

Date: 5 March 2018

Item: **Finance Report – Period 10, 2017/18**

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### **This paper will be considered in public**

## **1 Summary**

- 1.1 The Finance Report sets out TfL's financial results for Period 10, 2017/18 – the period ending 6 January 2018.

## **2 Recommendation**

- 2.1 **The Committee is asked to note the report.**

## **3 Financial Reporting to the Board and Committees**

### **Finance Report – Period 10, 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 Committee 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 (1 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 10, 2017/18

### **List of Background Papers:**

None

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# Transport for London finance report

Period 10 2017/18

MAYOR OF LONDON



**TRANSPORT  
FOR LONDON**  
EVERY JOURNEY MATTERS

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## 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.

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# Operating account

## Period 10 – the four weeks ending 6 January 2018

(£m)	Period 10				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	318	325	(7)	-2%	3,586	3,672	(86)	-2%
Other operating income	46	59	(13)	-22%	553	606	(53)	-9%
<b>Total operating income</b>	<b>364</b>	<b>384</b>	<b>(20)</b>	<b>-5%</b>	<b>4,139</b>	<b>4,278</b>	<b>(139)</b>	<b>-3%</b>
General grant	18	18	-	0%	175	175	-	0%
Business rates retention	68	68	-	0%	649	649	-	0%
Other revenue grants	6	3	3	100%	59	38	21	55%
<b>Total income</b>	<b>456</b>	<b>473</b>	<b>(17)</b>	<b>-4%</b>	<b>5,022</b>	<b>5,140</b>	<b>(118)</b>	<b>-2%</b>
Operating cost	(460)	(508)	48	-9%	(4,651)	(4,893)	242	-5%
<b>Net operating surplus</b>	<b>(4)</b>	<b>(35)</b>	<b>31</b>	<b>-89%</b>	<b>371</b>	<b>247</b>	<b>124</b>	<b>50%</b>
Depreciation and amortisation	(86)	(83)	(3)	4%	(840)	(827)	(13)	2%
<b>Net cost of operations before financing</b>	<b>(90)</b>	<b>(118)</b>	<b>28</b>	<b>-24%</b>	<b>(469)</b>	<b>(580)</b>	<b>111</b>	<b>-19%</b>
Net financing costs	(32)	(34)	2	-6%	(323)	(338)	15	-4%
<b>Net cost of transport operations</b>	<b>(122)</b>	<b>(152)</b>	<b>30</b>	<b>-20%</b>	<b>(792)</b>	<b>(918)</b>	<b>126</b>	<b>-14%</b>

### Net operating surplus

Overall, the period 10 results show we are £124m ahead of budgeted net operating surplus. This has been achieved by a strong performance in reducing operating costs more than offsetting reduced income

Operating costs are £242m (-5%) less than budget as we continue to identify savings such as consolidating our head office accommodation, modernising London Underground and merging engineering functions

Total income is £118m (-2%) below budget mainly as a result of fewer passenger journeys, reflecting an overall reduction in rail demand in the South East. Bus ridership has started to improve as the affordable fares policy and measures to improve journey times have helped encourage people to make more journeys

Our drive to reduce costs continues to ensure that we successfully offset the pressure on income and 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 £86m (-2%) and other operating income being £53m (-9%) adverse to budget in the year to date:

- LU passenger income is £89m (-4%) lower, driven by passenger journeys being 40 million (-4%) lower than budget. When compared to last year, journeys are two per cent lower and are starting to show signs of improvement
- Bus passenger income is £19m (2%) favourable to budget. Of this, £10m relates to increased passenger journeys – 36 million (2%) higher than budget
- Rail passenger income is £21m (-5%) adverse to budget, mainly due to London Overground experiencing weaker than expected demand growth and additional closures on the Gospel Oak to Barking line
- Congestion Charge income is £9m below budget (-9%). Underlying volumes are down six per cent on last year, and tracking slightly ahead of the five per cent reduction in central London traffic flow. This has also affected Congestion Charge enforcement income which is below budget by £19m (-24%). The £30 penalty charge notice increase was assumed from period 7 in the budget. Following consultation, this increase took effect from period 10, equating to £11m of the adverse value

### Costs

- LU direct operating costs are cumulatively £96m (-6%) lower than budget. LU has partially offset revenue reduction through greater cost control, including reducing headcount (£41m) and savings on lift contracts, stations maintenance and project costs associated with modernisation programmes
- Rail direct operating costs are £30m (-7%) lower than budget. Savings include higher than budgeted profit share from the final year with the previous LO operator (LOROL), release of provisions and compensation payment for LO closures (£14m)
- Commercial Development direct operating costs are £17m (-37%) lower than budget. Lower employee costs (£7m) will be a full-year saving. Projects reprofiling accounts for a further £10m
- Bus operating costs are £5m (0.3%) higher than budgeted, principally as a result of lower than expected savings from mid-contract changes (£6m), and increased annual contract price adjustments due to the higher than forecast diesel price (£2m)
- Other operations direct costs are £40m (-21%) lower than budget. This is driven by savings from slower Taxi and Private Hire staff recruitment (£5m) and the reprofiling of feasibility project costs (£17m)

# Capital account

(£m)	Period 10				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Capital renewals	(43)	(47)	4	-9%	(421)	(518)	97	-19%
New capital investment	(94)	(106)	12	-11%	(990)	(1,099)	109	-10%
Crossrail	(94)	(75)	(19)	25%	(1,127)	(937)	(190)	20%
<b>Total capital expenditure</b>	<b>(231)</b>	<b>(228)</b>	<b>(3)</b>	<b>1%</b>	<b>(2,538)</b>	<b>(2,554)</b>	<b>16</b>	<b>-1%</b>
<b>Financed by</b>								
Investment grant	77	77	-	0%	730	730	-	0%
Third-party contributions	1	4	(3)	-75%	67	23	44	191%
Property income	2	-	2	0%	22	43	(21)	-49%
Crossrail funding sources	11	12	(1)	-8%	105	125	(20)	-16%
Other capital grants	15	12	3	25%	141	162	(21)	-13%
<b>Total</b>	<b>106</b>	<b>105</b>	<b>1</b>	<b>1%</b>	<b>1,065</b>	<b>1,083</b>	<b>(18)</b>	<b>-2%</b>
<b>Net capital account</b>	<b>(125)</b>	<b>(123)</b>	<b>(2)</b>	<b>2%</b>	<b>(1,473)</b>	<b>(1,471)</b>	<b>(2)</b>	<b>0%</b>

Excluding Crossrail, year-to-date capital expenditure is £206m (-13%) lower than budget. Almost half of this is expected to catch up before the end of the year, although £92m has been reprofiled into future years.

- LU capital costs are £86m (-10%) lower than budget. A total of £42m of costs has been saved due to scope reduction, mainly the pause in the Jubilee and Northern line upgrades (£35m), and a further £62m of costs have been reprofiled to later years. Some £40m of costs have been rephased to later this year, including power installations (£8m), stations improvement (£10m), rolling stock and signalling renewals (£5m) and World Class Capacity (£4m)

- Rail capital costs are cumulatively £54m (15%) lower than budget, primarily due to timing differences. This is a result of the reprofiling of £20m contribution to Network Rail for the Gospel Oak to Barking line electrification works they are delivering, which are 11 months behind schedule; the contribution is expected to be paid by year end. £15m of the delayed spend is across the portfolio, including Custom House works, London Overground capacity improvement and station works

- Cumulative Bus capital expenditure is some £15m (-38%) lower than budget, a result of the advanced delivery of 18 new buses into 2016/17. This has been partly offset by accelerated NO<sub>x</sub> abatement initiatives to improve air quality; this has been successfully delivered in Brixton, while fitment progresses on the Haringey, Eastern Avenue and Lewisham corridors
- Commercial Development capital investment is £27m (-57%) less than budget. This is a result of deferring costs into 2018/19 on the advertising partnerships capital delivery programme (£13m). Cost savings have been achieved on Commercial Property activity (£4m), and lower than expected capital investment in the Earls Court development (£9m).
- Other operations capital costs are £15m (-12%) 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 a £13m variance. Some £20m of project costs have been reprofiled to later this year, and a further £14m into 2018/19

Crossrail construction costs are £190m (20%) ahead of budget, but the Elizabeth line is still forecast to be delivered within its overall funding. Period variances are expected as the Budget contains a number of assumptions about the timing and scope of work. Key drivers of the variance for the current year include:

- Requirement for higher levels of staff and changes in scope and design on system-wide main works
- Whitechapel station and Farringdon station works being completed later than budgeted and delayed works at Woolwich and Bond Street stations

Sources of finance are £18m (-2%) below budget, which reflects the timing of grant items and reduced property sales offset by increased third-party capital contributions:

- Property income is £21m below budget (-49%), due to the change in strategy from disposal to retaining assets for ongoing operating income
- Third-party contributions are £44m (191%) 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 Emergency Services Network (ESN) project which is being delivered on behalf of the Home Office

# Headcount

Full-time equivalent (FTE) employees	End of 2016/17 actuals	Prior periods' net (leavers)/ joiners	Period 10 net (leavers)/ joiners	Period 10 actual	Period 10 budget	Variance to budget	% variance to budget
London Underground	20,121	(227)	(130)	19,764	20,274	(510)	-3%
Rail	465	84	10	558	651	(93)	-14%
Buses*	786	(156)	3	633	790	(157)	-20%
Streets*	1,860	(256)	(90)	1,514	1,676	(162)	-10%
Other operations	1,370	79	(8)	1,441	1,616	(175)	-11%
Professional services	3,606	297	62	3,965	4,561	(596)	-13%
Commercial development	179	22	(1)	199	228	(29)	-13%
Crossrail	803	(72)	(29)	702	665	37	6%
<b>Total FTEs</b>	<b>29,189</b>	<b>(230)</b>	<b>(183)</b>	<b>28,776</b>	<b>30,460</b>	<b>(1,684)</b>	<b>-6%</b>

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

Employee costs (£m)	Period 10				Year to date			
	Actual	Budget	Variance to budget	% variance to budget	Actual	Budget	Variance to budget	% variance to budget
Permanent	(149)	(168)	19	-11%	(1,447)	(1,545)	98	-6%
Non-permanent Labour	(7)	(11)	4	-39%	(83)	(124)	41	-33%
<b>Total employee costs</b>	<b>(156)</b>	<b>(178)</b>	<b>23</b>	<b>-13%</b>	<b>(1,530)</b>	<b>(1,669)</b>	<b>139</b>	<b>-8%</b>

Headcount levels are down 413 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 357 since the end of last year following the transfer of 549 commercial and finance staff to central professional services. After adjusting for the transfer, headcount has increased by 192, the result of the recruitment of station staff following last year's station review
- The increase of 359 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 288 leavers across the Finance, Commercial and Technology and Data Transformation workstreams, 98 vacancies and 133 fewer graduates this year

Employee levels are 1,684 (-6%) 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 10				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Net cost of transport operations	(125)	(152)	27	-18%	(800)	(918)	118	-13%
Non-cash depreciation	86	83	3	4%	840	827	13	2%
Net capital expenditure	(122)	(123)	1	-1%	(1,465)	(1,471)	6	0%
Borrowing	-	-	-	5%	300	401	(101)	-25%
Working capital movements	7	(14)	21	-148%	1,147	1,095	52	5%
<b>Increase/(decrease) in cash balances</b>	<b>(154)</b>	<b>(206)</b>	<b>52</b>	<b>-25%</b>	<b>22</b>	<b>(67)</b>	<b>89</b>	<b>-133%</b>

## Cash balances

(£m)	2016/17 closing cash	Prior periods' movements	Period 10 movements	Period 10 closing cash	Variance to budget
Crossrail sponsors' funding account	510	279	(93)	696	(243)
Other TfL cash balances	1,451	(103)	(62)	1,287	331
<b>Cash balances</b>	<b>1,961</b>	<b>176</b>	<b>(154)</b>	<b>1,983</b>	<b>88</b>

Cash balances are £1,983m (£88m 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 £52m (£5%), offset by the delay of £101m of planned borrowing.

Since the start of the year, overall cash balances have increased by £22m. Excluding Crossrail, cash balances are £164m lower than at the end of 2016/17.

Crossrail cash balances are up £186m 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	6 January 2018	31 March 2017	Movement	6 January 2018	Period 10 Budget	Movement
Intangible assets	128	140	(12)	128	101	27
Property, plant and equipment	38,610	36,839	1,771	38,610	38,672	(62)
Investment properties	558	558	-	558	558	-
Investment in associate entities	362	368	(6)	362	387	(25)
Long term derivatives	17	18	(1)	17	18	(1)
Long term finance lease receivables	12	4	8	12	22	(10)
Long term debtors	21	26	(5)	21	21	-
<b>Non current assets</b>	<b>39,708</b>	<b>37,953</b>	<b>1,755</b>	<b>39,708</b>	<b>39,779</b>	<b>(71)</b>
Stocks	68	72	(4)	68	72	(4)
Short term debtors	667	1,821	(1,154)	667	535	132
Short term derivatives	15	15	-	15	15	-
Assets held for sale	7	12	(5)	7	12	(5)
Short term finance lease receivables	5	1	4	5	6	(1)
Cash and short term investments	1,983	1,961	22	1,983	1,895	88
<b>Current Assets</b>	<b>2,745</b>	<b>3,882</b>	<b>(1,137)</b>	<b>2,745</b>	<b>2,535</b>	<b>210</b>
Short term creditors	(2,162)	(2,146)	(16)	(2,162)	(2,018)	(144)
Short term derivatives	(2)	(4)	2	(2)	-	(2)
Short term borrowings	(571)	(1,106)	535	(571)	(1,106)	535
Short term lease liabilities	(57)	(77)	20	(57)	(59)	2
Short term provisions	(183)	(194)	11	(183)	(165)	(18)
<b>Current liabilities</b>	<b>(2,975)</b>	<b>(3,527)</b>	<b>552</b>	<b>(2,975)</b>	<b>(3,348)</b>	<b>373</b>
Long term creditors	(63)	(56)	(7)	(63)	(56)	(7)
Long term borrowings	(9,524)	(8,690)	(834)	(9,524)	(9,090)	(434)
Long term lease liabilities	(443)	(488)	45	(443)	(447)	4
Long term derivatives	(59)	(79)	20	(59)	(78)	19
Other provisions	(57)	(44)	(13)	(57)	(28)	(29)
Pension provision	(5,361)	(5,364)	3	(5,361)	(5,364)	3
<b>Long term liabilities</b>	<b>(15,507)</b>	<b>(14,721)</b>	<b>(786)</b>	<b>(15,507)</b>	<b>(15,063)</b>	<b>(444)</b>
<b>Total net assets</b>	<b>23,971</b>	<b>23,587</b>	<b>384</b>	<b>23,971</b>	<b>23,903</b>	<b>68</b>
<b>Capital and reserves</b>						
Usable reserves	1,970	1,861	109	1,970	1,837	133
Unusable reserves	22,001	21,726	275	22,001	22,066	(65)
<b>Total capital employed</b>	<b>23,971</b>	<b>23,587</b>	<b>384</b>	<b>23,971</b>	<b>23,903</b>	<b>68</b>

## Balance sheet movement vs budget

- Fixed assets: £35m (-0.1%) lower, mainly due to £24m lower capitalisation of assets, and £13m higher than budgeted depreciation
- Investment in associate entities: £25m (-7%) lower, representing TfL's share (£7m) of post-tax losses to 30 September 2017 in the Earls Court Partnership company (ECP), £8m lower loan notes issued to ECP and £10m loan budgeted for the Garden Bridge
- Long-term finance lease receivables: £10m (-46%) lower, as a result of slower than budgeted delivery of the advertising capital upgrade programme
- Short-term debtors: £132m (25%) higher, mostly due to £71m higher VAT, £35m higher traffic enforcement debtor, plus £18m ESN grant debtor
- Cash and short-term investments: £88m (5%) higher, mainly owing to:
  - £118m lower net operating costs (excluding depreciation)
  - £15m lower net financing costs, due to a lower level of debt than budgeted
  - £38m lower capital expenditure
  - £101m deferral of new prudential borrowings
  - £30m lower grant income, mainly due to £20m lower Crossrail

funding offset by £13m of funding for Crossrail 2 feasibility, which was budgeted to be received at the end of 2016/17

- £36m lower property sales
- £41m higher third-party capital contributions
- £17m other working capital variances
- Short-term creditors: £144m (7% higher), mostly due to increased Crossrail expenditure, and £67m Croxley creditor
- Short and long-term borrowings: £101m lower than budget (-1%), due to the deferral of new prudential borrowings
- Short and long-term provisions: £47m higher than budget (24%), of which £36m relates to the deferral of Crossrail property claim payments

## Balance sheet movement vs prior year end

- Fixed assets: £1,759m (5%) higher: £2,599m acquisitions less £840m depreciation
- Short-term debtors: £1,154m (-63%) lower, mainly as a result of the receipt of £1,266m of Network Rail loan repayments, which have now cleared this loan, offset by VAT debtor of £71m
- Short and long-term borrowings: £299m (3%) higher, reflecting £299m (3%) year-to-date net borrowings



# Appendices

## Appendix A: Divisional tables

### London Underground

(£m)	Period 10				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	177	185	(8)	-4%	2,033	2,122	(89)	-4%
Other operating income	3	2	1	50%	21	23	(2)	-9%
<b>Total operating income</b>	<b>180</b>	<b>187</b>	<b>(7)</b>	<b>-4%</b>	<b>2,054</b>	<b>2,145</b>	<b>(91)</b>	<b>-4%</b>
Direct operating cost	(154)	(166)	12	-7%	(1,594)	(1,690)	96	-6%
Indirect operating cost	(30)	(34)	4	-12%	(319)	(356)	37	-10%
<b>Net operating surplus</b>	<b>(4)</b>	<b>(13)</b>	<b>9</b>	<b>-69%</b>	<b>141</b>	<b>99</b>	<b>42</b>	<b>42%</b>
Depreciation	(52)	(52)	-	0%	(521)	(516)	(5)	1%
<b>Net cost of operations before financing</b>	<b>(56)</b>	<b>(65)</b>	<b>9</b>	<b>-14%</b>	<b>(380)</b>	<b>(417)</b>	<b>37</b>	<b>-9%</b>
Capital renewals	(27)	(29)	2	-7%	(257)	(323)	66	-20%
New capital investment	(54)	(51)	(3)	6%	(545)	(565)	20	-4%
<b>Net capital expenditure</b>	<b>(81)</b>	<b>(80)</b>	<b>(1)</b>	<b>1%</b>	<b>(802)</b>	<b>(888)</b>	<b>86</b>	<b>-10%</b>

### Rail

(£m)	Period 10				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	35	35	-	0%	390	411	(21)	-5%
Other operating income	(1)	1	(2)	-200%	9	12	(3)	-25%
<b>Total operating income</b>	<b>34</b>	<b>36</b>	<b>(2)</b>	<b>-6%</b>	<b>399</b>	<b>423</b>	<b>(24)</b>	<b>-6%</b>
Direct operating cost	(42)	(47)	5	-11%	(412)	(442)	30	-7%
Indirect operating cost	(2)	(3)	1	-33%	(25)	(28)	3	-11%
<b>Net operating deficit</b>	<b>(10)</b>	<b>(14)</b>	<b>4</b>	<b>-29%</b>	<b>(38)</b>	<b>(47)</b>	<b>9</b>	<b>-19%</b>
Depreciation	(11)	(10)	(1)	10%	(104)	(107)	3	-3%
<b>Net cost of operations before financing</b>	<b>(21)</b>	<b>(24)</b>	<b>3</b>	<b>-13%</b>	<b>(142)</b>	<b>(154)</b>	<b>12</b>	<b>-8%</b>
Capital renewals	(2)	(4)	2	-50%	(20)	(32)	12	-38%
New capital investment	(32)	(37)	5	-14%	(279)	(321)	42	-13%
Crossrail	(94)	(75)	(19)	25%	(1,127)	(937)	(190)	20%
<b>Net capital expenditure</b>	<b>(128)</b>	<b>(116)</b>	<b>(12)</b>	<b>10%</b>	<b>(1,426)</b>	<b>(1,290)</b>	<b>(136)</b>	<b>11%</b>

## Streets

(£m)	Period 10				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	19	25	(6)	-24%	238	270	(32)	-12%
<b>Total operating Income</b>	<b>19</b>	<b>25</b>	<b>(6)</b>	<b>-24%</b>	<b>238</b>	<b>270</b>	<b>(32)</b>	<b>-12%</b>
Direct operating cost	(43)	(60)	17	-28%	(380)	(388)	8	-2%
Indirect operating cost	(6)	(7)	1	-14%	(62)	(69)	7	-10%
<b>Net operating deficit</b>	<b>(30)</b>	<b>(42)</b>	<b>12</b>	<b>-29%</b>	<b>(204)</b>	<b>(187)</b>	<b>(17)</b>	<b>9%</b>
Depreciation	(13)	(11)	(2)	18%	(110)	(107)	(3)	3%
<b>Net cost of operations before financing</b>	<b>(43)</b>	<b>(53)</b>	<b>10</b>	<b>-19%</b>	<b>(314)</b>	<b>(294)</b>	<b>(20)</b>	<b>7%</b>
Capital renewals	(10)	(8)	(2)	25%	(88)	(96)	8	-8%
New capital investment	(5)	(8)	3	-38%	(68)	(69)	1	-1%
<b>Net capital expenditure</b>	<b>(15)</b>	<b>(16)</b>	<b>1</b>	<b>-6%</b>	<b>(156)</b>	<b>(165)</b>	<b>9</b>	<b>-5%</b>

## Buses

(£m)	Period 10				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	103	101	2	2%	1,122	1,103	19	2%
Other operating income	1	1	-	0%	11	8	3	38%
<b>Total operating Income</b>	<b>104</b>	<b>102</b>	<b>2</b>	<b>2%</b>	<b>1,133</b>	<b>1,111</b>	<b>22</b>	<b>2%</b>
Direct operating cost	(159)	(161)	2	-1%	(1,610)	(1,609)	(1)	0%
Indirect operating cost	(5)	(5)	-	0%	(50)	(55)	5	-9%
<b>Net operating deficit</b>	<b>(60)</b>	<b>(64)</b>	<b>4</b>	<b>-6%</b>	<b>(527)</b>	<b>(553)</b>	<b>26</b>	<b>-5%</b>
Depreciation	(4)	(4)	-	0%	(36)	(34)	(2)	6%
<b>Net cost of operations before financing</b>	<b>(64)</b>	<b>(68)</b>	<b>4</b>	<b>-6%</b>	<b>(563)</b>	<b>(587)</b>	<b>24</b>	<b>-4%</b>
Capital renewals	-	(2)	2	-100%	(7)	(15)	8	-53%
New capital investment	(1)	(2)	1	-50%	(17)	(24)	7	-29%
<b>Net capital expenditure</b>	<b>(1)</b>	<b>(4)</b>	<b>3</b>	<b>-75%</b>	<b>(24)</b>	<b>(39)</b>	<b>15</b>	<b>-38%</b>

## Commercial Development

(£m)	Period 10				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	17	22	(5)	-23%	185	200	(15)	-8%
<b>Total operating income</b>	<b>17</b>	<b>22</b>	<b>(5)</b>	<b>-23%</b>	<b>185</b>	<b>200</b>	<b>(15)</b>	<b>-8%</b>
Direct operating cost	(4)	(5)	1	-20%	(29)	(46)	17	-37%
Indirect operating cost	-	-	-	0%	-	-	-	0%
<b>Net operating surplus</b>	<b>13</b>	<b>17</b>	<b>(4)</b>	<b>-24%</b>	<b>156</b>	<b>154</b>	<b>2</b>	<b>1%</b>
Depreciation	-	-	-	0%	-	-	-	0%
<b>Net cost of operations before financing</b>	<b>13</b>	<b>17</b>	<b>(4)</b>	<b>-24%</b>	<b>156</b>	<b>154</b>	<b>2</b>	<b>1%</b>
New capital investment	1	(6)	7	-117%	(20)	(47)	27	-57%
Capital receipts	2	-	2	0%	22	43	(21)	-49%
Crossrail property receipts	-	-	-	0%	-	-	-	0%
<b>Net capital expenditure</b>	<b>3</b>	<b>(6)</b>	<b>9</b>	<b>-150%</b>	<b>2</b>	<b>(4)</b>	<b>6</b>	<b>-150%</b>

## Other operations

(£m)	Period 10				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	4	4	-	0%	41	37	4	11%
Other operating income	8	8	-	0%	90	93	(3)	-3%
<b>Total operating income</b>	<b>12</b>	<b>12</b>	<b>-</b>	<b>0%</b>	<b>131</b>	<b>130</b>	<b>1</b>	<b>1%</b>
Direct operating cost	(13)	(18)	5	-28%	(154)	(194)	40	-21%
Indirect operating cost	(1)	(1)	-	0%	(15)	(15)	-	0%
<b>Net operating deficit</b>	<b>(2)</b>	<b>(7)</b>	<b>5</b>	<b>-71%</b>	<b>(38)</b>	<b>(79)</b>	<b>41</b>	<b>-52%</b>
Depreciation	(7)	(6)	-	0%	(68)	(63)	(5)	8%
<b>Net cost of operations before financing</b>	<b>(9)</b>	<b>(13)</b>	<b>5</b>	<b>-38%</b>	<b>(106)</b>	<b>(142)</b>	<b>36</b>	<b>-25%</b>
Capital renewals	(4)	(4)	-	0%	(49)	(52)	3	-6%
New capital investment	(3)	(2)	(1)	50%	(61)	(73)	12	-16%
<b>Net capital expenditure</b>	<b>(7)</b>	<b>(6)</b>	<b>(1)</b>	<b>17%</b>	<b>(110)</b>	<b>(125)</b>	<b>15</b>	<b>-12%</b>

## Appendix B: Passenger journeys, income, and yield

### Passenger income

(£m)	Period I0				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	177	185	(8)	-4%	2,033	2,122	(89)	-4%
TfL Rail	6	6	-	0%	64	69	(5)	-7%
DLR	10	11	(1)	-9%	129	130	(1)	-1%
London Overground	17	16	1	6%	174	188	(14)	-7%
Trams	2	2	-	0%	19	19	-	0%
EAL	-	-	-	0%	5	6	(1)	-17%
Buses	103	101	2	2%	1,122	1,103	19	2%
Oyster write off and deposits	4	4	-	0%	41	37	4	11%
<b>Total Fares</b>	<b>318</b>	<b>325</b>	<b>(7)</b>	<b>-2%</b>	<b>3,586</b>	<b>3,672</b>	<b>(86)</b>	<b>-2%</b>

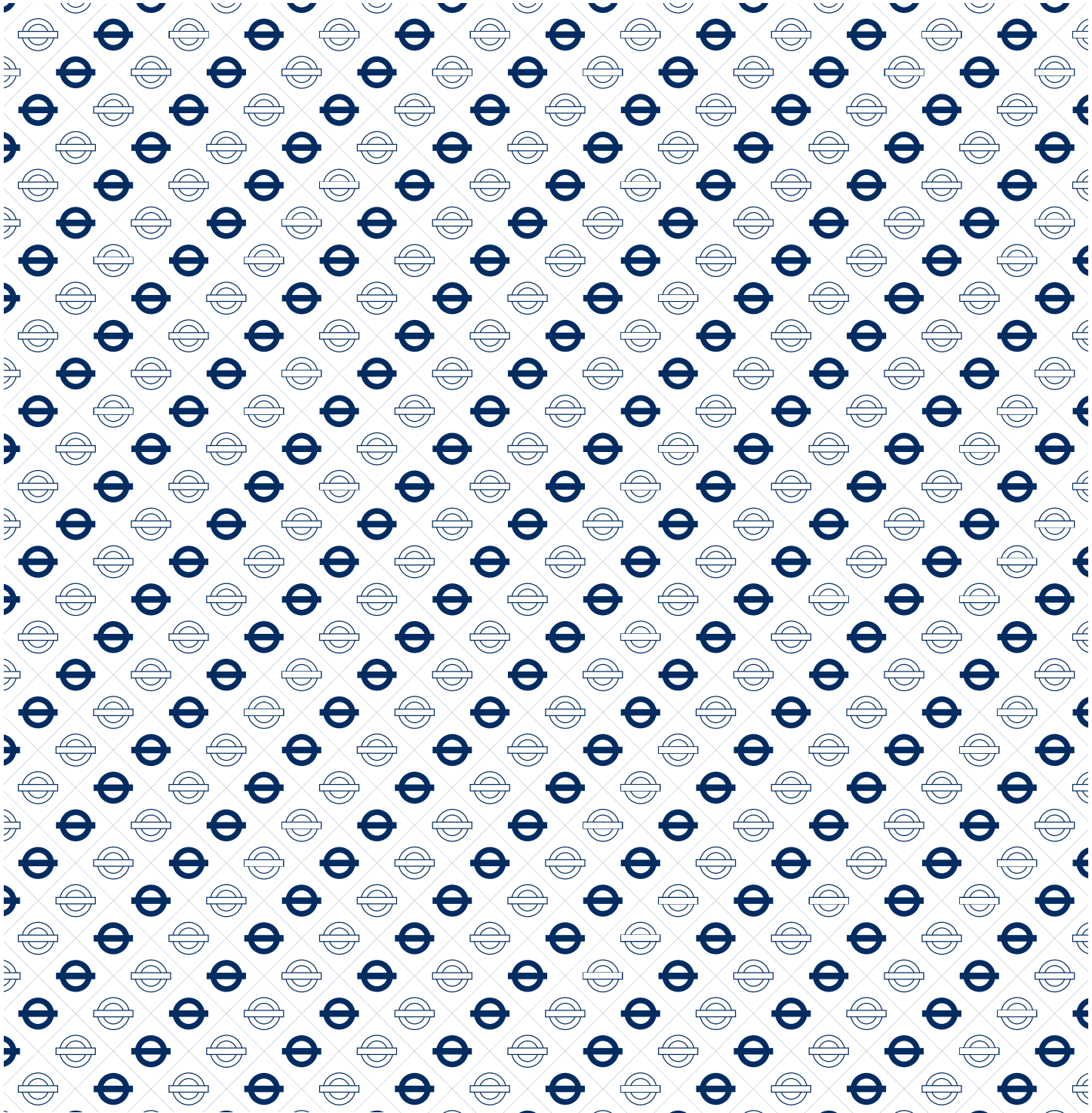
### Passenger journeys

Millions	Period I0				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	88	90	(3)	-3.1%	1,041	1,082	(41)	-3.8%
TfL Rail	3	3	0	7.4%	35	36	(1)	-3.2%
DLR	7	8	(0)	-4.5%	93	95	(2)	-2.1%
London Overground	12	12	(1)	-6.4%	146	154	(8)	-5.4%
Trams	2	2	(0)	-5.1%	22	23	(0)	-0.2%
EAL	0.1	0.1	(0.0)	-23.2%	1.2	1.3	(0.1)	-10.0%
Buses	144	145	(0)	-0.2%	1,725	1,688	37	2.2%
<b>Total Passengers</b>	<b>256</b>	<b>260</b>	<b>(4)</b>	<b>-1.6%</b>	<b>3,063</b>	<b>3,078</b>	<b>(15)</b>	<b>-0.5%</b>

### Fares yield\*

(£ per journey)	Period I0				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	2.01	2.04	-0.03	-1.5%	1.95	1.96	-0.01	-0.4%
TfL Rail	1.94	2.13	-0.19	-9.0%	1.82	1.92	-0.11	-5.5%
DLR	1.29	1.39	-0.10	-7.5%	1.39	1.37	0.02	1.4%
London Overground	1.48	1.31	0.17	13.1%	1.19	1.22	-0.03	-2.1%
Trams	0.87	0.82	0.04	5.3%	0.83	0.83	0.01	0.6%
EAL	4.74	4.49	0.25	5.6%	4.24	4.42	-0.17	-3.9%
Buses	0.71	0.70	0.01	2.1%	0.65	0.65	0.00	-0.4%
<b>Average yield</b>	<b>1.25</b>	<b>1.25</b>	<b>0.00</b>	<b>-0.2%</b>	<b>1.17</b>	<b>1.19</b>	<b>-0.02</b>	<b>-1.9%</b>

\* Fares yield includes the effects of retrospective Travelcard adjustments



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