation of Split Cycle Offset Optimisation Technique (SCOOT) technology

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
600 sites enabled (cumulative)	28-Oct-15	30-Sept-15	Complete		-
900 sites available for enabling (cumulative)	30-Jun-16	05-May-16	●		-
900 sites enabled (cumulative)	30-Sept-16	05-Aug-16	●		-
1,200 sites available for enabling (cumulative)	30-Jun-17	05-May-17	●		-
1,200 sites enabled (cumulative)	29-Sept-17	04-Aug-17	●		-
1,500 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

Spend to end Quarter 2, 2015/16 (£m)	EFC (£m)	Authority (£m)	Variance to authority	Commentary
15.5	34.2	21.1	-13.1 ▲ -38.3%	Authority is less than EFC as the authority is being released in tranches. Post quarter end, full authority was approved on 29 September 2015 for the remaining tranches of work.

Significant changes in EFC this quarter (more than two per cent)

Project name	EFC (£m)	% change	Variance commentary
Road space management SCOOT	34	11%	Reduction in EFC as risk provision has been reduced by £3.4m as delivery risks have passed.

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

Once implemented, SITS will replace a number of existing systems in an integrated way. This is expected to result in a significant reduction in traffic delays by releasing more capacity from the road network and allocating it according to policy. We are investing in new sensors: to collect more information than currently possible; provide new methods of data sharing and storage; and enable new systems to access and use information.

Quarterly progress

TfL Board approved further project authority of £3.54m for this project on 24 September 2015, bringing the total authority to £5.8m. The funding will allow us to prepare for the procurement of replacements for several road space management systems. It will also cover the upgrading of LondonWorks – London's system for coordinating planned roadworks and events.

We held workshops with the sponsor and user community to agree the future SITS delivery model. This will form the basis for procurement options culminating in a procurement strategy in Quarter 3. We also started work to produce outcome-based requirements.

**Programme milestones forecast**

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Detailed business case approved	19-Nov-15	24-Sept-15	Complete		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
2.0	133.6	2.3	-131.3 ▲ -98.3%	The SITS programme is requesting project authority in stages. Post quarter end, the project authority increase to £5.8m was approved by TfL Board to enable the programme to release Official Journal of the European Union (OJEU) notices in May 2016.

Operations and environment portfolio

Directly supporting Surface Transport service delivery through contract re-let and business transformation, and delivering improvements to air quality, the natural environment, reducing carbon dioxide (CO₂) and the impacts of noise.

Congestion Charging operations

Renewing and improving the infrastructure behind our Congestion Charge (CC) scheme, including data systems and bailiff contract renewal.

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

Quarterly progress

Capita is continuing to develop and test the LRUC solution. System development challenges have been identified within the supply chain, which are delaying the planned completion of all system development. The impact of these challenges is being reviewed to determine if Capita's test schedule and the LRUC go-live will be affected.

Following the successful launch of the TENP solution on 22 June 2015, the service has stabilised and any known system issues are being addressed as part of Capita's business-as-usual defect resolution process.

The delivery date for additional TENP web functionality has been reviewed and is scheduled for delivery alongside the LRUC web solution in 2016.



Congestion Charge signage

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
CC/Low Emission Zone (LEZ) system development and configuration complete	28-Aug-15	29-Oct-15	▲	Forecast to achieve later than plan date to accommodate delivery of service-critical changes.	-
LRUC service proving complete	27-Jan-16	30-Dec-15	●		-
Business operations service go live	29-Feb-16	31-Jan-16	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
54.4	72.3	77.0	4.7 ▼ 6.5%	

Environment

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

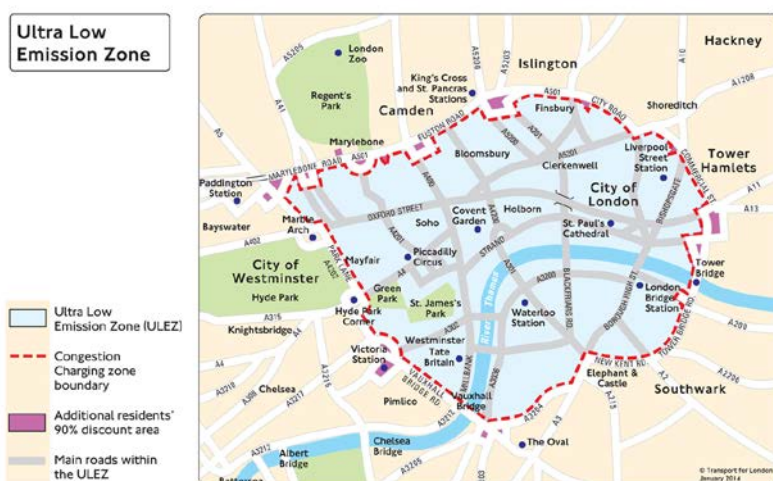
Ultra Low Emission Zone (ULEZ)

Quarterly progress

We continue to progress the scoping of a number of projects in advance of a project authority submission to the TfL Board in December 2015.

We developed options for the delivery of the rapid charging network and presented them to the Ultra Low Emission Zone (ULEZ) Programme Board. We are preparing a detailed briefing for the Greater London Authority (GLA) on how the delivery model may look, including potential charge point sites. The taxi grant and compensation work stream is preparing a paper on the options available to deliver this scheme. We conducted further risk analysis in conjunction with the budget review.

On completion of the taxi and private hire vehicle consultation on 25 August 2015, the TfL Commissioner agreed to revise the requirements to the taxi conditions of fitness and private hire vehicle prescribed requirements regulations, which will be implemented to facilitate delivery of the ULEZ.



ULEZ boundary map

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Submit application to TfL Board for project authority	17-Dec-15	17-Dec-15	●		-
Scheme live	07-Sept-20	07-Sept-20	●		-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
1.3	422.0	0.0	-422.0 ▲ -100.0%	The ULEZ programme will be seeking initial authority from 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

Following preferred single option selection in July 2015, we issued an OJEU notice and pre-qualification questionnaire (PQQ) to the market for the bike management and supply elements of the re-let. Evaluations of the bidder responses are taking place ahead of invitation to participate stage in November 2015.

We are coordinating the provision of refined pricing for the back office, on-street fixed assets, web/app and contact centre elements. This will inform a submission to the TfL Board in December 2015 to request procurement authority for some of the cycle hire services to be integrated into the Revenue Collection Contract (RCC).

A design study is taking place involving Serco (the incumbent) and Cubic (the RCC contractor). The main deliverables include: a plan for the disaggregation of the Serco services at transition; the interface specifications required among the future service providers and between them and TfL; and the potential early transfer of some services to reduce risk.



Docking stations will be managed by one service provider in the future and bikes managed and supplied by a bike management specialist

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Single option approved	28-Sept-15	30-Jul-15	Complete		32
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 2, 2015/16 (£m)	EFC £m	Authority £m	Variance to authority	Commentary
2.6	51.8	51.8	0.0-0.0%	

Significant changes in EFC this quarter (more than two per cent)

Project name	EFC (£m)	% change	Variance commentary
Cycle hire re-let	52	10%	A change in preferred option has taken place, which was endorsed by Finance and Policy Committee on 30 July 2015.

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 and making the existing fleet cleaner and greener.

New Routemaster**Quarterly progress**

We delivered 553 New Routemaster (NRM) buses into service by the end of Quarter 2. Routes 16 and Route 88 were successfully converted bringing the total number of routes using NRM buses to 16 and increasing the total number of Euro VI engine vehicles in service to 247.



New Routemaster in service on Route 9

Programme milestones forecast

Milestone	Current plan date	Actual/forecast date	RAG	Commentary	Forecast change from Q1 (days)
Delivery of 600 buses into service	31-Oct-15	31-Oct-15	●		-
Delivery of 800 buses into service	31-Jul-16	31-Jul-16	●	Plan date revised in line with delivery programme agreed with Wrightbus.	-

Programme financial forecast

Spend to end Quarter 2, 2015/16 (£m)	EFC (£m)	Authority (£m)	Variance to authority	Commentary
211.2	302.5	302.5	0.0-0.0%	EFC includes cost of the prototypes. There is no variance between EFC and authority.

Year end forecast vs budget (+/- £5m)

Project name	Year end forecast (£m)	Year budget (£m)	Variance (£m)	Variance %	Variance commentary
New Routemaster	104	110	6	6%	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

1.1 Our investment programme continues to perform well. In the year to date we have invested £1,448m, a variance of 3.2 per cent to budget. Over the full year we expect to invest almost £3bn on improvements, £15m less than budget and a variance of 0.5 per cent.

Table 1: Investment programme financials as of Quarter 2, 2015/16

TfL Group (£m)	Year to date		Full year 2014/15			
	Actual	Variance to budget	Quarter 2 forecast	Variance to Quarter 2 forecast	Variance to budget	
London Underground	560	69 ▲	1,341	7	34 ▲	2%
London Rail	118	(6) ▼	300	(0)	2 ▲	1%
Surface Transport	303	(25) ▼	694	5	29 ▲	4%
Corporate directorates	467	11 ▲	599	(4)	(49) ▼	(9%)
Total TfL investment	1,448	48 ▲	2,934	8	15 ▲	0%

Financial performance in the year to date

- 1.2 In the year to date, our investment programme is £48m lower than budget, largely due to timing differences of £49m, with project rephasing of £195m, partly offset by a central overprogramming provision – to adjust for optimism in project schedules – of £146m.
- 1.3 LU investment expenditure is £69m lower than budget in the year to date. This was due to £162m of rephased expenditure, the majority of which is still expected to be spent this year. Rephasing includes:
- From Four Lines Modernisation, £60m driven by: £27m for delays in identifying sufficient storage capacity for rolling stock spares and a mutually beneficial agreement to slow down train production; and £26m reflecting the alignment to the new ATC signalling contractor's schedule, which was awarded after the budget was completed; and alignment to the Platform Train Interface revised programme
 - From the Capacity Optimisation programme, £50m driven by: £18m 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 rephasing of activities within the World Class Capacity programmes including £12m for the Victoria line upgrade
 - From across the stations programme, £28m 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 a £94m overprogramming provision

Financial performance

- 1.4 London Rail capital expenditure was £6m higher than budget in the year to date. This was largely due to £3m of London Overground Capacity Improvement Programme (LOCIP) expenditure accelerated to earlier in the year and £2m for Trams mainly relating to tram purchase and the ticket vending machine project.
- 1.5 Surface Transport investment expenditure was £25m higher than budget in the year to date, due to £20m of project rephasing (which was more than offset by a £60m overprogramming provision), £8m of management contingency which has not been used and £3m of cost reductions. Key variances include:
- Structures and Tunnels investment amounting to £8m, including Highbury Corner bridge due to asbestos removal; Upper Holloway Bridge; Ardleigh Green Bridge delays due to difficulties in gaining Network Rail approval
 - A number of borough schemes amounting to £10m, including bus priority initiatives, Central London Cycling Grid and Quietways
 - We have also made cost savings of £3m on highway infrastructure projects, including Fore Street and Chiswick Bridge
- 1.6 Capital expenditure across shared services is £11m lower than budget, due to £11m of project rephasing, £6m net reclassifications, and cost reductions of almost £6m. Rephasing includes £6m for commercial development projects and a further £5m for IM systems improvements. Cost reductions are from a £6m contingency provision which is no longer required. In addition, we have reclassified some of our costs, with a net reclassification to capital expenditure of £6m, mainly for Lillie Bridge depot and Earls Court property development.

Forecast financial performance over the full year

- 1.7 Over the full year the variance to budget is expected to reduce to £15m, a variance of 0.5 per cent.
- 1.8 LU investment expenditure is forecast to be £34m lower than budget, with £188m of expenditure rephased to future years (partly offset by an overprogramming provision of £68m), and net cost increases of £86m, which are partly mitigated through additional external funding. Rephasing of £188m includes:
- £60m for the Northern Line Extension due to the impact of design changes
 - £34m on the Four Lines Modernisation programme driven by prolongation of the ATC programme and alignment of the forecast with the new contractor's programme
 - £38m rephasing on the Metropolitan Line Extension
 - There was also minor rephasing across a number of other projects totalling £56m, including infrastructure renewals, where costs have been re-aligned with a number of revised contractor programmes
 - Project rephasing was partly offset by the release of £68m of overprogramming
- 1.9 Alongside rephasing, there is a net cost increase of £86m including:
- £55m from the transfer of the Metropolitan line extension from Hertfordshire County Council to TfL, which is partly mitigated through new external funding
 - £38m for the Northern line upgrade programme due to a re-estimate of the scope required to deliver the project benefits
 - Other minor movements account for the remaining £7m cost reduction

- 1.10 LR capital expenditure for the full year is forecast to be only £2m – 0.5 per cent – lower than budget. This is due to an increase of £6m from the transfer of the Barking Riverside project from TfL Planning and subsequent rephasing to the project. This is more than offset by rephasing of £9m of expenditure into future years, including the Gospel Oak to Barking electrification project and DLR projects, the latter including North Route double tracking and Limehouse escalators.
- 1.11 Over the full year Surface Transport's investment expenditure is £29m lower than budget, due to £115m rephased to future years, with some slippage from borough-related works delayed due to external resource constraints. Other rephasing includes significant slippage on Wandsworth gyratory, Transforming Streets and Places, Highbury Corner and Surface Intelligent Transport System (SITS). The introduction of New Routemaster buses has been rephased to spread deliveries into the fleet more evenly. Project rephasing has been partly offset by an overprogramming provision of £106m. In addition, we made cost reductions of £18m including £6m from Cycle Hire Re-let relating to intellectual property rights and risk release, £5m from the Hammersmith flyover strengthening and £15m from a reduction in management contingency which we no longer expect to use. These have been partly offset by costs increases of £12m, including £3m for ULEZ, £3m on the River Action Plan due to the change in design and modifications of Bankside and Westminster Piers and £2m on the Silvertown Tunnel mainly for project management costs.
- 1.12 Over the full year, shared services capital expenditure is expected to be £49m higher than budget. This is due to £30m of net operating costs from commercial development that have now been reclassified as capital expenditure, including Retail and Arches project and Earls Court, and £10m for business development activities re-profiled from 2014/15.

Table 2: Causal analysis of investment programme variances, 2015/16

Financial variance (£)	Year to date variance to budget	Latest full-year forecast variance to budget
Timing differences		
Investment rephasing	195 ▲	293 ▲
Overprogramming	(146) ▼	(159) ▼
Investment acceleration	0 ▼	(7) ▼
Reclassification	(6) ▼	(30) ▼
Total timing differences	43 ▲	97 ▲
Underlying differences		
Cost increases	(2) ▼	(114) ▼
Cost decreases	11 ▲	34 ▲
Other	(4) ▼	(2) ▼
Total underlying differences	5 ▲	(82) ▼
Total movements	48 ▲	15 ▲

Variance definitions and key

Programme financial forecast

This report shows variance the between authority and estimated final cost (EFC). A negative value indicates that the EFC is greater than authority, while a positive value that the authority is greater than EFC. The direction of the triangle indicates whether the EFC is greater or lower than authority value. Where there is commercial confidentiality variances are removed and marked *.

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 decisions need to be made regarding delivery

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 accordance with the key below.

Discrete projects	Status
On time or early	●
1-89 days late	▲
>=90 days late	■

Significant 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 acceleration to the programme.

Significant quarterly milestone movements

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

EFC exceeds authority (more than 2.5 per cent)

This is where projects are fully authorised but the EFC exceeds authority by more than 2.5 per cent. Projects that are only partially authorised are not classified as being in excess of authority and will not be shown. For example, those only in the feasibility stage, or where EFC has increased with authorised additional scope.

Significant changes in EFC this quarter (more than two per cent)

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

Year end spend forecast vs budget

This report identifies 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.