

Finance Committee

Date: 5 December 2017

Item: Finance Report – Period 7, 2017/18

This paper will be considered in public

1 Summary

- 1.1 The Finance Report sets out TfL's financial results for Period 7, 2017/18 – the period ending 14 October 2017.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that information must take place after the press and public have been excluded from this meeting.

2 Recommendation

- 2.1 **The Committee is asked to note the Finance Report and the supplemental information on Part 2 of the agenda.**

3 Financial Reporting to the Board and Committees

Finance Report – Period 7, 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 2, 2017/18

- 3.3 Since the last Committee meeting, the Quarterly Performance Report for Quarter 2 has been published online. This report shows TfL's provisional results for the first two quarters of this year (01 April 2017 – 16 September 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 2 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 7, 2017/18
Exempt supplemental information is included in a paper on Part 2 of the agenda.

List of Background Papers:

None

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Transport for London finance report

Period 7 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.

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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.

Management results

Operating account

Period 7 – the four weeks ending 16 September 2017

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	375	387	(12)	-3%	2,509	2,571	(62)	-2%
Other operating income	62	65	(3)	-5%	384	410	(26)	-6%
Total operating income	437	452	(15)	-3%	2,893	2,981	(88)	-3%
General grant	18	18	-	0%	123	123	-	0%
Business rates retention	68	68	-	0%	444	444	-	0%
Other revenue grants	16	3	13	433%	42	30	12	40%
Total income	539	541	(2)	0%	3,502	3,578	(76)	-2%
Operating cost	(496)	(492)	(4)	1%	(3,248)	(3,386)	138	-4%
Net operating surplus	43	49	(6)	-12%	254	192	62	32%
Depreciation and amortisation	(84)	(82)	(2)	2%	(587)	(579)	(8)	1%
Net cost of operations before financing	(41)	(33)	(8)	24%	(333)	(387)	54	-14%
Net financing costs	(32)	(32)	-	0%	(226)	(226)	-	0%
Net cost of transport operations	(73)	(65)	(8)	12%	(559)	(613)	54	-9%

Income

Cumulative total income is £76m (-2%) below budget mainly as a result of lower passenger journeys:

- LU passenger income is £12m (-5%) adverse to budget in the period and £66m (-4%) lower in the year-to-date. Passenger journeys are 29 million (4%) lower than budget, accounting for an adverse variance of £56m. Ticket yield is one pence down on budget which causes a £10m adverse variance
- Bus passenger income is £14m (2%) favourable to budget in the year to date due to increased passenger volumes, which are cumulatively 31 million (2.6%) higher than budget, principally a result of stabilised bus speeds and also improved ticket machine reliability following software improvements. Average yield per passenger journey is down slightly, as the increase in volume is disproportionately driven by non fare-paying journeys.

Other operating income is £26m (-6%) adverse to budget in the year to date.

- Difficult market conditions have affected advertising income in Commercial Development (£12m)
- Congestion Charge income is £6m behind budget. The trend shows that traffic volumes have continued to decline and at present we are not seeing the expected levelling of volumes due to improving road conditions. The decline is tracking ahead of the reduction in traffic flow in central London, which has averaged 5% down year to date

Costs

Operating costs are cumulatively £138m (-4%) lower than budget. Of this, £83m has been reprofiled to later in the year or next year.

- LU direct operating costs are cumulatively £58m (-5%) lower than budget. This is as a result of lower staff costs (£17m) and other cost reductions (£23m) including reprofiled Transformation costs, and savings on lift contracts and stations maintenance. Projects such as the Central line trains overhaul, station improvements and modernisation programmes have also been rephased (£18m)
- Rail direct costs are £15m (-5%) lower than budget in the year to date, of which £4m are timing differences due to delays at Brondesbury and Imperial Wharf stations. £5m relates to delays (recruitment and fleet) and efficiencies within TfL Rail. The remaining £6m represents savings following poor operator performance and a higher than budgeted profit share (£5m) from the previous London Overground operator (LOROL)
- Roads direct operating costs are £3m (1%) higher than budget. The period included a review of the value of work done on borough-delivered road schemes, resulting in higher year-to-date costs being recognised.
- Commercial Development direct operating costs are £13m (-41%) lower than budget. Lower employee costs (£5m) from delayed recruitment will be a full year saving. The remainder is due to various project delays which are expected to catch up later in the year
- Bus operating costs are £7m (0.1%) higher than budgeted, principally as a result of later than expected contract savings
- Other operations direct costs are £23m (-19%) lower than budget. This is driven by the deferral of costs for Crossrail 2 (£7m) - pending central Government's response to the Strategic Outline Business Case - and reprofiling of project spend on rapid charging, air quality measures and ULEZ taxi initiatives (£4m) and projects within the planning portfolio (£2m)
- Indirect operating costs are cumulatively £39m (-11%) lower than budget. Some £24m of costs have been deferred to later in the year, including office accommodation work (£10m), marketing (£4m), and £5m for technology and data projects

Capital account

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Capital renewals	(36)	(53)	17	-32%	(274)	(368)	94	-26%
New capital investment	(100)	(128)	28	-22%	(663)	(780)	117	-15%
Crossrail	(110)	(89)	(21)	24%	(784)	(691)	(93)	13%
Total capital expenditure	(246)	(270)	24	-9%	(1,721)	(1,839)	118	-6%
Financed by								
Investment grant	77	77	-	0%	499	499	-	0%
Third-party contributions	2	2	-	0%	40	16	24	150%
Property income	6	-	6	0%	22	41	(19)	-46%
Crossrail funding sources	11	20	(9)	-45%	72	90	(18)	-20%
Other capital grants	14	28	(14)	-50%	101	123	(22)	-18%
Total	110	127	(17)	-13%	734	769	(35)	-5%
Net capital account	(136)	(143)	7	-5%	(987)	(1,070)	83	-8%

Excluding Crossrail, TfL year-to-date capital expenditure is £211m (-18%) lower than budget. Much of this is expected to catch up before the end of the year, although £54m has been rephased into future years.

- LU capital costs are £90m (-14%) lower than budget. Some £54m of costs have been reprofiled to later this year including renewals, mainly due to power installations (£28m), stations improvement (£15m) and world class capacity (£4m). A further £56m of costs have been deferred to later years, including the pause for the Jubilee and Northern line upgrade (£22m), station upgrades (£16m), renewals (£7m) and modernisation programmes (£7m)
- Rail capital costs are cumulatively £51m (21%) lower than budget due to timing differences. This is a result of the deferred contribution to Network Rail for the Gospel Oak to Barking line electrification works, which is 11 months behind schedule (£20m). Other areas of delayed spend include the Barking Riverside extension (£6m) and TfL Rail station improvement, trains and systems programmes (£14m). Slow design approval for DLR's Custom House upgrade (£5m) may result in a delay to the station re-opening (December 2017)
- Roads is £14m (-14%) lower than budget in the year to date, principally from in-year reprofiling of the capital renewals programme, which is expected to catch up by year end

- Cumulative bus capital expenditure is some £8m (-30%) lower than budget, a result of 18 new buses where delivery was accelerated into last year. This has been partly offset by accelerated NOx abatement initiatives to improve air quality where 209 of 235 units have been completed for the Brixton Low Emission Bus Zone
- Commercial development capital investment is £15m (-58%) less than budgeted, a result of deferring costs into 2018/19 on the advertising partnerships programme (£8m), and later than expected direct capital investment in the Earls Court development.
- Other operations capital costs are £33m (-33%) lower than budget in the year to date. TfL has benefited from commercial negotiations around Endeavour Square with the developer bearing fit out costs which are offset against the rent free period for the building. This has changed the accounting treatment, creating an £11m favourable variance. Some £21m of project costs have been reprofiled to later this year, and a further £6m into 2018/19

Crossrail construction costs are £93m (13%) ahead of budget, but within its overall funding of £14.8bn.

Variances are expected as the budget contains a number of assumptions, such as the timing and scope of work, which result in both over and underspend throughout the year. Examples this year include:

- Access delays and value engineering on system-wide main works
- Whitechapel station works being completed later than budgeted, and works at Woolwich station having been delayed
- Savings at Tottenham Court Road station due to planned over site development works no longer being carried out, and a reduction in staff costs

Sources of finance are £35m (-5%) below budget, which reflects the timing of grant items and reduced property sales:

- Property income is £19m below budget (-46%), due to the change in strategy from disposal to retaining assets for continuing operating income
- Third-party contributions are £24m (171%) above budget in the year to date. This is due to the commercial arrangements changing the accounting treatment of the fit-out costs at Endeavour Square

Headcount

Full-time equivalent (FTE) employees	End of 2016/17 actuals	Prior periods' net (leavers)/ joiners	Period 7 net (leavers)/ joiners	Period 7 actual	Period 7 budget	Variance to budget	% variance to budget
Underground	20,121	(369)	41	19,793	20,226	(433)	-2%
Rail	465	30	17	512	627	(115)	-18%
Buses*	786	(140)	(4)	642	803	(160)	-20%
Roads*	1,860	(105)	(28)	1,728	1,794	(66)	-4%
Other operations	1,370	29	(8)	1,391	1,506	(114)	-8%
Professional services	3,606	427	(107)	3,925	4,553	(628)	-14%
Commercial Development	179	6	7	191	222	(31)	-14%
Crossrail	803	(48)	(13)	742	759	(17)	-2%
Total FTEs	29,189	(171)	(94)	28,924	30,489	(1,565)	-5%

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

Employee costs (£m)	Period 7				Year to date			
	Actual	Budget	Variance to budget	% variance to budget	Actual	Budget	Variance to budget	% variance to budget
Permanent	(142)	(154)	12	-8%	(1,011)	(1,070)	59	-6%
Non-permanent Labour (NPL)	(9)	(13)	4	-31%	(59)	(89)	30	-34%
Total employee costs	(151)	(167)	16	-10%	(1,070)	(1,159)	89	-8%

Headcount levels are down 265 in the year, a result of continued recruitment controls, reduced non-permanent labour and the Transformation programme.

- LU headcount has reduced by 328 since the end of last year following the transfer of 549 commercial and finance staff to central professional services. After adjusting for this the increase is 221, the result of recruitment of stations staff – following last year's station review
- The increase of 320 in Professional Services since the start of year is

a result of 725 staff transferring in from other areas of the business. This is offset by 273 leavers across the Finance, Commercial and Technology and Data Transformation work streams, 58 vacancies and 114 fewer graduates this year.

Employee levels are 1,565 (5%) lower than budget at the end of the period. This reflects ongoing recruitment controls, staff reductions from the Transformation programme – where the effects on headcount were not included in the budget – and reductions in temporary staff

Cash

Cash flow summary

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Net cost of transport operations	(73)	(65)	(8)	12%	(559)	(613)	54	-9%
Non-cash depreciation	84	82	2	2%	587	579	8	1%
Net capital expenditure	(136)	(143)	7	-5%	(987)	(1,070)	83	-8%
Borrowing	(13)	(13)	-	0%	363	500	(137)	-27%
Working capital movements	251	272	(21)	-8%	1,195	1,103	92	8%
Increase/(decrease) in cash balances	113	133	(20)	-15%	599	499	100	20%

Cash balances

(£m)	2016/17 closing cash	Prior periods' movements	Period 7 movements	Period 7 closing cash	Variance to budget
Crossrail sponsors' funding account	510	311	232	1,053	(165)
Other TfL cash balances	1,451	175	(119)	1,507	265
Cash balances	1,961	486	113	2,560	100

Cash balances are £100m 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 £92m, offset by the deferral of £137m of planned borrowing.

Crossrail cash balances are £165m lower than budget, a result of lower than budgeted contingency payments from TfL (£122m) which have not yet been required, as well as higher than budgeted construction costs (£93m).

Overall cash balances are £2,560m, £599m higher than at the start of the year. TfL cash balances (excluding Crossrail) are £56m higher than at the end of 2016/17.

Crossrail cash balances are up £543m in the year, driven by the receipt of loan repayments from Network Rail (over £1,200m) – advanced for interim financing of Crossrail construction – which is offset by construction costs.

Balance sheet

TfL Group balance sheet

£m	14 Oct 2017	31 March 2017	Movement	14 Oct 2017	Period 7 Budget	Movement
Intangible assets	124	140	(16)	124	113	11
Property, plant and equipment	38,023	36,839	1,184	38,023	38,180	(157)
Investment properties	558	558	-	558	558	-
Investment in associate entities	362	368	(6)	362	372	(10)
Long term derivatives	23	18	5	23	18	5
Long term debtors	27	30	(3)	27	36	(9)
Non current assets	39,117	37,953	1,164	39,117	39,277	(160)
Stocks	71	72	(1)	71	72	(1)
Short term debtors	578	1,822	(1,244)	578	493	85
Short term derivatives	9	12	(3)	9	12	(3)
Assets held for sale	15	15	-	15	15	-
Cash and short term investments	2,560	1,961	599	2,560	2,460	100
Current Assets	3,233	3,882	(649)	3,233	3,052	181
Short term creditors	(2,094)	(2,146)	52	(2,094)	(2,009)	(85)
Short term derivatives	(11)	(4)	(7)	(11)	-	(11)
Short term borrowings	(1,060)	(1,106)	46	(1,060)	(1,106)	46
Short term lease liabilities	(48)	(77)	29	(48)	(64)	16
Short term provisions	(184)	(194)	10	(184)	(170)	(14)
Current liabilities	(3,397)	(3,527)	130	(3,397)	(3,349)	(48)
Long term creditors	(60)	(56)	(4)	(60)	(56)	(4)
Long term borrowings	(9,099)	(8,690)	(409)	(9,099)	(9,190)	91
Long term lease liabilities	(470)	(488)	18	(470)	(458)	(12)
Long term derivatives	(61)	(79)	18	(61)	(79)	18
Other provisions	(60)	(44)	(16)	(60)	(33)	(27)
Pension provision	(5,361)	(5,364)	3	(5,361)	(5,364)	3
Long term liabilities	(15,111)	(14,721)	(390)	(15,111)	(15,180)	69
Total net assets	23,842	23,587	255	23,842	23,800	42
Capital and reserves						
Usable reserves	2,087	1,861	226	2,087	2,016	71
Unusable reserves	21,755	21,726	29	21,755	21,784	(29)
Total capital employed	23,842	23,587	255	23,842	23,800	42

Balance sheet movement vs budget

- Fixed assets: £146m (0.4%) lower, mainly due to £141m lower capitalisation of assets, and £8m higher than budget depreciation
- Investment in associate entities: £10m (3%) lower, representing TfL's share (£7m) of post tax losses to 30 September 2017 in the Earl's Court Partnership company (ECP), and £3m lower loan notes issued to ECP as a result of the HCA loan
- Long term finance lease receivables £8m (57%) lower, as a result of slower than budgeted delivery of the advertising capital upgrade programme
- Cash and short term investments: £100m (4%) higher, mainly owing to:
 - £137m deferral of new prudential borrowings
 - £118m lower capital expenditure
 - £62m lower net operating costs (excluding depreciation)
 - £16m lower capital income mainly comprising £22m 3rd party capital grant from Lendlease for fit out of Endeavour Square, offset by £18m lower Crossrail funding
 - £19m lower property income
 - £92m other working capital variances

- Short and long term borrowings: £137m lower than budget (1%), due to the deferral of new prudential borrowings
- Short and long term provisions: £41m higher than budget (20%), of which £37m relates to Crossrail property claims, and the majority of the remaining variance relates to voluntary severance provisions

Balance sheet movement vs prior year end

- Fixed assets: £1,168m (3%) higher. £1,755m acquisitions less £587m depreciation
- Investment in associate entities: £6m (2%) lower, representing TfL's share of post tax losses to 30 June 2017 in the Earl's Court Partnership company
- Short term debtors: £1,244m (68%) lower, mainly as a result of the receipt of £1,266m of Network Rail loan repayments
- Short and long term borrowings: £363m (4%) higher, reflecting £363m of new borrowings

Appendices

Appendix A: Divisional tables

London Underground

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	213	225	(12)	-5%	1,419	1,485	(66)	-4%
Other operating income	2	2	-	0%	13	16	(3)	-19%
Total operating Income	215	227	(12)	-5%	1,432	1,501	(69)	-5%
Direct operating cost	(173)	(172)	(1)	1%	(1,125)	(1,183)	58	-5%
Indirect operating cost	(30)	(36)	6	-17%	(221)	(248)	27	-11%
Net operating surplus	12	19	(7)	-37%	86	70	16	23%
Depreciation	(52)	(52)	-	0%	(366)	(361)	(5)	1%
Net cost of operations before financing	(40)	(33)	(7)	21%	(280)	(291)	11	-4%
Capital renewals	(20)	(32)	12	-38%	(170)	(234)	64	-27%
New capital investment	(54)	(72)	18	-25%	(374)	(400)	26	-7%
Net capital expenditure	(74)	(104)	30	-29%	(544)	(634)	90	-14%

Rail

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	40	44	(4)	-9%	274	288	(14)	-5%
Other operating income	1	1	-	0%	6	8	(2)	-25%
Total operating Income	41	45	(4)	-9%	280	296	(16)	-5%
Direct operating cost	(41)	(44)	3	-7%	(291)	(306)	15	-5%
Indirect operating cost	(2)	(3)	1	-33%	(17)	(19)	2	-11%
Net operating deficit	(2)	(2)	-	0%	(28)	(29)	1	-3%
Depreciation	(11)	(10)	(1)	10%	(73)	(76)	3	-4%
Net cost of operations before financing	(13)	(12)	(1)	8%	(101)	(105)	4	-4%
Capital renewals	(2)	(4)	2	-50%	(13)	(17)	4	-24%
New capital investment	(29)	(37)	8	-22%	(178)	(225)	47	-21%
Crossrail	(110)	(89)	(21)	24%	(784)	(691)	(93)	13%
Net capital expenditure	(141)	(130)	(11)	8%	(975)	(933)	(42)	5%

Roads

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	-	-	-	0%	-	-	-	0%
Other operating income	26	28	(2)	-7%	169	181	(12)	-7%
Total operating Income	26	28	(2)	-7%	169	181	(12)	-7%
Direct operating cost	(56)	(40)	(16)	40%	(255)	(252)	(3)	1%
Indirect operating cost	(6)	(7)	1	-14%	(42)	(47)	5	-11%
Net operating surplus/(deficit)	(36)	(19)	(17)	89%	(128)	(118)	(10)	8%
Depreciation	(11)	(11)	-	0%	(76)	(74)	(2)	3%
Net cost of operations before financing	(47)	(30)	(17)	57%	(204)	(192)	(12)	6%
Capital renewals	(10)	(10)	-	0%	(57)	(70)	13	-19%
New capital investment	(6)	(6)	-	0%	(48)	(49)	1	-2%
Net capital expenditure	(16)	(16)	-	0%	(105)	(119)	14	-12%

Buses

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	117	115	2	2%	787	773	14	2%
Other operating income	1	1	-	0%	7	6	1	17%
Total operating Income	118	116	2	2%	794	779	15	2%
Direct operating cost	(164)	(161)	(3)	2%	(1,134)	(1,127)	(7)	1%
Indirect operating cost	(5)	(5)	-	0%	(35)	(39)	4	-10%
Net operating surplus/(deficit)	(51)	(50)	(1)	2%	(375)	(387)	12	-3%
Depreciation	(4)	(3)	(1)	33%	(25)	(24)	(1)	4%
Net cost of operations before financing	(55)	(53)	(2)	4%	(400)	(411)	11	-3%
Capital renewals	(1)	(2)	1	-50%	(5)	(9)	4	-44%
New capital investment	(2)	(3)	1	-33%	(14)	(18)	4	-22%
Net capital expenditure	(3)	(5)	2	-40%	(19)	(27)	8	-30%

Commercial Development

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	-	-	-	0%	-	-	-	0%
Other operating income	22	20	2	10%	128	135	(7)	-5%
Total operating income	22	20	2	10%	128	135	(7)	-5%
Direct operating cost	(4)	(5)	1	-20%	(19)	(32)	13	-41%
Indirect operating cost	-	-	-	0%	-	-	-	0%
Net operating surplus/(deficit)	18	15	3	20%	109	103	6	6%
Depreciation	-	-	-	0%	-	-	-	0%
Net cost of operations before financing	18	15	3	20%	109	103	6	6%
New capital investment	(3)	(6)	3	-50%	(11)	(26)	15	-58%
Capital receipts	6	-	6	0%	22	41	(19)	-46%
Crossrail property receipts	-	-	-	0%	-	-	-	0%
Net capital expenditure	3	(6)	9	-150%	11	15	(4)	-27%

Other operations

(£m)	Period 7				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	5	4	1	25%	29	25	4	16%
Other operating income	11	12	(1)	-8%	61	64	(3)	-5%
Total operating Income	16	16	-	0%	90	89	1	1%
Direct operating cost	(13)	(18)	5	-28%	(98)	(121)	23	-19%
Indirect operating cost	(2)	(2)	-	0%	(10)	(10)	-	0%
Net operating surplus/(deficit)	1	(4)	5	-125%	(18)	(42)	24	-57%
Depreciation	(7)	(6)	-	0%	(47)	(44)	(3)	7%
Net cost of operations before financing	(6)	(10)	5	-50%	(65)	(86)	21	-24%
Capital renewals	(3)	(5)	2	-40%	(29)	(38)	9	-24%
New capital investment	(6)	(4)	(2)	50%	(38)	(62)	24	-39%
Net capital expenditure	(9)	(9)	-	0%	(67)	(100)	33	-33%

Appendix B: Passenger journeys, income, and yield

Passenger income

(£m)	Period 7				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	213	225	(12)	-5%	1,419	1,485	(66)	-4%
TfL Rail	7	8	(1)	-13%	44	49	(5)	-10%
DLR	13	13	-	0%	92	91	1	1%
London Overground	18	20	(2)	-10%	120	131	(11)	-8%
Trams	2	2	-	0%	13	13	-	0%
EAL	-	1	(1)	-100%	4	5	(1)	-20%
Buses	117	115	2	2%	787	773	14	2%
Oyster write off and deposits	5	4	1	25%	29	25	4	16%
Total Fares	375	388	(13)	-3%	2,508	2,572	(64)	-2%

Passenger journeys

Millions	Period 7				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	108	114	(6)	-4.7%	727	756	(29)	-3.8%
TfL Rail	4	4	-	-7.8%	24	26	(1)	-4.5%
DLR	10	10	-	-2.0%	66	66	(1)	-1.3%
London Overground	14	16	(2)	-11.8%	101	108	(8)	-7.2%
Trams	3	3	-	-0.2%	16	16	0	1.7%
EAL	0.1	0.1	-	-18.3%	0.9	1.0	(0.1)	-10.3%
Buses	187	184	3	1.7%	1,219	1,188	31	2.6%
Total Passengers	326	330	(5)	-1.4%	2,154	2,161	(7)	-0.3%

Passenger income yield*

(£ per journey)	Period 6				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	1.96	1.98	-0.01	-0.6%	1.95	1.97	-0.01	-0.7%
TfL Rail	1.76	1.83	-0.07	-3.7%	1.81	1.89	-0.08	-4.5%
DLR	1.40	1.37	0.03	2.1%	1.40	1.37	0.03	2.3%
London Overground	1.26	1.21	0.06	4.7%	1.20	1.21	-0.01	-1.0%
Trams	0.76	0.83	-0.07	-8.2%	0.84	0.83	0.01	1.0%
EAL	4.27	4.42	-0.15	-3.4%	4.20	4.46	-0.26	-5.9%
Buses	0.62	0.62	0.00	0.1%	0.65	0.65	-0.01	-0.8%
Average yield	1.15	1.17	-0.02	-2.0%	1.16	1.19	-0.03	-2.2%

* Passenger income yield include the effects of retrospective travelcard adjustments



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