

Board

Date: 20 March 2018

Item: Finance Report – Period 11, 2017/18

This paper will be considered in public

1 Summary

- 1.1 The Finance Report sets out TfL's financial results for Period 11, 2017/18 – the period ending 3 February 2018.

2 Recommendation

- 2.1 **The Board is asked to note the Finance Report.**

3 Financial Reporting to the Board and Committees

Finance Report – Period 11, 2017/18

- 3.1 Where possible, feedback received from Board Members and others has been taken into account in this latest report. Further suggested improvements will be introduced throughout the 2017/18 financial year.
- 3.2 The Finance Report describes the financial performance compared to the 2017/18 Budget approved by the Board in March 2017.

Quarterly Performance Report – Quarter 3, 2017/18

- 3.3 Since the last Board meeting the Quarterly Performance Report for Quarter 3 has been published online. This report shows TfL's provisional results for the first three quarters of this year (01 April 2017 – 9 December 2017). The report can be viewed at: <https://tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports>
- 3.4 The Quarterly Performance Report compares Quarter 3 year-to-date results with those of the last five quarters and last five years.

List of appendices to this report:

Appendix 1: Finance Report – Period 11, 2017/18

List of Background Papers:

None

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Transport for London finance report

Period II 2017/18

MAYOR OF LONDON



**TRANSPORT
FOR LONDON**
EVERY JOURNEY MATTERS

About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor’s aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor’s vision for a ‘City for All Londoners’. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor’s Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people’s experience in everything we do.

We manage the city’s red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London’s streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London’s public transport services, including the London Underground, London Buses, the 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. The quality and accessibility of these services is fundamental to Londoners’ quality of life. By improving and expanding public transport, we can make people’s lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London’s most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to London’s rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London’s growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor’s Transport Strategy; by doing so we can create a better city as London grows.

Contents

4	Operating account
6	Capital account
8	Headcount
9	Cash
10	TfL Group balance sheet
12	Appendices

The financial information included in the report is unaudited and does not constitute TfL’s statutory accounts. TfL’s last audited **Statement of Accounts** for the year ended 31 March 2017 was published in September 2017.

All figures within the financial tables have been rounded to the nearest million.

Operating account

Period II – the four weeks ending 3 February 2018

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	370	370	-	0%	3,956	4,043	(87)	-2%
Other operating income	62	65	(3)	-5%	616	671	(55)	-8%
Total operating income	432	435	(3)	-1%	4,572	4,714	(142)	-3%
General grant	18	18	-	0%	193	193	-	0%
Business rates retention	68	68	-	0%	718	718	-	0%
Other revenue grants	6	3	3	100%	65	41	24	59%
Total income	524	524	-	0%	5,548	5,666	(118)	-2%
Operating cost	(485)	(492)	7	-1%	(5,136)	(5,386)	250	-5%
Net operating surplus	39	32	7	-22%	412	280	132	47%
Depreciation and amortisation	(83)	(83)	-	0%	(923)	(910)	(13)	1%
Net cost of operations before financing	(44)	(51)	7	-14%	(511)	(630)	119	-19%
Net financing costs	(31)	(34)	3	-9%	(355)	(372)	17	-5%
Net cost of transport operations	(75)	(85)	10	-12%	(866)	(1,002)	136	-14%

Net operating surplus

Overall, the period II results show we are £132m (47%) ahead of budgeted net operating surplus, reflecting our strong performance in reducing operating costs, despite lower than expected income.

Operating costs are £250m (-5%) less than budget as we continue to deliver savings including through consolidating head office accommodation, modernising London Underground and merging functions.

This is partially offset by total income being £118m (-2%) below budget mainly as a result of fewer passenger journeys, reflecting an overall reduction in rail demand in the South East. Although, figures published by the Office of Rail Regulation (ORR) show that passenger numbers on TfL services have held up better than comparable services around the country.

Our drive to reduce costs means that we remain on track to outperform our budgeted net operating surplus for the year.

Income

A number of economic and other factors have affected passenger journeys and advertising income, contributing to passenger income being £87m (-2%) and other operating income being £55m (-8%) lower than budget, although income overall is broadly in line with last year:

- LU passenger income is £89m (-4%) lower, largely driven by four per cent fewer passenger journeys than budget although demand did show some signs of improvement this period
- Bus passenger income is £21m (2%) favourable to budget. Passenger journeys are 41 million (2%) higher than budget, due to average bus speeds increasing and improved ticket machine reliability following software improvements
- Rail passenger income is £21m (-5%) below budget, in part due to Network Rail's closure of the London Overground Gospel Oak to Barking line for major improvement work. Service resumed mid-January with demand recovering to 80 per cent of pre-closure levels. There is an ongoing marketing campaign to remind passengers the line is now open
- Congestion Charge and enforcement income is £38m below budget (-13%). Underlying traffic volumes are down six per cent on last year and the £30 penalty charge notice increase was assumed from period 7 in the budget. Following consultation, this took effect from period 10
- Commercial Development income is

£15m (-7%) lower than budget due to challenging market conditions

Costs

Operating costs are cumulatively £250m (-5%) lower than budget.

- LU direct operating costs are cumulatively £90m (-5%) lower than budget. Effective cost control has partially offset revenue reduction including reducing headcount (£31m), traction current savings (£11m) and savings on lift and stations maintenance contracts
- Rail direct operating costs are £39m (-8%) lower than budget. Savings include higher than budgeted profit share from the final year with the previous LO operator (LOROL), release of provisions, compensation payments for LO closures and lower than expected operator performance (£14m). Within TfL Rail, savings include train maintenance (£7m), recruitment (£3m) and lower concession payments (£2m)
- Bus operating costs are £12m (1%) higher than budget, principally as a result of higher incentivisation bonuses due to improved bus reliability (£12m) and service refinements not being realised in full until contract re-tender (£8m). These have been partially offset by a reprofiling of expenditure in line with the delivery of the Low Emission Bus Zones (£4m)
- Other operations' direct costs are £39m (-18%) lower than budget. This is driven by savings from recruitment (£5m), rephasing of projects (£19m) and lower staff and feasibility project costs (£9m)

Capital account

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Capital renewals	(33)	(46)	13	-28%	(451)	(562)	111	-20%
New capital investment	(115)	(138)	23	-17%	(1,111)	(1,236)	125	-10%
Crossrail	(134)	(73)	(61)	84%	(1,261)	(1,010)	(251)	25%
Total capital expenditure	(282)	(257)	(25)	10%	(2,823)	(2,808)	(15)	1%
Financed by								
Investment grant	77	77	-	0%	806	806	-	0%
Third-party contributions	2	2	-	0%	69	26	43	165%
Property income	31	2	29	1450%	53	44	9	20%
Crossrail funding sources	2	12	(10)	-83%	106	137	(31)	-22%
Other capital grants	15	15	-	0%	157	177	(20)	-11%
Total	127	108	19	18%	1,191	1,190	1	0%
Net capital account	(155)	(149)	(6)	4%	(1,632)	(1,618)	(14)	1%

Excluding Crossrail, year-to-date capital expenditure is £236m (-13%) lower than budget. Around £105m of this is expected to be invested within the year.

- LU capital costs are £100m (-10%) lower than budget; £50m has been saved, mainly due to the pause in the Jubilee and Northern line upgrades (£40m), and a further £84m has been reprofiled to later years. Some £36m of costs have been rephased to later this year, including Camden and Tottenham Court Road procurement (£15m) and power installations (£9m)

- Rail capital costs are cumulatively £71m (-17%) lower than budget largely as a result of timing differences; £21m is a result of the reprofiling of the Gospel Oak to Barking line electrification works contribution to Network Rail. Across the portfolio, £32m of costs have been reprofiled into future years including Custom House station upgrade, Blackhorse Lane Bridge, Southern traction power works, Barking Riverside and DLR new trains

- Cumulative Bus capital expenditure is some £14m (-33%) lower than budget. This is a result of the advanced delivery of 18 new buses into 2016/17 (£6m), deferral of renewals of New Routemaster batteries (£3m), bus stops and shelters (£4m) and delays in purchasing iBus equipment and ticket machine enhancements (£2m)
- Streets capital expenditure is £14m (-8%) lower than budget, primarily a result of value engineering in the Healthy Streets and Assets portfolios. Savings include delivering bus priority schemes for lower cost and asset renewals, which have been reduced in advance of the 2018/19 pause in the proactive renewals programme
- Commercial Development capital investment is £24m (-36%) less than budgeted. This is a result of deferring costs into 2018/19 on the advertising partnerships' capital delivery programme (£15m) and the Earls Court development (£9m)
- Other operations capital costs are £13m (-10%) lower than budget in the year to date; £17m has been rephased to future years and £5m to later this year. This has been offset by the unbudgeted costs for the Emergency Services Network (ESN) project which is fully funded by a grant from the Home Office (£11m)

Crossrail construction costs are £250m (25%) ahead of budget, but the Elizabeth line is still forecast to be delivered within its overall funding. The Budget contains forecast assumptions about the timing and scope of work which are set up to 18 months in advance. Key drivers of the variance for the current year include:

- Whitechapel station and Farringdon station works being completed later than budgeted and delayed works at Woolwich station

Sources of finance are £1m above budget. Reduced grants have been offset by increased third-party contributions:

- Property income is £9m above budget (20%), due to proceeds being received earlier than budgeted (Hammersmith Grove and Kidbrooke)
- Third-party contributions are £43m (165%) above budget in the year to date. This is due to the commercial arrangements that have changed the accounting treatment of the fit-out costs at Endeavour Square (£23m), and the receipt of £18m towards the ESN project

Headcount

Full-time equivalent (FTE) employees	End of 2016/17 actuals	Prior periods' net (leavers)/ joiners	Period II net (leavers)/ joiners	Period II actual	Period II budget	Variance to budget	% variance to budget
London Underground	20,121	(357)	(72)	19,692	20,245	(552)	-3%
Rail	465	94	-	554	649	(95)	-15%
Buses*	786	(153)	(4)	630	790	(160)	-20%
Streets*	1,860	(346)	(20)	1,495	1,675	(180)	-11%
Other operations	1,370	71	(12)	1,433	1,621	(189)	-12%
Professional services	3,606	359	(5)	3,959	4,546	(586)	-13%
Commercial development	179	21	3	202	228	(26)	-11%
Crossrail	803	(101)	(6)	696	598	98	16%
Total FTEs	29,189	(412)	(116)	28,661	30,352	(1,690)	-6%

*End of 2016/17 actuals are restated to reflect the recategorisation of 238 enforcement staff from Streets to Buses

	Period II				Year to date			
Employee costs (£m)	Actual	Budget	Variance to budget	% variance to budget	Actual	Budget	Variance to budget	% variance to budget
Permanent	(195)	(151)	(44)	29%	(1,643)	(1,696)	53	-3%
Non-permanent Labour	(9)	(12)	3	-25%	(92)	(136)	44	-32%
Total employee costs	(204)	(163)	(41)	25%	(1,735)	(1,832)	97	-5%

Headcount levels are down 528 in the year, a result of continued recruitment controls, the reduced use of non-permanent labour and the Transformation programme.

- LU headcount has reduced by 429 since the end of last year following the transfer of 549 commercial and finance staff to central professional services and further headcount reductions, offset by the recruitment of 325 additional station staff following last year's station review

- The increase of 354 in Professional Services since the start of year is a result of 867 staff transferring in from other areas of the business. This is offset by 286 leavers across the Finance, Commercial and Technology and Data Transformation workstreams, 92 vacancies and 144 fewer graduates this year

Employee levels are 1,690 (-6%) lower than budget. This reflects ongoing recruitment controls, staff reductions from the Transformation programme and reductions in temporary staff.

Cash

Cash flow summary

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Net cost of transport operations	(75)	(85)	(10)	-12%	(866)	(1,002)	136	-14%
Non-cash depreciation	83	83	-	0%	923	910	13	1%
Net capital expenditure	(155)	(149)	(6)	4%	(1,632)	(1,618)	(14)	1%
Borrowing	-	-	-	0%	300	401	(101)	-25%
Working capital movements	112	32	80	250%	1,262	1,124	138	12%
Decrease in cash balances	(35)	(119)	84	-71%	(13)	(185)	172	-93%

Cash balances

(£m)	2016/17 closing cash	Prior periods' movements	Period II movements	Period II closing cash	Variance to budget
Crossrail sponsors' funding account	510	186	(4)	692	(161)
Other TfL cash balances	1,451	(164)	(31)	1,256	333
Cash balances	1,961	22	(35)	1,948	172

Cash balances are £1,948m, £172m higher than budget at the end of the period, driven by surpluses on both the operating and capital accounts and favourable working capital movements of £138m (12%), offset by the deferral of £101m of planned borrowing.

Since the start of the year, overall cash balances have decreased by £13m. Excluding Crossrail, cash balances are £195m lower than at the end of 2016/17.

Crossrail cash balances are up £182m in the year, driven by the receipt of loan repayments from Network Rail (£1,266m) – advanced for interim financing of Crossrail construction – which are offset by construction costs.

TfL Group balance sheet

£m	3 Feb 2018	31 March 2017	Movement	3 Feb 2018	Period II budget	Movement
Intangible assets	124	140	(16)	124	96	28
Property, plant and equipment	38,810	36,839	1,971	38,810	38,853	(43)
Investment properties	558	558	-	558	558	-
Investment in associate entities	362	368	(6)	362	388	(26)
Long-term derivatives	12	18	(6)	12	18	(6)
Long-term finance lease receivables	13	4	9	13	25	(12)
Long-term debtors	21	26	(5)	21	21	-
Non current assets	39,900	37,953	1,947	39,900	39,959	(59)
Stocks	67	72	(5)	67	72	(5)
Short-term debtors	592	1,821	(1,229)	592	497	95
Short-term derivatives	9	12	(3)	9	12	(3)
Assets held for sale	15	15	-	15	15	-
Short-term finance lease receivables	7	1	6	7	7	-
Cash and short-term investments	1,948	1,961	(13)	1,948	1,776	172
Current Assets	2,638	3,882	(1,244)	2,638	2,379	259
Short-term creditors	(2,248)	(2,146)	(102)	(2,248)	(2,017)	(231)
Short-term derivatives	(2)	(4)	2	(2)	-	(2)
Short-term borrowings	(746)	(1,106)	360	(746)	(1,106)	360
Short-term lease liabilities	(55)	(77)	22	(55)	(57)	2
Short-term provisions	(182)	(194)	12	(182)	(163)	(19)
Current liabilities	(3,233)	(3,527)	294	(3,233)	(3,343)	110
Long-term creditors	(64)	(56)	(8)	(64)	(56)	(8)
Long-term borrowings	(9,349)	(8,690)	(659)	(9,349)	(9,090)	(259)
Long-term lease liabilities	(440)	(488)	48	(440)	(443)	3
Long-term derivatives	(52)	(79)	22	(52)	(78)	26
Other provisions	(57)	(44)	(13)	(57)	(27)	(30)
Pension provision	(5,360)	(5,364)	4	(5,360)	(5,364)	4
Long-term liabilities	(15,322)	(14,721)	(601)	(15,322)	(15,058)	(264)
Total net assets	23,983	23,587	396	23,983	23,937	46
Capital and reserves						
Usable reserves	1,949	1,861	88	19,41	1,762	187
Unusable reserves	22,034	21,726	308	22,034	22,175	(141)
Total capital employed	23,983	23,587	396	23,983	23,937	46

Balance sheet movement vs budget

- Fixed assets: £15m (-0.1%) lower, mainly due to £4m lower capitalisation of assets, and £13m higher than budgeted depreciation
- Investment in associate entities: £26m (-7%) lower, representing TfL's share (£7m) of post-tax losses to 30 September 2017 in the Earls Court Partnership company (ECP), £9m lower loan notes issued to ECP and £10m loan budgeted for the Garden Bridge
- Long-term finance lease receivables: £12m (-48%) lower, as a result of slower than budgeted delivery of the advertising capital upgrade programme
- Short-term debtors: £95m (19%) higher, mostly due to a £17m disposal of Kidbrooke land, plus £18m ESN grant debtor and £20m higher Northern line extension grant
- Cash and short-term investments: £172m (10%) higher, mainly owing to:
 - £108m lower net operating costs (excluding depreciation)
 - £17m lower net financing costs, due to a lower level of debt than budgeted
 - £15m higher capital expenditure
 - £101m deferral of new prudential borrowings

- £27m lower grant income
- £9m higher property sales
- £43m higher third-party capital contributions
- £138m other working capital variances

- Short-term creditors: £231m (11%) higher, mostly due to increased Crossrail expenditure
- Short and long-term borrowings: £101m lower than budget (-1%), due to the deferral of new prudential borrowings
- Short and long-term provisions: £49m higher than budget (26%), of which £33m relates to the deferral of Crossrail property claim payments

Balance sheet movement vs prior year end

- Fixed assets: £1,955m (5%) higher: £2,878m acquisitions less £923m depreciation
- Short-term debtors: £1,229m (-67%) lower, mainly as a result of the receipt of £1,266m of Network Rail loan repayments, which have now cleared this loan
- Short and long-term borrowings: £299m (3%) higher, reflecting £299m (3%) year-to-date net borrowings

Appendices

Appendix A: Divisional tables

London Underground

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	211	211	-	0%	2,244	2,333	(89)	-4%
Other operating income	7	2	5	250%	28	25	3	12%
Total operating Income	218	213	5	2%	2,272	2,358	(86)	-4%
Direct operating cost	(168)	(163)	(5)	3%	(1,762)	(1,852)	90	-5%
Indirect operating cost	(30)	(34)	4	-12%	(349)	(390)	41	-11%
Net operating surplus	20	16	4	25%	161	116	45	39%
Depreciation	(52)	(52)	-	0%	(572)	(567)	(5)	1%
Net cost of operations before financing	(32)	(36)	4	-11%	(411)	(451)	40	-9%
Capital renewals	(23)	(28)	5	-18%	(279)	(350)	71	-20%
New capital investment	(43)	(51)	8	-16%	(588)	(617)	29	-5%
Net capital expenditure	(66)	(79)	13	-16%	(867)	(967)	100	-10%

Rail

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	42	43	(1)	-2%	433	454	(21)	-5%
Other operating income	1	1	-	0%	13	16	(3)	-19%
Total operating Income	43	44	(1)	-2%	446	470	(24)	-5%
Direct operating cost	(39)	(48)	9	-19%	(451)	(490)	39	-8%
Indirect operating cost	(2)	(3)	1	-33%	(28)	(30)	2	-7%
Net operating deficit	2	(7)	9	-129%	(33)	(50)	17	-34%
Depreciation	(11)	(10)	(1)	10%	(115)	(117)	2	-2%
Net cost of operations before financing	(9)	(17)	8	-47%	(148)	(167)	19	-11%
Capital renewals	(2)	(4)	2	-50%	(22)	(36)	14	-39%
New capital investment	(31)	(49)	18	-37%	(313)	(370)	57	-15%
Crossrail	(134)	(73)	(61)	84%	(1,261)	(1,010)	(251)	25%
Net capital expenditure	(167)	(126)	(41)	33%	(1,596)	(1,416)	(180)	13%

Streets

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	-	-	-	0%	-	-	-	0%
Other operating income	26	33	(7)	-21%	264	302	(38)	-13%
Total operating Income	26	33	(7)	-21%	264	302	(38)	-13%
Direct operating cost	(40)	(46)	6	-13%	(419)	(434)	15	-3.5%
Indirect operating cost	(6)	(7)	1	-14%	(67)	(75)	8	-11%
Net operating deficit	(20)	(20)	-	0%	(222)	(207)	(15)	7%
Depreciation	(10)	(11)	1	-9%	(121)	(117)	(4)	3%
Net cost of operations before financing	(30)	(31)	1	-3%	(343)	(324)	(19)	6%
Capital renewals	(6)	(7)	1	-14%	(92)	(103)	11	-11%
New capital investment	(8)	(12)	4	-33%	(78)	(81)	3	-4%
Net capital expenditure	(14)	(19)	5	-26%	(170)	(184)	14	-8%

Buses

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	113	112	1	1%	1,236	1,215	21	2%
Other operating income	-	1	(1)	-100%	11	9	2	22%
Total operating Income	113	113	-	0%	1,247	1,224	23	2%
Direct operating cost	(170)	(160)	(10)	6%	(1,781)	(1,769)	(12)	1%
Indirect operating cost	(5)	(5)	-	0%	(55)	(60)	5	-8%
Net operating deficit	(62)	(52)	(10)	19%	(589)	(605)	16	-3%
Depreciation	(4)	(4)	-	0%	(40)	(38)	(2)	5%
Net cost of operations before financing	(66)	(56)	(10)	18%	(629)	(643)	14	-2%
Capital renewals	(1)	(2)	1	-50%	(8)	(16)	8	-50%
New capital investment	(2)	(2)	-	0%	(20)	(26)	6	-23%
Net capital expenditure	(3)	(4)	1	-25%	(28)	(42)	14	-33%

Commercial Development

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	-	-	-	0%	-	-	-	0%
Other operating income	20	20	-	0%	205	220	(15)	-7%
Total operating income	20	20	-	0%	205	220	(15)	-7%
Direct operating cost	(1)	(5)	4	-80%	(31)	(51)	20	-39%
Indirect operating cost	-	-	-	0%	-	-	-	0%
Net operating surplus	19	15	4	27%	174	169	5	3%
Depreciation	-	-	-	0%	-	-	-	0%
Net cost of operations before financing	19	15	4	27%	174	169	5	3%
New capital investment	(23)	(21)	(2)	10%	(43)	(67)	24	-36%
Capital receipts	31	2	29	1450%	53	44	9	20%
Crossrail property receipts	7	-	7	0%	7	-	7	0%
Net capital expenditure	15	(19)	34	-179%	17	(23)	40	-174%

Other operations

	Period II				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	3	4	(1)	-25%	44	40	4	10%
Other operating income	8	8	-	0%	95	98	(3)	-3%
Total operating income	11	12	(1)	-8%	139	138	1	1%
Direct operating cost	(23)	(22)	(1)	5%	(177)	(216)	39	-18%
Indirect operating cost	(1)	(1)	-	0%	(17)	(17)	-	0%
Net operating deficit	(13)	(11)	(2)	18%	(55)	(95)	40	-42%
Depreciation	(7)	(6)	-	0%	(75)	(70)	(5)	7%
Net cost of operations before financing	(20)	(17)	(3)	18%	(130)	(165)	35	-21%
Capital renewals	(1)	(5)	4	-80%	(50)	(57)	7	-12%
New capital investment	(8)	(3)	(5)	167%	(69)	(75)	6	-8%
Net capital expenditure	(9)	(8)	(1)	13%	(119)	(132)	13	-10%

Appendix B: Passenger journeys, income, and yield

Passenger income

	Period II				Year to date			
(£m)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	211	211	-	0%	2,244	2,333	(89)	-4%
TfL Rail	7	7	-	0%	71	77	(6)	-8%
DLR	14	14	-	0%	143	144	(1)	-1%
London Overground	19	20	(1)	-5%	193	207	(14)	-7%
Trams	2	2	-	0%	21	20	1	5%
EAL	-	-	-	0%	5	6	(1)	-17%
Buses	113	112	1	1%	1,236	1,215	21	2%
Oyster write off and deposits	3	4	(1)	-25%	44	40	4	10%
Total Fares	369	370	(1)	0%	3,957	4,042	(85)	-2%

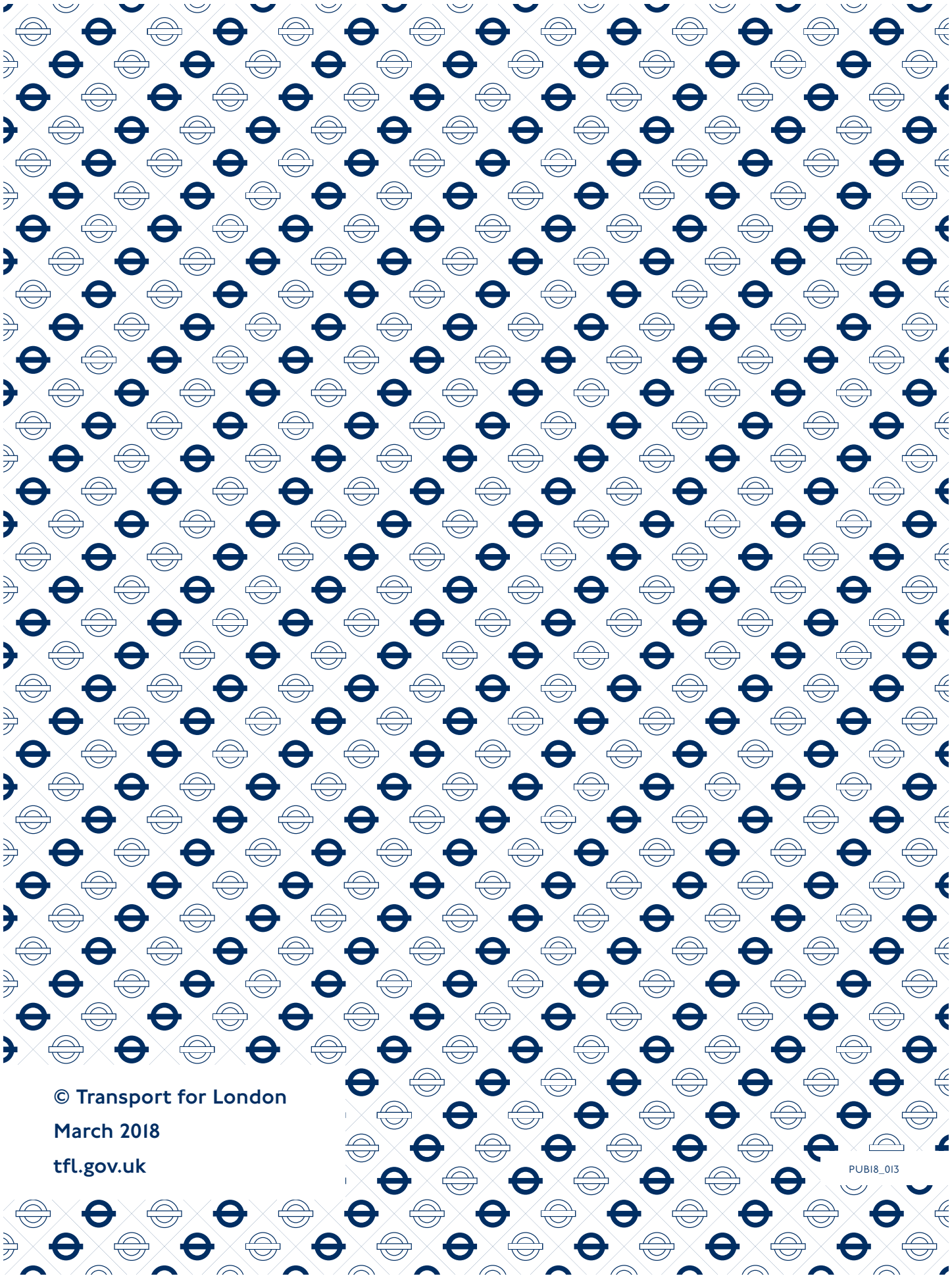
Passenger journeys

	Period II				Year to date			
Millions	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	105	109	(4)	-4%	1,146	1,190	(44)	-4%
TfL Rail	4	4	-	0%	39	40	(1)	-3%
DLR	9	10	(1)	-10%	102	104	(2)	-2%
London Overground	15	16	(1)	-6%	161	170	(9)	-5%
Trams	2	2	-	0%	25	25	-	0%
EAL	0.1	0.1	-	0%	1.2	1.4	(0.2)	-14%
Buses	176	172	4	2%	1,901	1,860	41	2%
Total Passengers	311	313	(2)	-1%	3,375	3,390	(15)	-1%

Fares yield*

	Period II				Year to date			
(£ per journey)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	2.00	1.95	0.05	2.6%	1.96	1.96	-	-0.1%
TfL Rail	1.99	1.93	0.06	3.2%	1.83	1.92	-0.09	-4.7%
DLR	1.53	1.39	0.14	10.1%	1.40	1.37	0.03	2.1%
London Overground	1.31	1.22	0.09	7.4%	1.25	1.22	0.03	2.5%
Trams	0.82	0.84	-0.02	-2.4%	0.83	0.83	-	0.3%
EAL	4.40	4.58	-0.18	-3.9%	4.25	4.43	-0.18	-4.0%
Buses	0.64	0.65	-0.01	-1.5%	0.65	0.65	-	-0.5%
Average yield	1.18	1.18	-	0.2%	1.20	1.22	-0.02	-1.6%

* Fares yield includes the effects of retrospective Travelcard adjustments



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March 2018
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