AGENDA ITEM 4

TRANSPORT FOR LONDON

FINANCE COMMITTEE

SUBJECT: **TfL OPERATIONAL AND FINANCIAL REPORT – THIRD QUARTER 2008/09**

DATE: **27 JANUARY 2009**

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1 PURPOSE AND DECISION REQUIRED

1.1 The Operational and Financial report for the third quarter of 2008/09 (14 September 2008 - 06 December 2008) is attached to inform the Finance Committee of Transport for London's performance.

1.2 This report will be considered by the Board at its meeting on 10 February 2009.

2 RECOMMENDATION

2.1 The Committee is asked to NOTE the contents of this report.

3 CONTACT

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The operating year 2008/09 comprises four quarters. Quarter one to three each cover three operating periods of four weeks. Quarter four covers four operating periods of four weeks. The dates are as follows:

Quarter one:	1 April 2008 - 21 June 2008	(Operating periods 1-3)
Quarter two:	22 June 2008 - 13 September 2008	(Operating periods 4-6)
Quarter three:	14 September - 6 December 2008	(Operating periods 7-9)
Quarter four:	7 December 2008 - 31 March 2009	(Operating periods 10-13)

This report details the operational and financial performance for quarter three, 14 September 2008 – 6 December 2008, and covers operating periods seven to nine.

Operational and Financial Performance Report

Third Quarter, 2008/09 (14 September 2008 – 6 December 2008)

Performance Summary

Quarter three continued to build upon the passenger growth of 2007/08. 830 million passengers travelled on the Transport for London (TfL) network during quarter three 2008/09, 2.8 per cent more than last year.

London Underground: Demand on the Underground continues to grow, although at a slower rate than earlier in the year. Passengers made 265 million journeys, 1.5 per cent more than last year but 2.4 million fewer than target. Service performance remained strong; 96.6 per cent of scheduled services were operated in the quarter, 1.5 percentage points higher than target and excess journey time was 0.4 minutes better than target.

London Buses: Bus passengers made 541 million journeys in the quarter, 17.9 million more than the previous year and 1.8 million more than target. 96.6 per cent of scheduled bus services were operated in quarter three, 0.3 percentage points lower than target. Excess wait time, at 1.3 minute, was 0.1 minute better than target.

Docklands Light Railway (DLR): DLR passengers made 15.2 million journeys, 2.2 million fewer than target largely due to the engineering blockades and weekend closures. 97.7 per cent of scheduled services operated, 0.3 percentage points lower than target.

Financial performance: Year to date TfL operating income was £18 million lower than budget and TfL operating expenditure was £104 million lower than budget. Capital expenditure (after overprogramming and third party reimbursements) was £271 million lower than budget in the year to date.

Performance Summary – Performance Indicators

2008/09		Quarter 3				Full Year			
Key Performance Indicator	**Unit**	**Actual**	**Target**	**Var**	**PY**	**Forecast**	**Target**	**Var**	**PY**
Service Demand									
Passenger Journeys - TfL Group (excl London Overground)	m	830.2	835.2	(5.0)	807.4	3,425.6	3,456.7	(31.1)	3,345.7
Passenger Journeys - LU	m	264.5	266.9	(2.4)	260.7	1,093.2	1,120.0	(26.8)	1,072.5
Passenger Journeys - Buses	m	541.3	539.5	1.7	523.4	2,233.7	2,233.8	(0.1)	2,176.1
Passenger Journeys - DLR	m	15.2	17.4	(2.2)	16.1	67.1	71.1	(4.0)	66.6
Total Trips - Dial a Ride	'000s	281.5	336.5	(55.0)	268.9	1,200.0	1,400.0	(200.0)	1,127.4
Cycle usage on TLRN (Index Mar 2000 = 100)	Index	219.4	211.7	7.7	194.9	208.0	205.0	3.0	190.8
Service Provision (Supply)									
% Scheduled Services Operated - LU	%	96.6	95.1	1.5	94.6	95.5	95.1	0.4	94.8
Train Kilometres Operated - LU	m	16.3	16.0	0.3	16.4	70.6	70.2	0.4	70.5
% Scheduled Services Operated - Buses	%	96.6	96.9	(0.3)	96.8	97.4	97.6	(0.2)	97.5
Bus Kilometres Operated - Buses	m	110.5	109.4	1.1	108.2	479.1	474.4	4.7	468.2
% Scheduled Services Operated - DLR	%	97.7	98.0	(0.3)	99.5	98.0	98.0	-	99.1
Train Kilometres Operated - DLR	'000s	810.0	1,037.0	(227.0)	1,035.0	4,042.0	4,493.6	(451.6)	4,442.9
No. of Taxi Drivers Licensed - PCO	'000s	24.7	24.7	0.0	24.7	24.7	24.7	-	24.7
No. of Private Hire Drivers Licensed - PCO	'000s	54.0	46.3	7.7	45.7	53.0	46.7	6.3	48.3
Reliability									
Excess Journey Time (Weighted) - LU	Mins	7.1	7.5	(0.4)	8.4	No forecast	7.5	-	7.8
Excess Wait Time, High Freq Routes - Buses	Mins	1.3	1.4	(0.1)	1.3	1.1	1.1	(0.0)	1.1
On Time Performance - DLR	%	91.3	96.0	(4.7)	97.7	96.0	96.0	-	97.3
On Time Performance (PPM Moving Annual Average) - LO	%	92.1	91.7	0.4	Not available	91.7	91.7	-	Not available
Customer Satisfaction									
Overall Customer Satisfaction - TfL Group	Score	80.4	78.3	2.1	79.1	No forecast	78.3	-	78.8
Overall Customer Satisfaction - LU	Score	79	78	1	76	No forecast	78	-	77
Overall Customer Satisfaction - Buses	Score	81	78	3	80	No forecast	78	-	79
Overall Customer Satisfaction - DLR	Score	89.5	90.0	(0.5)	97.8	90.0	90.0	-	97.5
Overall Customer Satisfaction - London Overground	Score	75	-		Not available	No forecast	-	-	Not available
People									
Number of Staff - TfL Group (excl Metronet)	FTE	21,768	21,910	(142)	21,718	21,823	22,030	(207)	21,848
No of Temporary Contractors - TfL Group (excl Metronet)	FTE	1,461	1,035	426	1,537	1,241	1,113	128	1,459
Number of staff - Metronet	No of staff	6,519	6,889	(370)	n/a	7,010	6,770	240	n/a
Numer of Temporary Contractors - Metronet	No of staff	1,530	1,749	(219)	n/a	1,712	1,547	165	n/a
KPIs excluding Metronet									
No of Temporary Contractors - TfL Group over 12 months service	FTE	528	515	13	538	487	467	20	482
No of days sickness absence per employee: TfL Group	Days	4.5	4.8	(0.3)	4.8	9.4	10.2	(0.7)	10.3
Women Staff - TfL Group	%	24.6	24.6	0.0	23.9	24.5	24.9	(0.4)	24.3
BAME Staff - TfL Group	%	34.7	29.0	5.7	34.2	34.6	29.0	5.6	34.4
Disabled Staff - TfL Group	%	6.2	6.7	(0.6)	6.7	6.4	6.7	(0.3)	6.4
Women Staff in Senior Mgt - TfL Group	%	21.4	21.5	(0.1)	20.9	20.5	21.9	(1.4)	21.2
BAME Staff in Senior Mgt - TfL Group	%	12.0	13.3	(1.4)	11.9	12.4	13.8	(1.4)	12.2
Disabled Staff in Senior Mgt - TfL Group	%	4.9	5.0	(0.1)	4.6	5.0	5.2	(0.2)	4.4

GREEN: better than or equal to target; AMBER : within 5% of target; RED : 5% or more worse than target

Notes:

Tables may be subject to rounding errors.

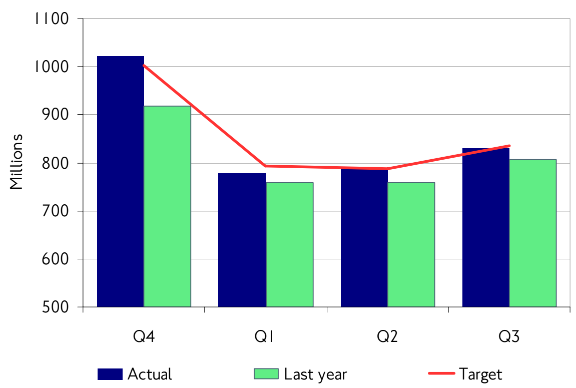
FTE = Full Time Equivalents

+ Due to the reporting process and nature of road traffic accident data the latest data available is for August 2008.

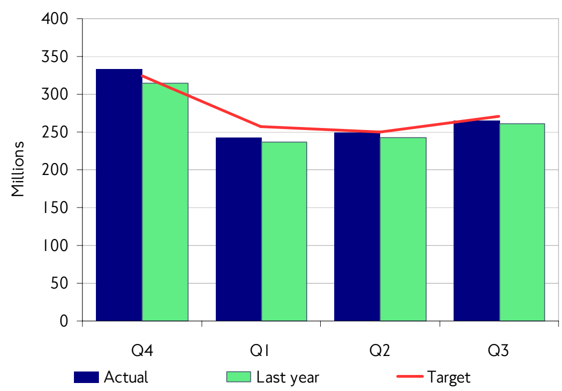
Service Demand

1.0 Following on from record levels of demand in 2007/08, the number of journeys made by passengers across the TfL network continues to grow in 2008/09. In quarter three, passengers made 830.2 million journeys, 22.8 million (2.8 per cent) more than last year although 5.0 million (0.6 per cent) lower than target. In the year to date, passengers made 2,415.6m journeys. This was 69.6m (2.9 per cent) more than last year, but 21.1m (0.9 per cent) lower than target. This total does not include passenger numbers for London Overground.

Total Passenger Journeys – Transport for London (excluding London Overground)



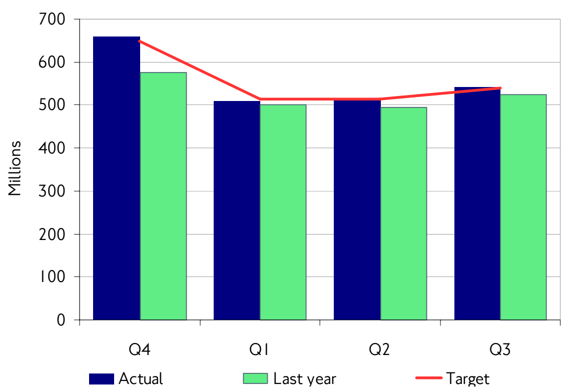
Passenger Journeys – London Underground



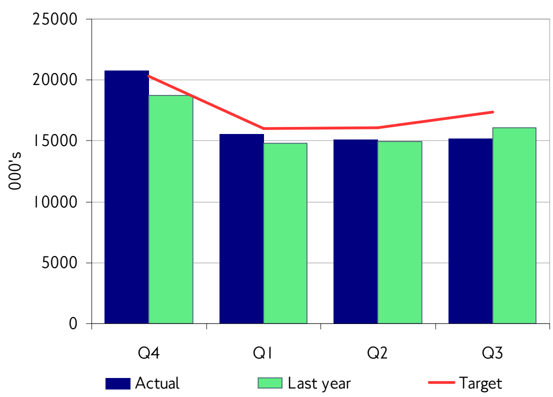
1.1 Demand on the Underground continues to grow, although the rate of growth shows signs of slowing. In quarter three, there were 264.5 million passenger journeys, an increase of 1.5 per cent compared with the third quarter of 2007/08. The last 4-week period in the quarter, period 9, is normally the busiest of the year having recorded the highest number of passenger journeys in a standard 4-week period for each of the last five years. This year, however, passenger journeys in period 9 were marginally down on the previous 4-week period and practically unchanged from period 9 of last year, possibly affected by the timing of the Christmas holiday. For the year to date, passenger journeys at 756.8 million journeys are 16.7 million (2.3 per cent) higher than last year but 16.9 million below target. Passenger demand in the first week of period 10 was strong.

1.2 **Ticket mix on the Underground:** At the end of quarter three, 2.8 per cent of Underground passenger journeys were cash fares, down from 3.3 per cent in quarter three last year. Oyster pay-as-you-go (PAYG) journeys comprised 34.2 per cent of all Underground journeys compared to 29.1 per cent a year ago.

Passenger Journeys – London Buses



Passenger Journeys – Docklands Light Rail



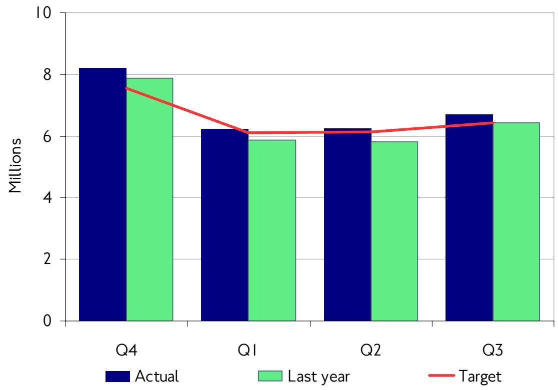
1.3 Demand for bus services remains buoyant. Bus passengers made 541.3 million journeys in the quarter. This represented an increase of 17.9 million journeys, or 3.4 per cent, compared to

2007/08 and 1.7 million (or 0.3 per cent) more than target. Bus passengers made 1,563.8 million journeys in the year to date, 46.1 million (3.0 per cent) more journeys than last year and 2.4 million less than target.

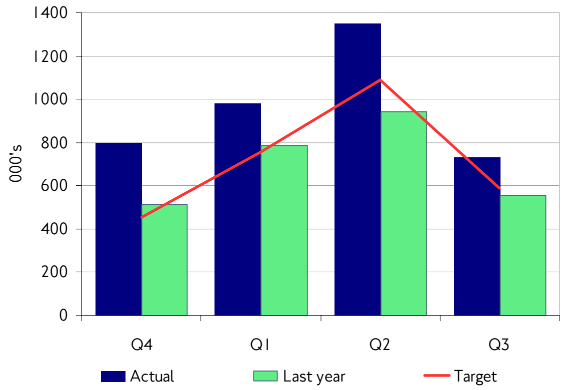
1.4 **Ticket Mix on London Buses:** On the bus network, cash single fares accounted for 1.5 per cent of all journeys (1.6 per cent including roadside ticket machines) compared to 1.8 per cent (excluding roadside ticket machines) in quarter three 2007/08. Oyster PAYG fares comprised 18.8 per cent of all bus journeys (16.0 per cent last year).

1.5 In quarter three, DLR passengers made 15.2 million journeys, 0.9 million or 5.6 per cent less than last year. There were 2.2 million, or 12.5 per cent, fewer journeys than target due to the recent blockades and weekend line closures for engineering works, which were not included in the budget, and the closure of Tower Gateway station until 2009. DLR passengers made 45.8 million journeys in the year to date which was the same as last year but 3.8 million journeys, or 7.7 per cent, less than target.

Passenger Journeys – London Trams



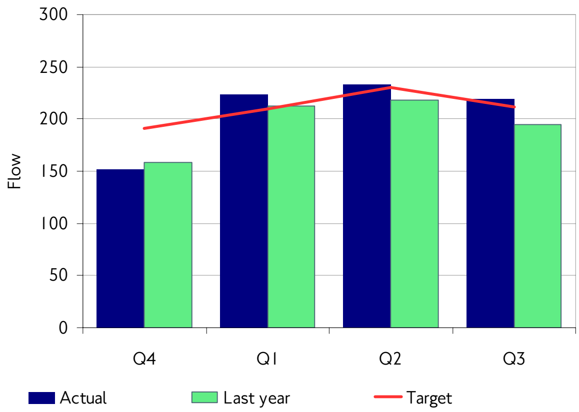
Passenger Journeys – London River Services



1.6 Tram passengers made 6.7 million journeys in quarter three. This was 0.3 million or 4.4 per cent higher than target and last year.

1.7 Passengers made 0.7 million journeys on London's river services during the quarter. This was 0.1 million or 23.9 per cent more than target. This was due to the introduction of a successful all-day and evening service by Thames Clippers, which has run between the London Eye and the O2 venue since November 2007. In the year to date, passengers made 3.1 million journeys. This was 0.7 million, or 29.1 per cent, more than target.

Cycle flow on the TLRN



Cycling

1.8 In quarter three, the index of cycle flows on the TLRN (TfL road network) stood at 219.4, 7.7 points higher than target. This represents an increase of 12.6 per cent compared to the same quarter last year when the index had a value of 194.9. In the year to date the average index of cycle flows on the TLRN was 225.5, 8.2 points higher than last year. The level of cycle flows observed is consistent with an overall ambition to increase cycling to a level such that by 2025, cycling will equate to a 5 per cent mode share of all journey trips.

Traffic

1.9 In quarter three, 97.9 per cent of London's traffic signals were working effectively, 0.9 percentage points more than in quarter two, but 1.2 percentage points below the target of 99.1 per cent.

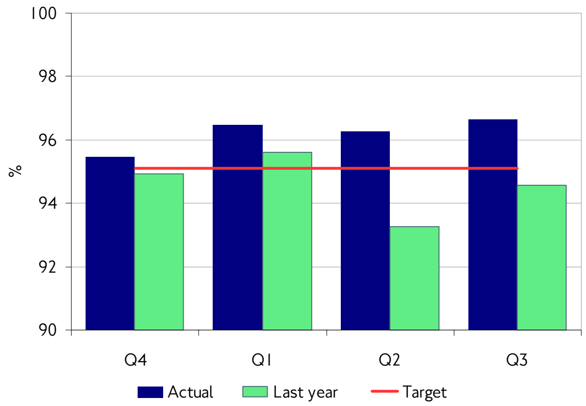
1.10 Traffic levels in London (average weekday flow over 24 hours) have a distinct seasonal pattern and show consistent levels within that seasonal pattern year-on-year. In quarter three:

- The 24 hour weekday traffic flows in central London are 2.4 index points lower than last year.
- The average 24 hour weekday traffic flows in inner London are 4.8 index points lower than last year.
- The average 24 hour weekday traffic flows in outer London are 5.5 index points lower than last year.

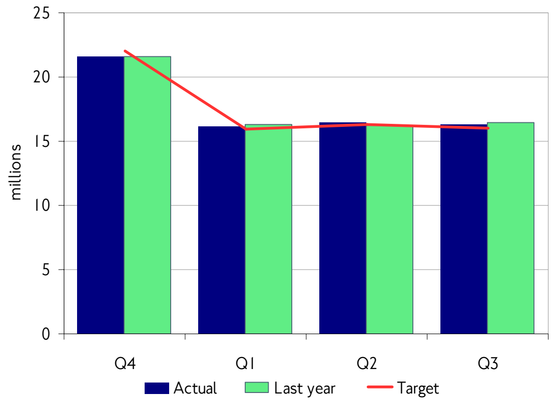
1.11 In quarter three, 98.6 per cent of TLRN emergency call-outs were attended within one hour. This was 0.6 percentage points better than target. In the year to date, 98.8 per cent of emergency call-outs have been attended within one hour, 0.8 percentage points higher than target.

Service Provision

Scheduled Services Operated – London Underground

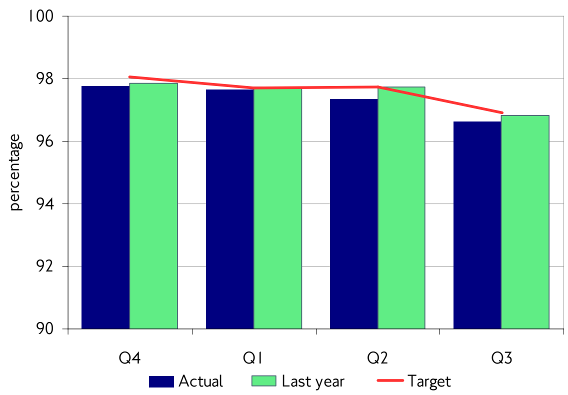


Train Kilometres Operated – London Underground

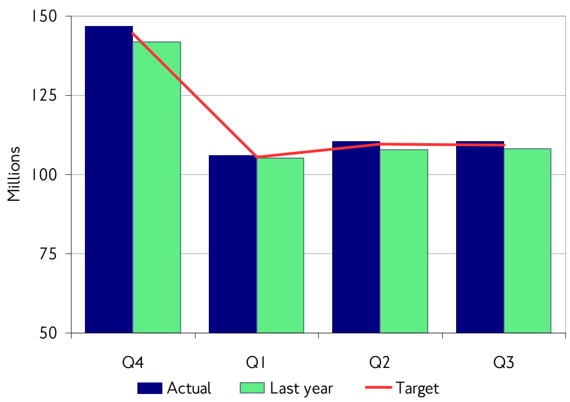


2.0 96.6 per cent of scheduled services were operated on the Underground in quarter three. This was 1.5 percentage points higher than target and 2.0 percentage points better than in the third quarter of last year. Performance has now bettered target in all three quarters of the year to date, averaging 96.5 per cent of schedule which is 1.4 percentage points higher than target and 1.9 percentage points higher than over the first three quarters of last year. The Northern was once again the best performing line in the quarter, averaging 97.9 per cent of schedule, while the District, Metropolitan, Piccadilly and Victoria lines also operated more than 97 per cent of their scheduled train kilometres. The Waterloo & City line recorded a shortfall against its target for the quarter, cancellations due to late running and rolling stock defects being the main causes of service losses. As noted in last quarter's report, a new timetable introduced from 12 January 2009 is expected to improve performance on this line. The strong network performance is reflected in the number of train kilometres operated which, at 16.3 million in the quarter, were 0.3 million above target, but and 0.1 million less than in quarter three of last year. In the year to date, 48.9 million kilometres were operated. This was 0.7 million more than target and level with last year.

Scheduled Services Operated – London Buses



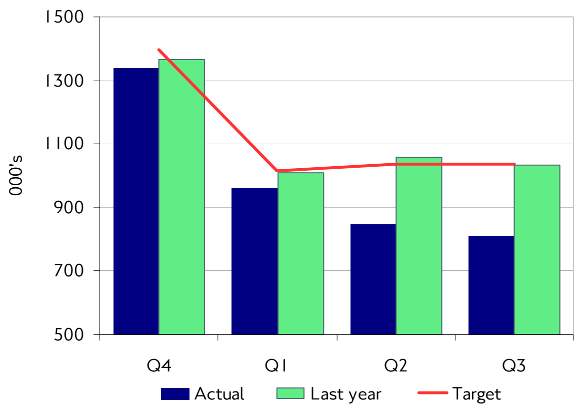
Kilometres Operated – London Buses



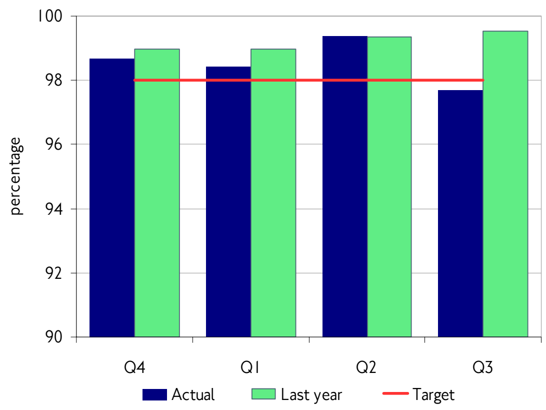
2.1 During the third quarter, 96.6 per cent of scheduled bus services were operated, 0.3 percentage points lower than target and 0.2 percentage points lower than last year. This deterioration was wholly attributable to industrial action by drivers at First and Metroline, which resulted in lost kilometres due to staffing being 0.4 percentage points worse than target. Losses due to traffic delays were in fact 0.1 percentage points better than target in quarter three, although roadworks in Richmond and Notting Hill Gate did cause severe delays to services. The impact of industrial action by drivers is also reflected in the year to date results with 97.2 per cent of scheduled bus services operated, which was 0.3 percentage points lower than target and 0.2 percentage points lower than last year.

2.2 London Buses operated 110.5 million kilometres, an increase of 2.3 million kilometres (2.1 per cent) compared to last year and 1.1 million kilometres (1.0 per cent) more than target. In the year to date, London Buses operated 327.3 million kilometres, an increase of 5.9 million compared to last year (1.8 per cent) and 2.9 million more than target (0.9 per cent).

Train Kilometres Operated – Docklands Light Rail

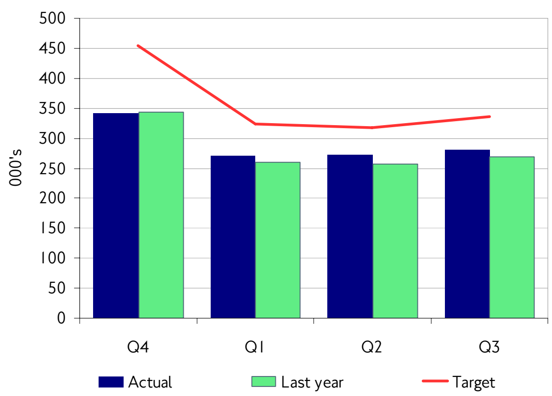


Percentage of Schedule Operated – Docklands Light Rail



2.3 The DLR operated 810,000 kilometres in quarter three, 21.9 per cent fewer than target and 21.7 per cent fewer than last year. The variance to target was due to the engineering work to facilitate the DLR 3 car upgrades, the extent of which was greater than anticipated when the budget was set. DLR operated 2.6 million kilometres in the year to date, 15.7 per cent lower than last year and 15.2 per cent lower than target. This was due to the recent blockades and weekend line closures for engineering works, which were not included in the budget, and the closure of Tower Gateway station until 2009. During the third quarter, 97.7 per cent of scheduled services were operated on the DLR. This was 0.3 percentage points lower than target and 1.8 percentage points less than last year. In the year to date, 98.5 per cent of the DLR schedule was operated. This was 0.5 percentage points higher than target, but 0.8 percentage points less than last year. A new schedule was introduced in the period and there were problems with upgraded system management software, which are being addressed with the franchisee.

Number of trips- Dial-a-Ride

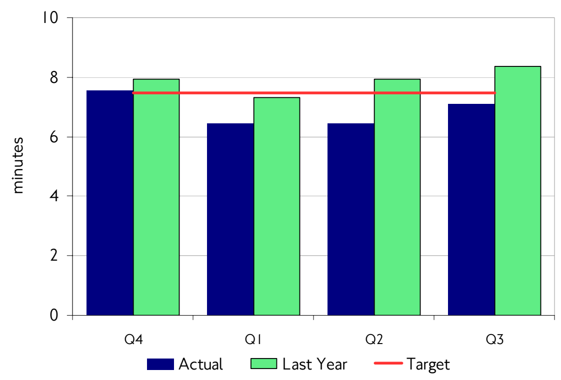


2.4 In quarter three, Dial-a-Ride operated 281,500 trips, 4.7 per cent more than the same quarter last year, but 55,000 trips (16.3 per cent) lower than target. In the year to date, 824,000 trips were operated. This was 154,000 (15.7 per cent) lower than target, but 39,000 (5.0 per cent) more than 2007/08. Performance was adversely affected by the delayed migration of the local booking systems to the centralised management control centre. The target assumed earlier migration followed by steady growth. The centralisation process was successfully completed on 1 September. It is anticipated that trip numbers of 1.4 million will be achieved in 2009/10, as customers become accustomed to new booking systems, system stability improves and operational efficiencies are derived from journey pattern data.

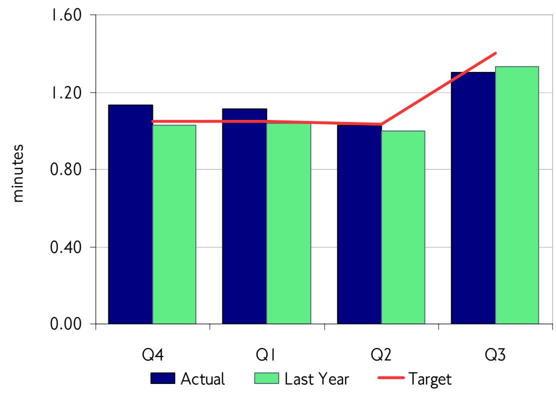
2.5 There were 24,737 licensed taxi drivers at quarter end, 37 more than target. The number of licensed private hire drivers was 53,970 at the end of quarter three, 7,670 more than target.

3.0 Excess journey time on the Underground averaged 7.1 minutes over the quarter. This was 0.4 minutes better than target and 1.3 minutes better than last year. Excess journey time has remained within target throughout the year to date, averaging 6.7 minutes which is 0.8 minutes better than target and 1.2 minutes better than last year. Overall journey time (scheduled plus excess) has averaged 44 minutes over the year to date, an improvement of 0.6 minutes compared with last year.

Excess Journey Time – London Underground

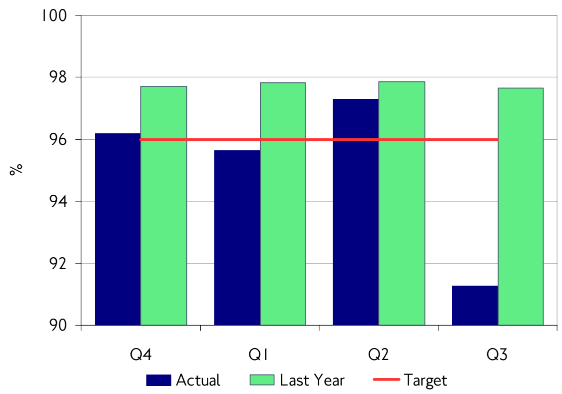


Excess Wait Time: High Frequency Routes – London Buses

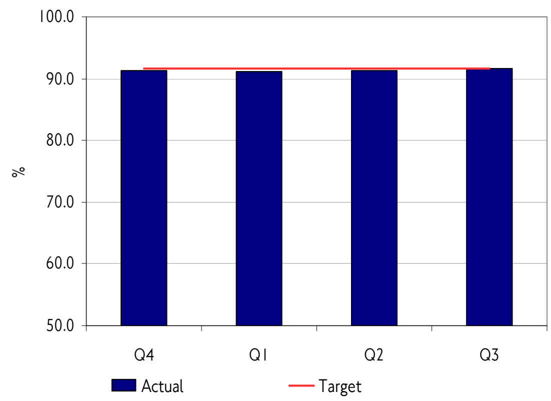


3.1 During the third quarter, excess wait time on London buses averaged 1.3 minutes. This was 0.1minute better than target and in line with last year. The third quarter target for excess wait time allows for the effect of more challenging driving and weather conditions. This is also an encouraging performance given the traffic disruption in London as a result of utilities works.

On Time Performance – Docklands Light Rail



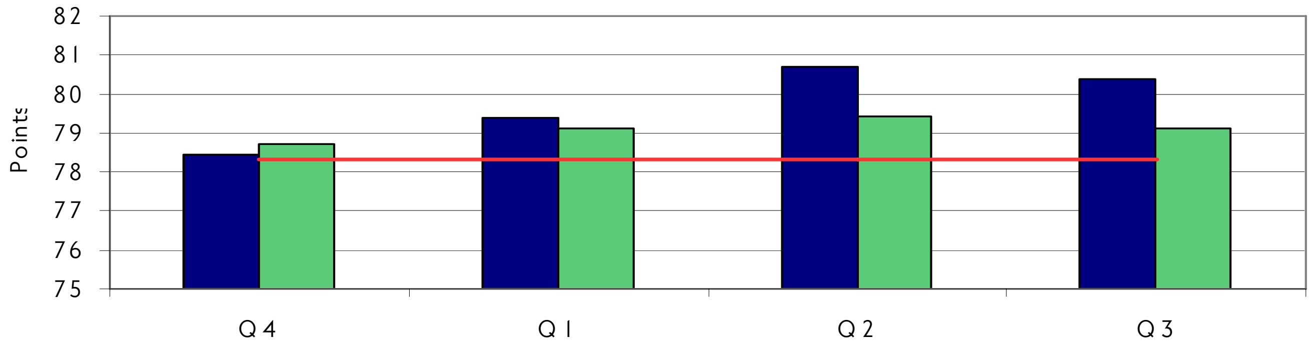
Public Performance Measure – London Overground



3.2 In the third quarter, 91.3 per cent of DLR trains were on time. This was 4.7 percentage points lower than target and 6.4 percentage points worse than last year. Performance has been adversely affected by engineering and improvement works, the impact of which will continue into next year. Average on time performance in the year to date was 94.7 per cent, 3.1 percentage points worse than last year and 1.3 percentage points lower than target.

3.3 The London Overground Public Performance Measure (PPM) is the percentage of trains arriving at their destination within 5 minutes of the arrival time stated in the current timetable. The moving annual average for PPM at the end of quarter three was 92.7 per cent, 1.0 percentage point better than target and 1.6 percentage points above last year. The score was adversely affected by performance in period 9 which was affected by unusually poor levels of service punctuality and reliability. Actions have been agreed with Network Rail to tackle infrastructure failures, to resolve rail freight regulation issues and to improve service recovery.

Customer



4.1 The TfL group customer satisfaction score for quarter 3 was 80.4, which was 1.1 point higher than target and 1.3 points higher than last year. This is due to the improved scores of London Underground and London Buses.

4.2 The overall customer satisfaction score for London Underground in quarter 3 was 79. This was 1 point higher than target and 3 points higher than last year. LU achieved a high score for the helpfulness of public address announcements with 80 points, which was 2 points better than last quarter and for the helpfulness of station staff with a score of 88, which was 3 points better than last year.

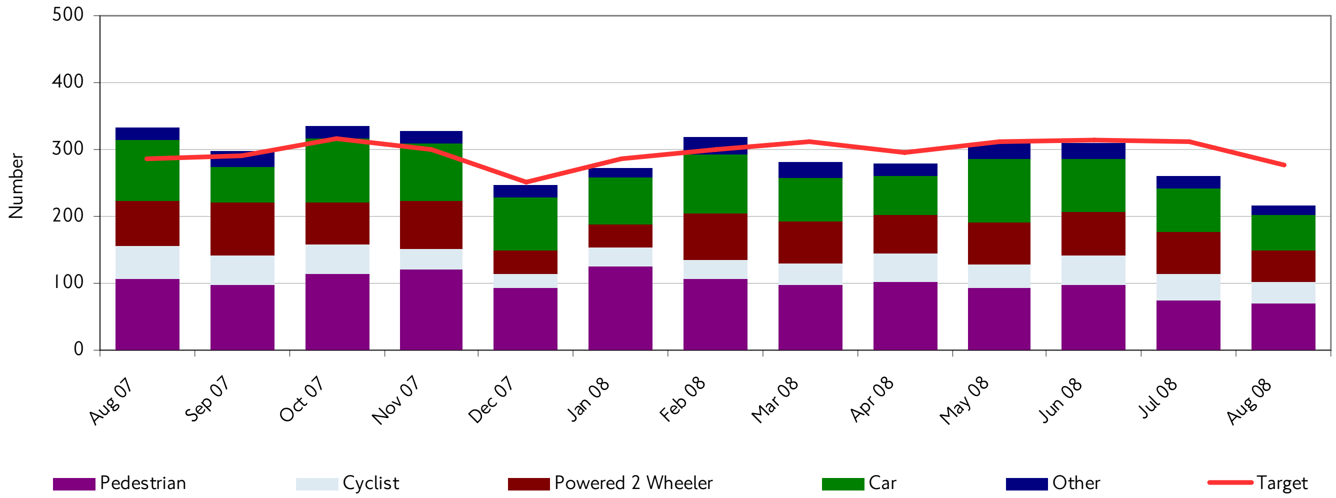
4.3 The customer satisfaction score for quarter 3 was 81. This was 3 points higher than target and 1 point higher than last year. The highest scores this quarter were in bus information and personal safety and security, which were 3 points higher than target and 2 points higher than last year.

4.4 DLR achieved an overall service score of 92.7 for quarter 3, which was 2.7 points higher than target but 5.1 points less than last year. Customer perception has been adversely affected by engineering and improvement works, the impact of which will continue into next year.

4.5 During quarter three, the London Overground Customer Satisfaction Score measured 72 points, a reduction of 3 points from the previous quarter. This decline can mainly be attributed to unusually poor levels of service punctuality and reliability in period 9, when surveys were being conducted. The eleven week closure of a key section of the North London Line also adversely impacted customers' perceptions. The survey has highlighted a demand for better information provision during times of disruption and this is being addressed with the Operator.

Safety

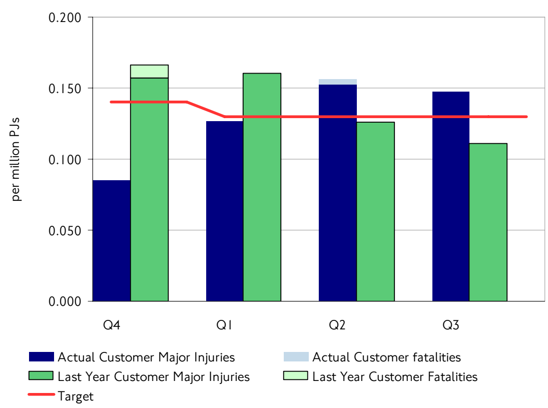
Road Traffic Accident Data (August 2007 – August 2008)



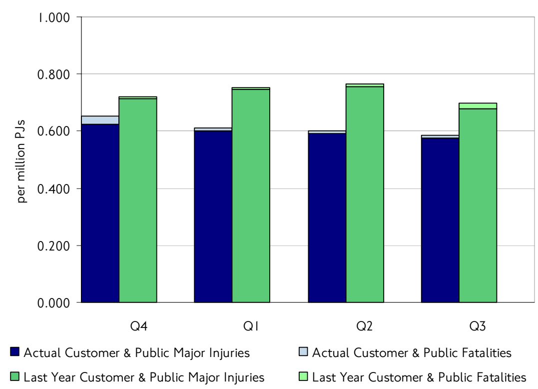
5.0 Due to reporting processes and the nature of road traffic accident data, results are reported 4 to 5 months in arrears and results are also subject to retrospective adjustments. The most recent results are for August 2008.

5.1 Compared to the same quarter last year, there were 248 fewer people killed or seriously injured on London's roads between June and August 2008, representing a reduction of 24.0 per cent. Overall there were 787 casualties, 116 fewer than the reduction target. Fewer people were killed or seriously injured in all categories: 240 were pedestrians, 198 were in a car, 175 were on powered two wheelers and 118 were cyclists. Although data is subject to retrospective updates by the Metropolitan Police, trend analysis is being conducted.

Customer Major Injuries and Fatalities – London Underground



Customer and Public Major Injuries and Fatalities – London Buses



5.2 There were 38 reported major injuries to London Underground customers in the second quarter, 9 more than the same time last year. In both the quarter and year to date there has been an average of 0.14 major injuries per million passenger journeys, marginally higher than the target of 0.13 major injuries per million passenger journeys. This represented 0.03 fewer injuries per million passenger journeys compared to last year.

5.3 On the bus network, 312 customers or members of the public sustained major injuries and 5 were killed in the third quarter of 2008/09. This represented an average of 0.51 injuries and fatalities per million passenger journeys, 0.12 fewer than last year.

Financial performance

Operating Income

2007/08 YTD Actual	Operating Income £m	Year to Date			Full Year		
		Actual	Budget	Variance	Forecast	Budget	Variance
(1,124)	London Underground	(1,195)	(1,195)	1	(1,758)	(1,751)	(7)
(1,058)	Surface Transport	(1,075)	(1,090)	15	(1,521)	(1,572)	51
(47)	London Rail	(78)	(82)	4	(118)	(122)	3
n/a	Metronet*	(530)	(536)	5	(760)	(763)	3
(10)	Group Directorates	(16)	(9)	(7)	(27)	(14)	(13)
(2,240)	**Total Operating Income**	**(2,894)**	**(2,912)**	**18**	**(4,184)**	**(4,222)**	**37**

Table may be subject to rounding errors

For further detail on Operating Income, please see Annex Five.

6.0 London Underground operating income is in line with budget in the year to date and is forecast to be £7 million more than budget in the full year, although there are signs of a slow-down in growth. Additional fares income of £15 million is forecast largely because the July Retail Prices Index, on which the January 2009 fares increase is based, was significantly higher than assumed in the budget. This benefit is partly offset by a reduction of £8 million in other revenue, including £6 million on CBS advertising reflecting a downturn in market conditions. Operating income in Surface Transport was £15 million lower than budget in the year to date.

- Bus network fares income was £26 million higher than budget. This is due to higher on bus income (£14 million) and increased income from bus passes (£20 million) because of the increased price differential between bus passes and travelcards. This was partly offset by lower PAYG receipts (£7 million). However, in quarter four, £13 million is due to be repaid to the London Councils in respect of National Concessionary Scheme (which commenced on 1 April 2008). Payments under the scheme are determined by passenger journey numbers, which were lower than expected.
- Congestion charging (CC) income was £20 million lower than budget due to a reduced volume of standard charges and penalty charge notices (PCN). Customers continue to settle PCNs earlier in the charging cycle, when the penalties are discounted, resulting in lower income. Traffic enforcement income was £15 million lower than budget as a result of a thirty per cent reduction in CCTV and bus lane violations due to increased compliance by motorists. Low Emission Zone (LEZ) income was £5 million lower than budget as fewer than anticipated PCNs were issued.
- Full year operating income is forecast to be £51 million lower than budget largely because of lower CC income (£37 million), lower traffic enforcement income (£20 million) and lower Community Safety, Enforcement and Policing (CSEP) income due to improved compliance (£7 million). This is offset by forecast bus network income of £11 million higher than budget. This is largely due to higher RPI for the fares increase in January 2009 than budgeted for. However, this benefit is partly offset by the repayment to London Councils in relation to the National Concessionary Scheme.

6.1 Year to date operating income in London Rail was £4 million lower than budget, largely due to lower DLR fares income reflecting fewer passenger journeys. Full year income is forecast to be £3 million lower than budget because of lower passenger numbers than anticipated on the DLR. This is as a result of the extensive programme of works on the network.

* This includes £761 million paid by London Underground through the PPP payment to Metronet and for other London Underground capital works. Metronet figures are included in this report, for clarity, on an aggregated basis.

6.2 Metronet income was £5 million lower than budget in the year to date, and full year income is forecast to be £3 million lower than budget, due to less works outside the scope of the PPP contract.

6.3 Group Directorates' operating income was £7 million higher than budget in the year to date.

- Group Services received £4 million more income than budget in the year to date. This is due to higher income from sub-lets at Palestra, Portland House and Albany House and additional rental income from properties which remain unsold.
- Year to date operating income in Finance was £3 million more than budget. The main contributors were income from Oyster fees and unbudgeted property sales.

6.4 The full year forecast for the Group Directorates is £13 million higher than budget, of which £10 million is in Group Services. This is mainly due to the additional rent mentioned above (£5 million) and re-imbursement of fit-out costs for Crossrail's head office building (£3 million).

Operating Expenditure

2007/08 YTD Actual	Operating Expenditure* £m	Year to Date			Full Year		
		Actual	Budget	Variance	Forecast	Budget	Variance
1,702	London Underground	1,719	1,737	(18)	2,539	2,526	13
1,733	Surface Transport	1,762	1,800	(37)	2,587	2,643	(57)
104	London Rail	175	209	(34)	270	295	(25)
-	Metronet*	402	396	6	597	583	14
204	Group Directorates	246	265	(20)	385	418	(33)
3,743	**Total Operating Expenditure**	**4,304**	**4,408**	**(104)**	**6,378**	**6,465**	**(88)**

*Net of third party contributions

Table may be subject to rounding errors

6.5 Year to date operating expenditure in London Underground was £18 million (1per cent) lower than budget. PPP costs were £8 million below budget largely due to a settlement agreement in relation to abatements for late delivery of BCV and SSL station enhancements. Savings of £9 million in central expenses, including lower ticket commission, bank charges, bad debts and budgeted risk, have not materialised in line with the phasing assumed in the budget. These variances have been partly offset by additional costs in Operations, where staff numbers have been higher than budget (a temporary hold has now been placed on recruitment) and, cancellation of the planned ticket office closure programme in response to the Mayor's policy. The forecast is £13 million higher than budget reflecting cancellation of the planned ticket office closures and additional operational staff costs as described above, along with an increase in replacement bus costs due to additional closures on the Victoria, District and Jubilee lines that were not foreseen at the time the budget was prepared.

6.6 Surface Transport spent £37 million less than budget in the year to date, largely because of lower provision for congestion charging and traffic enforcement bad debts due to lower PCN enforcement income and a higher recovery rate of the PCNs (£12 million). The delay in introducing the vehicle presentation element to the revised Quality Incentive Contracts (QICs 2) resulted in expenditure of £7 million less than budget. In addition, savings have been made due to the lower cost of re-tendered bus contracts (£6 million) and lower bus contract payments because of the bus strikes in September (£3 million). Building work expenditure for the control room co-location project was re-categorised from operational to capital, resulting in £6 million variance to budget.

6.7 Surface Transport forecast to spend £57 million less than budget in the full year. This is largely because of lower provisions for congestion charging and traffic enforcement income bad debts (£18 million) and lower spend on bus network operations (£22 million) for the reasons explained above. Other major areas include rephasing of expenditure on walking, cycling and accessibility schemes to 2009/10 (£6 million) and the cancellation of the Oxford Street Tram project (£5 million).

6.8 London Rail operating expenditure was £34 million less than budget in the year to date, mainly due to the delayed completion of Oyster PAYG agreements with the Train Operating Companies on the London Wide Oyster project (£23 million) and revised expenditure phasing on the North London Railway station upgrade project (£8 million). London Rail forecast to spend £25 million less than budget in the full year, largely due to the delays on the London Wide Oyster project (£20 million).

6.9 Metronet expenditure was £6 million more than budget in the year to date and expenditure in the full year is forecast to be £14 million more than budget. These variances mostly reflect anticipated savings of £10 million, from new sub-contracting arrangements in the Total Purchase Savings project, which will not been realised this year. This is due to the introduction of revised procurement compliance procedures. The new sub-contracting arrangements will now begin in the next financial year.

6.10 Group Directorates spent £20 million less than budget in the year to date and forecast to spend £33 million less than budget in the full year.

- The Planning directorate spent £16 million less than budget in the year to date, largely due to deferred expenditure for Borough Partnerships schemes at Brixton Central, Elephant and Castle and Leicester Square to 2009/10, and the Mayor's decision not to progress projects that do not have funding for implementation. This is principally due to developments affecting planning.
- Planning's full year forecast is £30 million less than budget largely due to rephasing of work to 2009/10 (£28 million).

Group Items

Group Items	Year to Date			Full Year		
£m	Actual	Budget	Variance	Forecast	Budget	Variance
Interest Income	(80)	(60)	(20)	(100)	(80)	(20)
Debt Servicing	128	122	6	186	185	1
Contingency/Other Group Items	(9)	26	(35)	23	65	(41)
Total Group Items	**40**	**89**	**(49)**	**110**	**170**	**(60)**

Table may be subject to rounding errors

6.11 Interest income was £20 million higher than budget in the year to date and is forecast to be £20 million higher than budget in the full year. This is because the interest receivable budget assumed mid-year borrowing and lower interest rates than were obtained earlier in the year. In fact TfL borrowed £560 million in periods 1 and 2, which contributed £11 million of the variance, the remainder due to higher interest rates. The investment policy was revised in quarter three and, other than working capital, funds are invested in government guaranteed deposits. This will result in lower interest earnings in future periods. Had this policy not been amended the forecast for the year would have been a further £10 million higher than budget.

6.12 Debt servicing was £6 million higher than budget in the year to date and is forecast to be £1 million higher than budget in the full year because TfL borrowed money earlier in the year than expected and is partly offset by lower interest rates than budgeted.

6.13 Other Group Items, including contingency, was £35 million below budget in the year to date and is forecast to be £41 million lower than budget for the full year. This is due to savings in centrally held contingencies, rephasing of Climate Change Fund expenditure into future years and unbudgeted section 106 receipts from boroughs for delivery of Olympic schemes.

Capital Expenditure

2007/08 YTD	Capital Expenditure £m	Year to Date Actual	Year to Date Budget	Year to Date Variance	Full Year Forecast	Full Year Budget	Full Year Variance
325	London Underground*	253	288	(35)	408	438	(30)
193	Surface Transport*	139	182	(43)	213	280	(67)
367	London Rail*	385	485	(101)	542	724	(182)
n/a	Metronet	445	434	11	629	643	(14)
n/a	Crossrail	88	220	(132)	344	405	(61)
39	Group Directorates	35	53	(18)	68	72	(4)
-	Overprogramming (TfL Group)	-	(47)	47	-	(68)	68
924	**Net Capital Expenditure**	**1,345**	**1,616**	**(271)**	**2,205**	**2,494**	**(289)**
(32)	Capital Income	(8)	(36)	28	(23)	(49)	25
508	Net Capital	**1,337**	**1,580**	**(243)**	**2,181**	**2,445**	**(264)**

* Shown after delegated overprogramming and third party reimbursements

Table may be subject to rounding errors

6.14 London Underground capital expenditure was £35 million less than budget in the year to date, this was due to:

- Expenditure on the Cooling the Tube project was £6 million lower than budget due to rephasing and the delayed delivery of fans.
- Rolling stock expenditure was £12 million lower than budget. This comprises £6 million for train cab simulators; £2 million for the 7-car S-stock project and £3 million for on train CCTV on the Bakerloo and Central lines. These all reflect re-programming of work to later this year or next year.
- The power upgrade programme has been rephased on SSL to reflect the Metropolitan line scoping and development programme; on the Jubilee line, to align with the contract award dates and on the Northern line to take account of issues relating to the installation of low loss conductor rail – resulting in a variance of £8 million.
- In line with the Metronet programme, deferral of Connect communications works on the sub-surface lines has resulted in an underspend of £11 million.
- Net expenditure on station projects is £30 million lower than budget, due to a combination of rephasing, savings and affordability constraints. This includes expenditure of £19 million less than budget on congestion relief schemes and £8 million less than budget on accessibility projects. The main variances include curtailment of the Shepherd's Bush programme resulting in expenditure of £6 million less than budget; an underspend of £5 million at Tottenham Court Road, due to savings and programme phasing; expenditure of £3 million less than budget at Vauxhall due to affordability constraints and an underspend of £4 million on the Waterloo & City line entrance at Bank, which was driven by the developer's programme.
- The provision for devolved overprogramming reduces the year to date variance by £40 million.

6.15 The full year forecast is £30 million less than budget for London Underground is due to the factors affecting the year to date expenditure. However, the net variance on station projects reduces to £17 million by year end, as a major property purchase at Tottenham Court Road brought forward form 2009/10 more than offsets continued underspends on other station schemes.

6.16 Capital expenditure in Surface Transport was £43 million less than budget in the year to date. This was mainly due to:

- Delays on TLRN renewals (£14 million), deferral of work on the Blackwall Tunnel North (£11 million) and delays on A316 Country Way and Western Avenue bridges (£3 million).

- Vehicle purchases were £8 million lower than budget due to delays on the Hydrogen bus project and deferred purchase of Dial-a-Ride vehicles until 2009/10.
- Spend on TLRN cycling schemes and the Countdown II project was rephased to 2009/10 (£10 million). These were partly offset by expenditure on the congestion charging relet installation to allow it to cope with additional cameras, which was brought forward from future years (£8 million).

6.17 The full year forecast for Surface Transport is £70 million less than budget largely due to slippage on major Streets' projects including Blackwall Tunnel Northbound (£15 million), A406 Hanger Lane bridges (£4 million) and Ardleigh Green railway bridge (£4 million), A406 Henly's Corner (£5 million) and Tottenham Hale Gyratory (£4 million). The remainder of the variance reflects project expenditure rephased to 2009/10, including iBus and Countdown II projects (£9 million) and small cycling schemes (£7 million).

6.18 Year to date capital expenditure in London Rail was £101 million less than budget. The main reasons were rephasing of works and a reassessment of value of work done on the DLR 3 Car project (£32 million), rephasing of works and contingency on the East London Line (ELL) Extension (£42 million) and rephasing of NLRIP due to Network Rail Board approval occurring later than was originally anticipated (£17 million).

6.19 The full year forecast for London Rail is £182 million lower than budget primarily due to a revised programme of works and rephasing of risk and contingency on the ELL Extension (£87 million). On the DLR 3 Car project, the forecast is £45 million lower than budget due to reassessment of the value of work to date by the contractor, property costs being incurred in 2007/08 instead of this year, and rephasing of contingency. NLRIP was rephased due to the delay in Network Rail Board approval (£34 million). Subsequent contract award will not be obtained until February. The opening dates of these projects will not be affected by the re-profiling of costs.

6.20 Metronet spent £11 million more than budget in the year to date as the phasing of overprogramming is not in line with budget. The full year forecast of £629 million is £14 million lower than budget mainly due to the re-baselining of the SSL upgrade.

6.21 Crossrail spent £132 million less than budget in the year to date and the full year forecast is £61 million lower than budget due to a delay in commencing the expenditure programme.

6.22 Capital expenditure in the Group Directorates was £18 million less than budget and is forecast to be £4 million lower than budget in the full year.

- The Finance directorate spent £17 million less than budget in the year to date primarily because of lower spend on IM Strategy Implementation Project (IMSIP), the revised expenditure profile of the Customer Services Integration Programme (CSIP) and no expenditure to date on the ITSO smartcard project, grant funding for which will now be received centrally.
- Full year expenditure in Finance is forecast to be £10 million less than budget mainly due to slippage in some IMSIP workstreams, the Future Ticketing Project and the ITSO smartcard project. This is partly offset by full year expenditure in Group Services of £7 million higher than budget. This is largely due the Greenwich office building fit-out which is due to be completed in 2009/10.

6.23 Capital income was £28 million less than budget in the year to date and is forecast to be £25 million less than budget in the full year. This relates to the sale of property at Hammersmith Met and Harrow Pinner Road which will not take place this year. Sales of car parks at Seven Sisters and Blackhorse Rd have also been deferred (£4 million). These are partly offset by the compulsory purchase (by Network Rail) of property at Blackfriars for which £8 million has been included in the forecast.

Efficiencies

Efficiency Initiatives £m	Full Year Recurring Forecast	Full Year Recurring Variance to Budget	Full Year New Forecast	Full Year New Variance to Budget	Full Year Total Forecast	Full Year Total Variance to Budget
Procurement	43	-	44	18	86	18
Staff & Business Improvement Programme (BIP)	23	-	21	(8)	44	(7)
Marketing	4	-	-	-	4	-
Other Back Office	15	-	3	(8)	18	(8)
Total Back Office Efficiencies	**85**	**-**	**68**	**1**	**153**	**2**
Bus Network	69	-	17	-	86	-
Road Maintenance Contract (procurement)	-	-	8	4	8	4
Other Surface Transport Initiatives	-	-	5	2	5	2
LU Operational Efficiencies	16	(6)	7	2	23	(4)
Total Operational Efficiencies	**85**	**(6)**	**37**	**8**	**122**	**2**
Total Cashable Efficiencies	**170**	**(6)**	**105**	**10**	**275**	**4**

Brackets in variance columns show that efficiencies were lower than budget.
Tables are subject to rounding errors.

7.1 Total full year efficiencies are forecast at £275 million which is £4 million higher than budget. New efficiencies are forecast to be £10 million higher than budget and recurring efficiencies are forecast to be £6 million lower than budget.

7.2 Procurement efficiencies are forecast to be £18 million higher than budget. Surface Transport procurement efficiencies are forecast to be £7 million higher than budget largely because of additional congestion charging re-let and engineering framework efficiencies. LU forecast to achieve £4 million more new procurement efficiencies than budgeted from re-negotiated contracts. Group Services forecast to achieve procurement efficiencies of £4 million more than budget. This is largely due to recurring volume rebates for temporary labour contracts and the Engineering and Project Management consultancy framework. In addition new savings have been identified through the renegotiation of the contracts for campaign recruitment and recruitment media.

7.3 Road maintenance contract efficiencies are forecast to be £4 million higher than budget because of reduced prices for surfacing schemes and favourable index-linking of contract prices.

7.4 Other back office efficiencies are forecast to be £8 million lower than budget however the variance is largely in Surface Transport which is offset by more efficiencies than budget in other categories (as discussed in paragraphs 7.2 and 7.3). Surface Transport continue to work to achieve new back office efficiencies.

7.5 Staff and Business Improvement Programme (BIP) efficiencies are forecast to be £7 million lower than budget, largely because of lower efficiencies from IMSIP. This is partly due to slippage in IMSIP where the achievement of these efficiencies will be delayed to future years. The IM team continue to work to identify where more efficiencies can be achieved in this financial year.

7.6 London Underground operational efficiencies are forecast to be £4 million lower than budget largely because planned ticket office closures have been cancelled in response to the Mayor's policy.

7.7 The full year forecast at quarter three is £12 million higher than the previous quarter's forecast. The staff and BIP efficiencies forecast increased by £6 million largely because of IMSIP data centre and hosting initiatives. The procurement forecast increased by £4 million mainly because of higher LU efficiencies from re-negotiated contracts and the new congestion charging re-let retail service efficiency. Road maintenance efficiencies increased by £4 million as discussed in paragraph 7.3. Other operational Surface Transport initiatives forecast increased by £3 million because of lower bus network contract price re-tenders. These increases are partly offset by lower Surface Transport other back office efficiencies of £4 million, as local efficiency plans cannot be realised.

7.8 These savings relate to the existing TfL efficiencies programme. TfL conducted a review of operating costs as part of realising of £2.4 billion of savings assumed in the TfL Business Plan. The initial phase of implementation commenced with high level organisational changes announced by the Commissioner on Friday 12 December 2008 and savings progress of this new programme will be reported from 2009/10.

Balance Sheet

Transport for London Group Balance Sheet at end of Period 9 £m	Variance to Budget
Fixed Assets - *higher than budget*	(7)
Stocks, Debtors and Payments in Advance - *higher than budget*	(37)
Cash - *lower than budget*	210
Creditors and Receipts in Advance-*higher than budget*	30
Prudential Borrowings – *lower than budget*	(317)
Deferred Capital Grant - *higher than budget*	362
Provisions - *lower than budget*	(10)
Total Net Assets - *higher than budget*	**231**

8.0 As reported above, the capital programme to date is £110m below budget. However the Fixed Asset position is slightly above budget due to the inclusion of Crossrail assets (£89m) which were not budgeted to be acquired until Q4, and lower than budgeted asset disposals, primarily Hammersmith Met (£26m) which has been deferred to next year.

8.1 Trade debtors to date are £25m below budget whilst capital debtors are £17m higher than budget. London Underground's trade debtors are £20m below budget due to revisions to PPP abatements, whilst their capital debtors are £16m higher budget due to uninvoiced accruals for third party funding from DfT for projects such as Channel Tunnel works, Thameslink and Crossrail. Other variances across the Group are within expected trading tolerance levels.

8.2 Payments in advance are £43m higher than budget, of which £9m relates to timing differences in respect of ODA grant, and £12m is for prepayments for IM licence fees bought in bulk for maximum discount. A further £10m is for prepayments in Metronet BCV resulting from contract negotiations.

8.3 The Group's creditor position year-to-date is £30m higher than budget, but as this includes some £56m of Crossrail creditors, the underlying variance is £26m below budget. This reflects the lower than budget activity levels and again is within expected tolerances.

8.4 The prudential borrowing variance of £317m is due to the decision to defer the second tranche of prudential borrowing until later in the year.

8.5 The variance in deferred grants arises from changes in assumptions regarding grant allocation within the Group. These assumptions will be revisited throughout the remainder of the year, and the grant allocation is only finalised during the preparation of the Group's financial statements after the end of the financial year.

8.6 Provisions are lower than budget following the transfer of an element of the Metronet pension indemnity to accruals within LU. This was necessary to align the intercompany position following the acquisition of Metronet.

Transport for London Group Balance Sheet Forecast for the Year End £m	Variance to Budget
Fixed Assets - *lower than budget*	574
Stocks, Debtors and Payments in Advance - *lower than budget*	28
Cash - *higher than budget*	(409)
Creditors and Receipts in Advance - *higher than budget*	30
Deferred Capital Grant - *higher than budget*	289
Provisions - *higher than budget*	9
Total Net Assets - *higher than budget*	**521**

8.7 The fixed asset variance results from lower forecast capital spend predominantly in London Rail, London Underground and Crossrail totalling £327m. In addition London Underground is forecasting to write-off £300m of sub-surface signalling equipment (offset by the delays to other disposals e.g. Hammersmith Met).

8.8 Stocks, debtors and payments in advance are forecast to be £28m below budget. Across the Group, revenue debtors are forecast to be on budget. In London Underground, capital debtors are £9m higher than budget for uninvoiced capital accruals in respect of third party contributions from DfT (as per the year to date position). Payments in advance are £39m below budget, which includes £40m lower accrued ODA grant in the Corporation due to project slippage, a £12m reduction in Underground following the deferral until 2009/10 of a Connect PFI prepayment which was due to be paid as part of the delay and disruptions claim negotiations, offset by a £10m increase in Metronet following contract negotiations with suppliers.

8.9 In total, creditors are forecast to be £39m above budget at year-end. Crossrail now expect that some £164m in respect of this year's capital expenditure will not now be settled in cash before this year end, leading to an increase in capital creditors over budget. This is partially offset by reductions elsewhere across the Group, as above reflecting the lower capital activity. Revenue creditors are £95m below budget also reflecting lower activity, offset in part by higher than budget creditors as a result of delays in the Connect PFI negotiations. Receipts in advance are £33m over budget. Surface Transport have reflected £27m higher congestion charging receipts and TTL has received some £6m of concessionary fares from Boroughs in advance of invoicing.

8.10 The variance in deferred grants arises from changes in assumptions regarding grant allocation within the Group. These assumptions will be revisited throughout the remainder of the year, and the grant allocation is only finalised during the preparation of the Group's financial statements after the end of the financial year.

Cash Summary

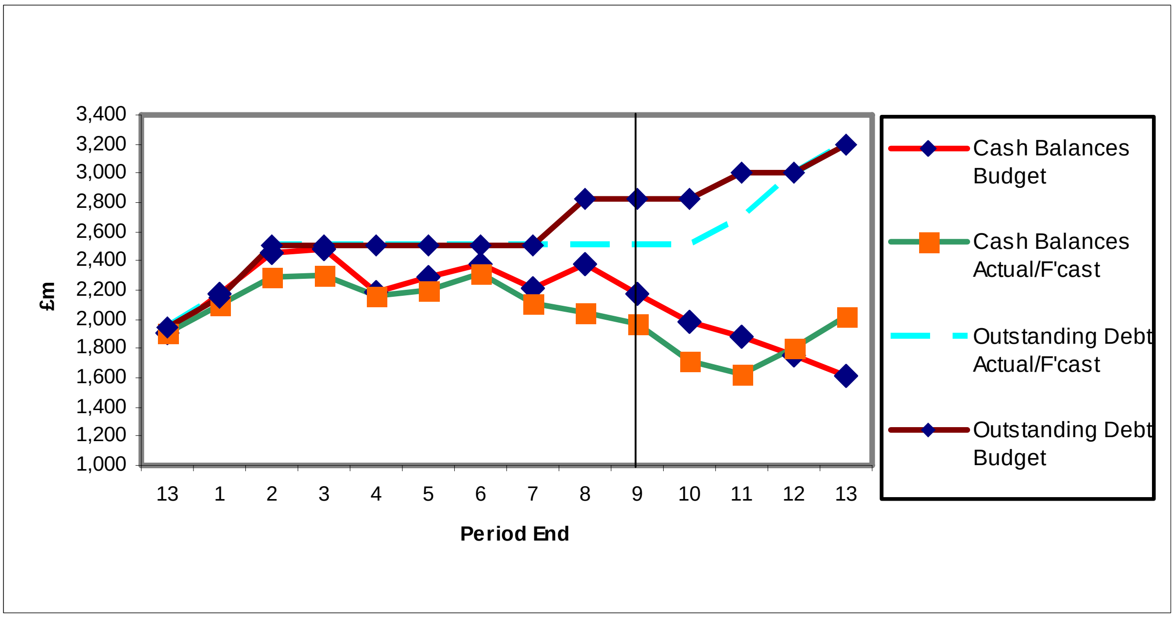
Cash Balances and Debt

9.0 Cash balances at the end of quarter three were £1,966 million, £210 million less than budget. £317 million relates to budgeted borrowing that will now take place in January following the agreement by the Finance Committee by conference call on 12 January 2009. Financial year-end cash balances are forecast to be £2,027 million, £409 million higher than budget. This is mainly due to lower than budgeted spend by Crossrail, £217 million (lower than budgeted property purchases) and by Rail for London, £106 million (mainly capital expenditure payments).

9.1 The Mayor approved TfL's increased Authorised Borrowing Limit of £3,250 million (Borrowing of £3,200 million approved by the Board plus £50 million headroom for exceptional overnight borrowing). This allows total new borrowing of £1,250 million to take place during the year. £560 million has been drawn, £183 million will be utilised in January by TfL (when the DLR Woolwich extension commences operations and is included in the balance sheet) and £190 million is committed borrowing from the EIB in period 13, leaving £317 million to be borrowed before the year-end.

9.2 The graph below shows the actual/forecast cash balances and debt compared to the quarter two budget at each period end throughout the year.

Cash and Debt Balances 2008/09



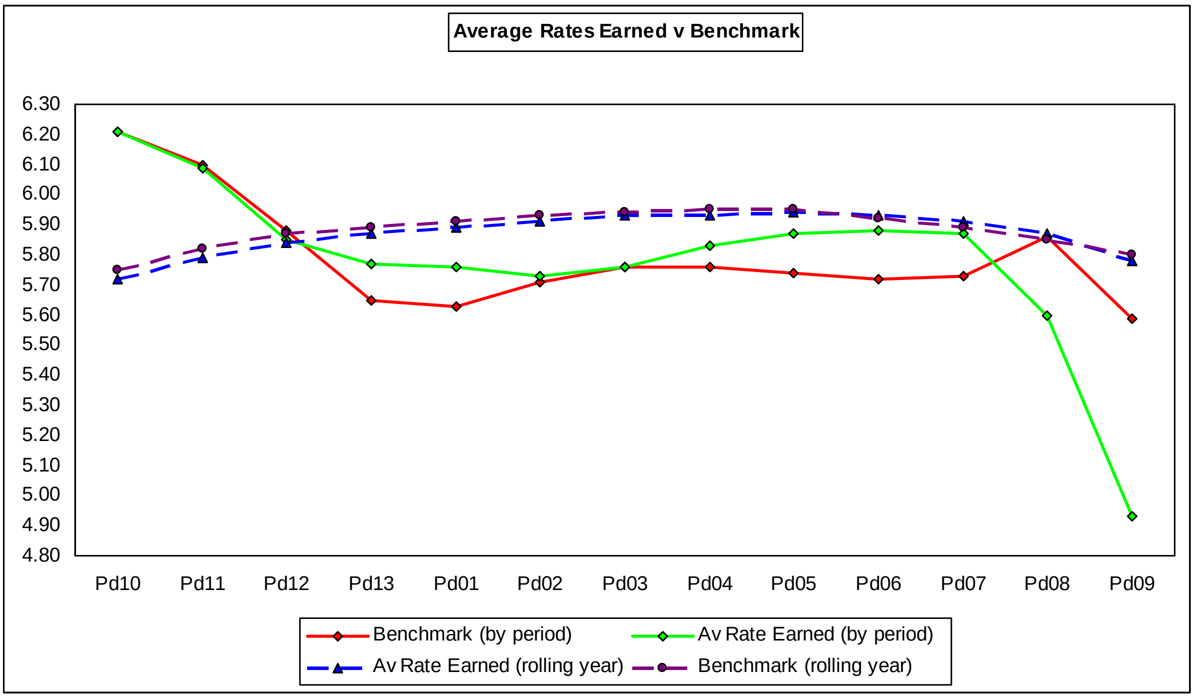
Performance

9.3 Interest receivable performance (shown below) is measured against a benchmark of the average of 3 month LIBOR minus 12.5 basis points. In the year to date, earnings have fallen short of the benchmark by 3 basis points. In October, in light of the global credit crisis, it was agreed with the Finance Committee that the revised investment approach be updated, such that all investments in Money Market Funds be liquidated immediately and new investment placed with UK Government guaranteed investments or with HSBC (TfL's account holding banker). As Base Rate dropped progressively from 4.5 per cent to 2 per cent, best rates on offer were for overnight deposits, resulting in yields and earnings on new investments dropping immediately. Year to date yields have therefore been and will continue to be diluted. Under this new Investment Strategy, the current benchmark will not be met. A proposition for an amended Investment Strategy and replacement benchmark will be submitted to the Finance Committee in January.

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

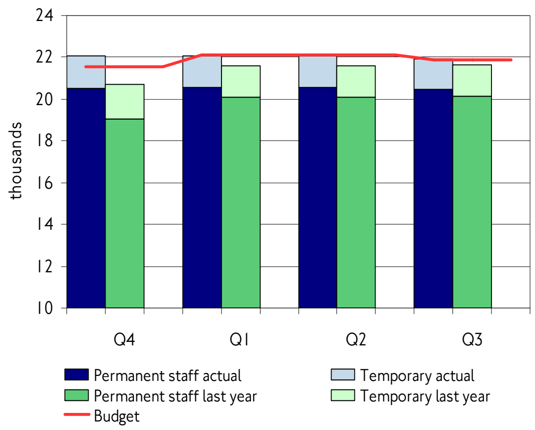
	2007/08 actual	Period 7 actual	Period 8 actual	Period 9 actual	2008/09 Year to date
Benchmark (%)	5.90	5.73	5.86	5.59	5.72
Average Rate of Return (%)	5.87	5.87	5.60	4.93	5.69
Above/(below) Benchmark (%)	(0.03)	0.14	(0.26)	(0.66)	(0.03)
Budget (%)	4.87	5.00	5.00	5.00	5.00
Interest Earned (£ million)	112.9	9.2	8.3	6.9	80.2
Budget (£ million)	73.9	6.2	5.9	5.6	60.0

9.5 The chart below shows the Group's cash management performance relative to its benchmark. In particular it shows the impact of the amended Investment Strategy in periods 8 and 9.

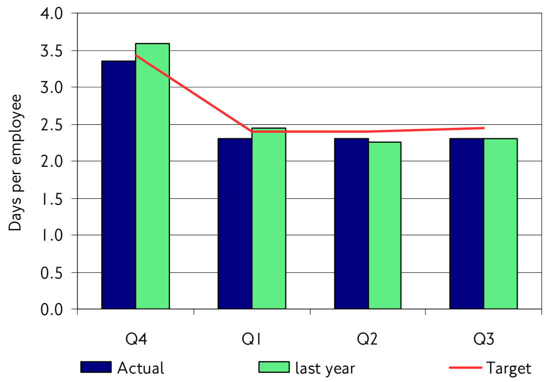


People

Total number of staff
(Effective FTE)



Sickness Absence –
Days per Employee



Please note that that people performance information for Metronet and Crossrail is not included in the TfL group performance indicator graphs. Supplementary commentary relating to Metronet and Crossrail is provided where available.

10.0 **Staff numbers**: TfL employed 21,768 full time equivalent (FTE) staff at the end of quarter three, 142 FTE fewer than budget and 110 fewer than last quarter. London Underground had 14,497 FTE staff, 24 more than budget. This small net variance reflects increased operational staff numbers and additional staff working on Information Management projects, offset by fewer staff in Programmes as vacancies remained unfilled pending restructuring with Metronet coming in-house. As a consequence of a temporary hold on recruitment in Operations, the year end forecast is now 182 FTE lower than budget. Metronet forecast to exceed the full year employee budget by 240 members of staff due to an anticipated headcount increase in asset renewals and engineering.

Surface Transport had 4,433 FTE staff at the end of quarter three, 110 fewer than budget. The variance to budget was principally due to vacancies put on hold, pending the restructure of London Streets under Project Delta, and the first tranche of staff leaving Congestion Charging and Traffic Enforcement due to organisational change. The full year forecast is 91 FTE lower than budget.

London Rail had 255 FTE staff which exceeded budget by 10 FTE, including the Crossrail Sponsorship Team and additional headcount in London Rail Development.

Corporate Directorates had 2,583 FTE staff at the end of the quarter, 58 less than budget.

10.1 **Temporary staff in operational modes:** At the end of quarter three, there were 1,461 temporary FTE staff employed by TfL, 426 more than budget. Of these, 528 had been employed for more than 12 months, which was 15 worse than target. London Underground had 124 more temporary FTE than budget, the majority being in Programmes where replacement of temporary by permanent staff has not taken place pending restructuring and integration with Metronet. Some temporary staff have been retained on the Connect project for longer than expected due to delays in implementation and IM is using temporary staff to cover vacancies and to meet project work commitments. At the end of quarter three there were 225 temporary staff with service in excess of 12 months, 59 less than target. Since the start of the year, there have only been small fluctuations in the number of London Underground temporary staff with service in excess of 12 months. There were 1,530 temporary staff and contractors in Metronet at the end of quarter three, 219 fewer than budget.

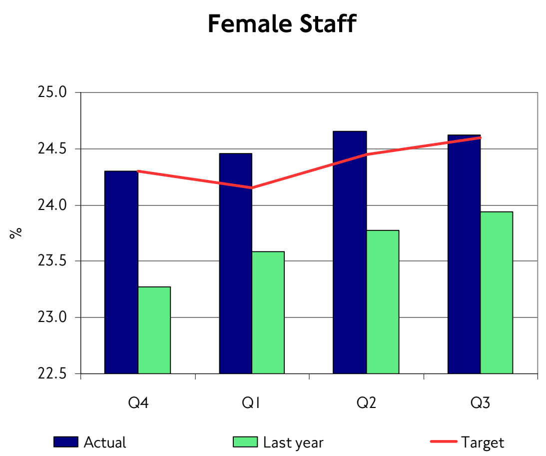
In Surface Transport there were 123 more temporary FTE than budget, due to additional staff in Surface Strategy and, following re-structuring, in London Streets. The full year temporary staff forecast is broadly in line with budget. There were 160 temporary staff in Surface exceeding 12 months service, 29 more than target.

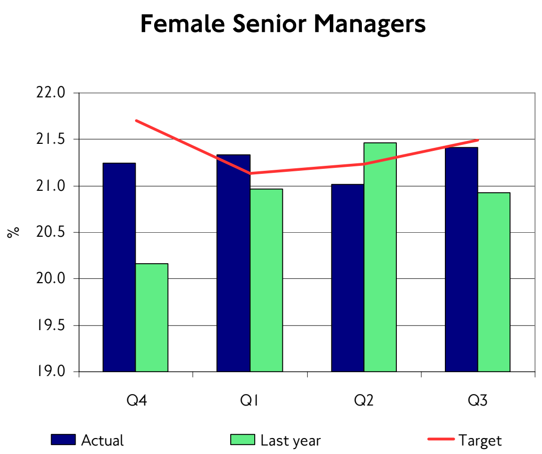
London Rail had 37 temporary staff, 12 fewer than budget at the end of quarter three. The majority of these staff were employed on the East London Line project, with 15 temporary staff having served for more than 12 months, 12 fewer than target.

10.2 **Temporary staff in Corporate Directorates:** There were 492 temporary FTE at the end of quarter three, 191 more than budget. Finance had 166 more temporary FTEs than budget, mainly in IM. IM temporary staff are to fill vacant positions pending permanent recruitment following re-structuring and some additional staff to deliver savings as part of the IMSIP programme. Corporate Directorates had 55 more temporary FTEs with over 12 months service than target and 11 more than last period; again, these are mainly IM staff in Finance.

10.3 **Sickness:** On average, TfL staff were absent for 6.7 days per employee in the year to date, 5.6 per cent better than target. Operational staff were absent for an average of 8.4 days per employee which was 3.4 per cent better than target. Non-operational staff were absent for an average of 4.1 days in the year to date, which was 8.9 per cent better than target.

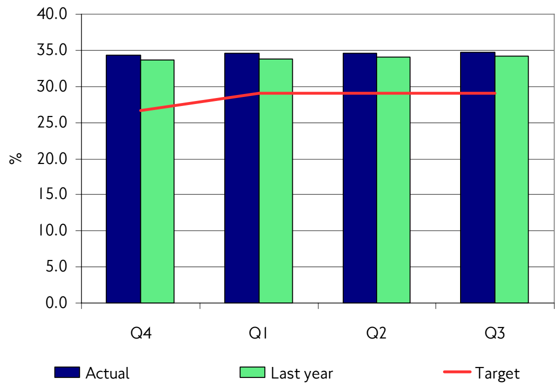
10.4 **Workforce composition:** At the end of quarter three, the proportion of female staff in TfL decreased by 0.1 percentage points to 24.6 per cent. This was in line with target and 0.7 percentage points higher than last year. Women in Senior Management rose by 0.2 percentage points this quarter to 21.4 per cent, 0.1 percentage points lower than target but 0.5 percentage points better than last year. The percentage of women train operators on London Underground has increased to 9.9 per cent this quarter, an increase of 0.6 percentage points since quarter one. The percentage of women supervisors on London Underground has increased to 12.3 per cent, from 11.3 per cent, over the same period.



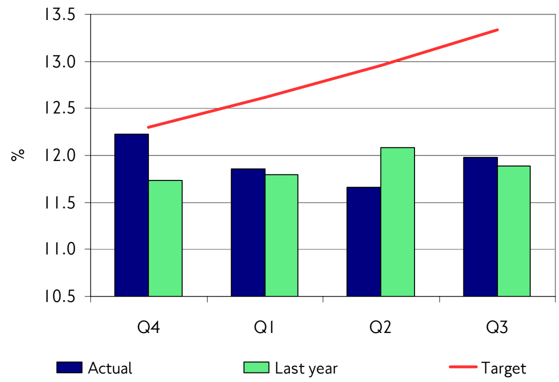


10.5 34.7 per cent of TfL staff were from BAME communities at the end of quarter three. This was 5.7 percentage points higher than the target and 0.6 percentage points higher than last year. The percentage of BAME staff in senior management increased by 0.2 percentage points to 12.0 per cent. However, it was 1.4 percentage points lower than target and 0.1 percentage points lower than last year.

Black, Asian and Minority Ethnic (BAME) Staff



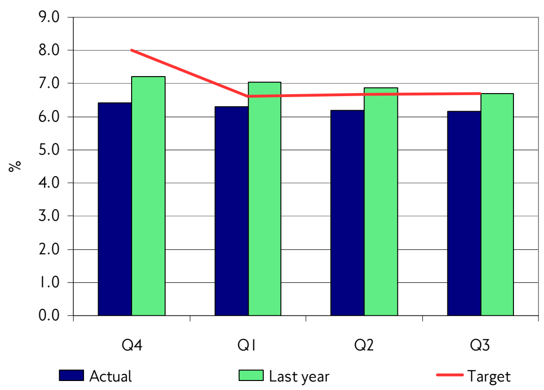
Black, Asian and Minority Ethnic (BAME) Senior Managers



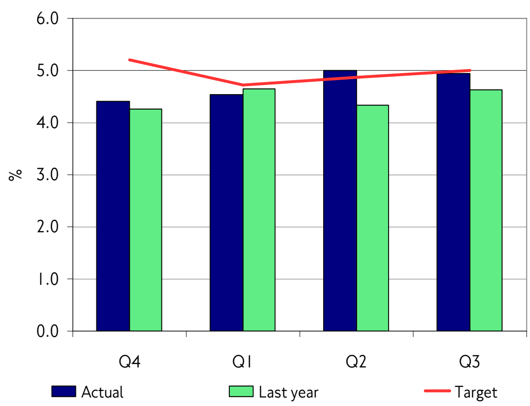
10.6 At the end of quarter three, the proportion of disabled staff remained at 6.2 per cent. This was 0.6 percentage points lower than the target and 0.6 percentage points lower than last year. The decrease compared to last year was because of 9 fewer disabled staff and 809 more non-disabled staff in the survey. The proportion of disabled staff in senior management was 4.9 per cent the end of quarter three. This was 0.1 percentage point lower than target but 0.3 percentage points higher than last year.

10.7 TfL launched a training programme to inform managers about making reasonable adjustments in the workplace for disabled people. The work placement scheme for disabled people in London Streets has been extended to the Performance directorate in Surface Transport, and Rail, Finance and Marketing and Communications are participating in London Underground's successful workplace programme for disabled people.

Disabled Staff



Disabled Senior Managers



10.8 Of the employees who declared their sexual orientation, 0.7 per cent were lesbians, 5.2 per cent were gay men, 0.2 percent were bisexual women, 0.2 per cent were bisexual men, 38.8 per cent were heterosexual women and 45.5 per cent were heterosexual men. The balance of employees preferred not to declare their sexual orientation.

10.9 Of the senior managers who declared their sexual orientation, 0.5 percent were lesbians, 4.9 per cent were gay men, 23.2 per cent were heterosexual women and 59.4 per cent were heterosexual men. The balance of senior managers preferred not to declare their sexual orientation.

10.10 TfL achieved joint fifth place in the Stonewall Equality Index 2009, an improvement of one place compared to 2008. The improvement is a reflection of the continuous work carried out across TfL to promote equality and diversity in the workplace, including equality training for all staff and the development of staff network groups.

Annex One: Financial Summary

£ millions	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Fares Income - LU, Buses and LR	(1,942)	(1,921)	(22)	(2,827)	(2,805)	(23)
Other Income	(952)	(991)	40	(1,357)	(1,417)	60
Total Income	**(2,894)**	**(2,912)**	**18**	**(4,184)**	**(4,222)**	**37**
Operating Expenditure net of 3rd party contributions	4,304	4,408	(104)	6,378	6,465	(88)
Net Operating Expenditure	**1,410**	**1,496**	**(86)**	**2,193**	**2,244**	**(50)**
Interest Income & Debt Payments	48	62	(14)	86	105	(19)
Contingency/Other Group Items	(9)	26	(35)	23	65	(41)
Total Group Items	**40**	**89**	**(49)**	**110**	**170**	**(60)**
Margin	**1,450**	**1,585**	**(135)**	**2,303**	**2,414**	**(111)**
Capital Income (including Property Sales)	(8)	(36)	28	(23)	(49)	25
Capital Expenditure	1,464	1,769	(305)	2,371	2,732	(361)
Reimbursements from third parties	(119)	(106)	(13)	(166)	(170)	4
Overprogramming (TfL Group)	-	(47)	47	-	(68)	68
Net Capital Expenditure	**1,345**	**1,616**	**(271)**	**2,205**	**2,494**	**(289)**
Net Service Expenditure	**2,787**	**3,165**	**(378)**	**4,484**	**4,859**	**(375)**
By Mode:						
London Underground	770	795	(24)	1,173	1,169	4
Surface Transport	826	892	(66)	1,275	1,351	(75)
London Rail	482	613	(131)	694	898	(203)
Metronet	317	294	22	466	464	3
Crossrail	88	220	(132)	344	405	(61)
Group Directorates	265	310	(45)	422	472	(50)
Overprogramming (TfL Group)	-	(47)	47	-	(68)	68
Group Items	40	89	(49)	110	170	(60)
Net Service Expenditure	**2,787**	**3,165**	**(378)**	**4,484**	**4,859**	**(375)**

Table may be subject to rounding errors

***Metronet figures are included in this report, for clarity, on an aggregated basis**

Annex Two: Balance Sheet

Balance Sheet	Year to Date			Full Year		
£m	Actual	Budget	Variance	Forecast	Budget	Variance
Fixed Assets						
Tangible Assets	18,230	18,223	(7)	18,859	19,433	574
Current Assets						
Stocks	20	17	(3)	20	18	(2)
Debtors	229	254	25	225	225	-
Capital Debtors	30	13	(17)	22	13	(9)
Payments in Advance	231	189	(42)	175	214	39
Cash at Bank and in Hand	1,966	2,176	210	2,027	1,618	(409)
Current Liabilities						
Revenue	(1,032)	(1,051)	(19)	(1,144)	(1,075)	69
Receipts in Advance	(176)	(167)	9	(275)	(242)	33
Capital	(496)	(449)	47	(475)	(541)	(66)
Long Term Liabilities						
Balances with Infracos	(1,549)	(1,558)	(9)	(1,639)	(1,651)	(12)
Creditors Due after One Year	(384)	(382)	2	(640)	(634)	6
Prudential Loans	(2,510)	(2,827)	(317)	(3,017)	(3,017)	-
Capital Grants	(8,420)	(8,058)	362	(8,126)	(7,837)	289
Other Provisions	(211)	(221)	(10)	(209)	(200)	9
Pension Provision	(607)	(607)	-	(607)	(607)	-
Total Net Assets	**5,321**	**5,552**	**231**	**5,196**	**5,717**	**521**
Capital and Reserves						
Earmarked Reserves	704	570	(134)	968	785	(183)
Pension Reserves	(607)	(607)	-	(607)	(607)	-
General Fund	162	162	-	162	162	-
Other Reserves	5,062	5,427	365	4,673	5,377	704*
Total Capital Employed	**5,321**	**5,552**	**231**	**5,196**	**5,717**	**521**

Annex Three: Cash Summary

Cash Summary	Year to Date			Full Year		
£m	Actual	Budget	Variance	Forecast	Budget	Variance
Net Revenue Expenditure	(1,450)	(1,585)	(135)	(2,303)	(2,414)	(111)
Working Capital Movements	(100)	283	383	117	169	52
Cash Spend on Operating Activities	**(1,550)**	**(1,302)**	**248**	**(2,186)**	**(2,223)**	**(59)**
Net Capital Expenditure	(1,368)	(1,686)	(318)	(2,192)	(2,615)	(423)
Working Capital Movements	167	137	(30)	154	229	75
Cash Spend on Capital Activities	**(1,201)**	**(1,549)**	**(348)**	**(2.038)**	**(2,408)**	**(348)**
Funded by:						
Transport Grant	2,128	2,133	5	3,103	3,097	(6)
Precept Funding	7	8	1	12	12	-
Prudential Borrowing	560	877	317	1,067	1,067	-
Third Party Contributions	119	106	(13)	166	170	4
Total Funding	**2,814**	**3,124**	**310**	**4,348**	**4,346**	**(2)**
Net Movement in Cash	**63**	**273**	**210**	**124**	**(285)**	**(409)**