Board

Date: **22 September 2016**

Item: **Executive Summary – Finance Report**

Decision required	To note both the Finance Report and the new Quarterly Performance Report.
Sponsoring Director	Name: Ian Nunn, Chief Finance Officer Number: 020 3054 8941 Email: IanNunn@tfl.gov.uk

Summary

- Following feedback from a number of stakeholders, the way financial and operational performance is reported to the Board has been completely refreshed. The Finance Report will provide the latest available management results.
- This Finance Report sets out TfL's financial results for Period 5, 2016/17 – the four weeks ending 22/08/2016. The paper also includes the new Quarterly Performance Report for Quarter 1 2016/17, which replaces the former Operational and Financial Performance Report.
- The Quarterly Performance Report has been designed to provide regular financial, operational and customer information in a digital format that is easy to read and understand. The objective is to provide this information in a consistent and transparent way so that the progress and financial dynamics of the business become much clearer. The Report invites comments, suggestions and observations on its design and content and this feedback will be considered for subsequent reports.

Board

Date: **22 September 2016**

Item: **Finance Report**

This paper will be considered in public

1 Summary

1.1 The Finance Report sets out TfL's financial results for Period 5, 2016/17 – the four weeks ending 22/08/2016. This paper also includes the new Quarterly Performance Report for Quarter 1 2016/17, which replaces the Operational and Financial Performance Report previously published on a quarterly basis.

2 Recommendation

2.1 **The Board is asked to note both the Finance Report and the new Quarterly Performance Report.**

3 Financial Reporting to the Board

Finance Report

3.1 In response to feedback from a number of stakeholders, the way financial and operational performance is reported to the Board has been completely refreshed. Previously the Board has received a quarterly report on financial performance which, depending when Board meetings fell in the quarterly cycle, did not necessarily provide the latest available financial information. From now on the Finance Report will include the latest available management results which, for this Board meeting, are the results for Period 5.

Quarterly Performance Report

3.2 The previous Operational and Financial Performance Report was not providing stakeholders with the quality or depth of financial information they required. The new Quarterly Performance Report has therefore been designed to provide regular financial, operational and customer information in a digital format that is easy to read and understand. The objective is to provide this information in a consistent and transparent way so that the progress and financial dynamics of the business become much clearer.

3.3 The report is based on actual data only, showing trends analysed over the last five years and the last five quarters. The financial information included is based on unaudited management results.

3.4 It is not necessarily straightforward to design a new report which satisfies all readers in its first issue, so feedback is encouraged. To this end the report includes an email address for comments, suggestions and observations. Subsequent reports can take account of this feedback if possible.

List of appendices to this report:

Appendix 1: Finance Report – Period 5, 2016/17
Appendix 2: Quarterly Performance Report – Quarter 1, 2016/17

List of Background Papers:

None

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Transport for London finance report

Period 5 2016/17

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

About Transport for London (TfL)

Part of the Greater London Authority family of organisations led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's strategy and commitments on transport.

As a core element in the Mayor's overall plan for London, our purpose is to keep London moving, working and growing, and to make life in our city better. We reinvest all of our income to run and improve London's transport services and to make it more modern and affordable for everyone.

Our operational responsibilities include London Underground, London Buses, Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line.

On the roads, we regulate taxis and the private hire trade, run the Congestion Charging scheme, manage the city's 580km red route network, operate all of the Capital's 6,300 traffic signals and work to ensure a safe environment for all road users.

We are delivering one of the world's largest programmes of transport capital investment, which is building the Elizabeth line, modernising Tube services and stations, transforming the road network and making it safer, especially for more vulnerable road users, such as pedestrians and cyclists.

We work hard to make journeys easier through effective use of technology and data. We provide modern ways to pay through Oyster and contactless payment cards and provide information in a wide range of formats to help people move around London.

Real-time travel information is provided directly by us and through third party organisations, which use the data we make openly and freely available to power apps and other services.

We listen to, and act upon, feedback and complaints to constantly improve our services and work with communities, representative groups, businesses and many other stakeholders to shape transport provision in London.

Improving and expanding transport in London is central to driving economic growth, jobs and housing throughout the United Kingdom. Under the Mayor's housing strategy, we are using our surplus land to provide thousands of new, affordable homes. Our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

Contents

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 2016 was published on 28 July 2016.

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

Management results

Operating account

Period 5 – the four weeks ending 22 August 2016

	Period 5				Year to date			
(£m)	Period 5 Actual	Period 5 Budget	Period Variance	Period Variance	YTD Actual	YTD Budget	YTD Variance	YTD Variance
Fares income	346	357	(11)	-3%	1,816	1,849	(33)	-2%
Other operating income	54	52	2	3%	265	265	(0)	0%
Total operating income	**400**	**409**	**(9)**	**-2%**	**2,081**	**2,114**	**(33)**	**-2%**
General grant	34	34	0	0%	172	172	(0)	0%
Business rates retention	0	0	0	0%	308	308	(0)	0%
Other revenue grants	2	3	(1)	-22%	12	12	(0)	0%
Total income	**436**	**446**	**(10)**	**-2%**	**2,572**	**2,606**	**(34)**	**-1%**
Operating cost	(474)	(491)	17	4%	(2,388)	(2,414)	26	1%
Net operating surplus/(deficit)	**(38)**	**(46)**	**7**	**-16%**	**185**	**192**	**(8)**	**-4%**
Depreciation and amortisation	(78)	(71)	(7)	-10%	(391)	(355)	(36)	-10%
Net cost of operations before financing	**(116)**	**(117)**	**0**	**0%**	**(207)**	**(163)**	**(43)**	**27%**
Net financing costs	(24)	(29)	6	19%	(134)	(144)	10	7%
Net cost of transport operations	**(140)**	**(146)**	**6**	**4%**	**(341)**	**(308)**	**(33)**	**-11%**

Income

- London Underground (LU) fares income (£1,019m) is £20m (1.9 per cent) lower than Budget in the year to date with lower than budgeted passenger volumes – down 4.6 million (-0.9 per cent) and reduced average yield – down 2.2p (1.1 per cent). These adverse variances on volume and yield account respectively for £9m and £11m. The variance on yield is driven by Stratford rezoning (creation of new Zone 2/3) and increased 60+ Oyster usage
- Fares income from buses (£585m) in the year to date, is £13m lower than Budget with total passenger volumes some 27.3 million (-3.0 per cent) below Budget. Fare paying journeys are 18 million (-2.9 per cent) less than Budget. Volumes have been slow to recover following the increased congestion as London's population grows and from the impact of major highway construction and urban improvement schemes
- Total passenger journeys are 35.1 million (-2.2 per cent) adverse to Budget in the year to date

Passenger journeys

	Period 5					Year to date			
Million	Actuals	Year-on-year variance		Variance to Budget		Year-on-year variance		Variance to Budget	
LU	100.6	6.0	6.3%	(2.0)	-2.0%	16.2	3.1%	(4.6)	-0.9%
TfL Rail	3.6	(0.1)	-2.3%	0.1	3.5%	7.5	67.7%	0.6	3.5%
Buses	155.3	(7.0)	-4.3%	(6.4)	-4.0%	(41.0)	-4.5%	(27.3)	-3.0%
London Overground	13.7	(0.4)	-3.1%	(0.6)	-4.0%	(1.8)	-2.4%	(2.8)	-3.7%
DLR	9.0	0.1	0.8%	(0.5)	-5.2%	1.3	2.9%	(0.7)	-1.5%
Trams	1.8	(0.0)	-1.8%	(0.5)	-22.0%	1.1	10.8%	(0.3)	-2.3%
Emirates Air Line (EAL)	0.2	(0.0)	-5.4%	(0.0)	-11.1%	(0.1)	-9.4%	(0.1)	-14.1%
Total passenger journeys	**284.1**	**(1.5)**	**-0.5%**	**(9.9)**	**-3.4%**	**(16.7)**	**-1.1%**	**(35.1)**	**-2.2%**

Costs

There is a favourable variance in operating costs compared with Budget of some £26m (1.0 per cent) at the end of Period 5 as the drive to reduce cost in all areas of the business has begun to take effect:

- Employee costs are £17m (2.1 per cent) lower than Budget – split between permanent employees £13m and Non-Permanent Labour (NPL) £4m
- LU has reduced the cost of heavy overhaul train maintenance by £7m
- Projects in Customer, Communications and Technology have been cancelled or deferred, totalling £7m
- Bus contract costs are £5m lower than Budget as a result of reduced performance payments under the Quality Incentive Contract scheme
- Lower passenger volumes have also led to reduced variable costs of sales including lower debit/credit card fees, reduced contact centre volume and lower compensation payments to the Train Operating Companies

Depreciation and amortisation costs are £36m (-10 per cent) higher than Budget as a result of the Budget being prepared on the basis of the December 2015 balance sheet, rather than the year-end balance sheet.

Financing costs are £10m (7 per cent) lower than Budget as a result of the decision to delay taking out any further borrowing this year until as late as possible to save interest costs.

Capital account

(£m)	Period 5				Year to date			
	Period 5 Actual	Period 5 Budget	Period Variance	Period Variance	YTD Actual	YTD Budget	YTD Variance	YTD Variance
Capital renewals	(54)	(60)	6	10%	(301)	(310)	9	3%
New capital investment	(74)	(83)	9	10%	(385)	(426)	41	10%
Crossrail	(126)	(124)	(2)	-2%	(644)	(658)	14	2%
Total capital expenditure	**(255)**	**(267)**	**12**	**5%**	**(1,330)**	**(1,395)**	**64**	**5%**
Financed by:								
Investment grant	73	73	(0)	0%	363	363	(0)	0%
Third-party contributions	3	3	(0)	-11%	16	15	1	9%
Property income	(0)	1	(1)	-100%	(0)	1	(1)	-102%
Crossrail funding sources	8	11	(3)	-24%	46	53	(7)	-13%
Other capital grants	16	13	4	28%	66	63	3	5%
Total	**100**	**100**	**0**	**0%**	**491**	**494**	**(3)**	**-1%**
Net capital account	**(155)**	**(168)**	**12**	**7%**	**(839)**	**(900)**	**61**	**7%**

Capital expenditure is £64m (5 per cent) lower than Budgeted, principally as a result of the rephasing of and some minor delays in capital projects:

- The station improvement programme in TfL Rail (£10m)
- The rephasing on upgrading the Circle, District, Hammersmith & City and Metropolitan lines to align with the contractor programme (£11m)
- Slippage on borough cycling schemes (£11m)
- Some delays on the Jubilee, and Northern line upgrades (£8m)
- The Commercial Development programme, including £8m on property development, £11m from delays on the introduction of new advertising screens at Canary Wharf, and later than anticipated investment in the Arches portfolio and the creation of new retail space

Capital expenditure on new buses was £8m more than Budget.

Headcount

Full-time equivalent (FTE) employees	End of 2015/16 actuals	P1–P4 Net (leavers)/ joiners	Period 5 Net (leavers)/ joiners	Period 5 Actual	Period 5 Budget	Variance to Budget
London Underground	21,685	(847)	(119)	20,720	21,283	(563)
Surface Transport	4,165	(22)	(49)	4,094	4,269	(175)
Professional Services	4,215	(209)	(68)	3,938	4,360	(423)
Commercial Development	165	9	3	177	197	(20)
Crossrail	983	(63)	6	926	964	(38)
Total FTEs	**31,213**	**(1,132)**	**(227)**	**29,855**	**31,073**	**(1,219)**
Permanent	26,937	(606)	(64)	26,267	27,149	(882)
NPL	3,294	(464)	(169)	2,661	2,960	(299)
Crossrail	983	(63)	6	926	964	(38)
Total FTEs	**31,213**	**(1,132)**	**(227)**	**29,855**	**31,073**	**(1,219)**

Employee costs (£m)	Period 5				Year to date			
	Period 5 Actual	Period 5 Budget	Period Variance	Period Variance	YTD Actual	YTD Budget	YTD Variance	YTD Variance
Permanent	(138)	(144)	6	-4.2%	(717)	(730)	13	-1.8%
Non-Permanent Labour (NPL)	(15)	(18)	2	-13.1%	(91)	(95)	4	-4.4%
Total employee costs	**(153)**	**(162)**	**8**	**-5.2%**	**(808)**	**(825)**	**17**	**-2.1%**

Headcount has reduced by 1,359 since the beginning of the year.

- Some 600 employees have left the business following the Fit for the Future Stations programme
- The drive to reduce reliance on NPL has led to a reduction of 633 (19 per cent) heads since the beginning of the year
- Employee costs (including NPL) are now £17m lower than Budget in the year to date

Cash

Cash flow summary

	Period 5				Year to date			
(£m)	Period 5 Actual	Period 5 Budget	Period Variance	Period Variance	YTD Actual	YTD Budget	YTD Variance	YTD Variance
Net cost of transport operations	(140)	(146)	6	4%	(341)	(308)	(33)	-11%
Non-cash depreciation	78	71	7	10%	391	355	36	10%
Net capital expenditure	(155)	(168)	12	7%	(839)	(900)	61	7%
Borrowing	1	0	1	914%	2	684	(682)	-100%
Working capital movements	(37)	(72)	35	49%	(243)	(249)	6	3%
(Decrease)/increase in cash balances	**(253)**	**(314)**	**61**		**(1,029)**	**(417)**	**(612)**	

Cash balances

(£m)	2016/17 opening cash	Prior period movements	Period 5 movement	Period 5 closing cash	Variance to Budget
Crossrail sponsors' funding account	1,539	(429)	(145)	965	50
Other TfL cash balances	1,776	(347)	(108)	1,321	(662)
Cash balances	3,314	(776)	(253)	2,285	(612)

- Year-to-date actual and Budgeted working capital movements include Crossrail payments to Network Rail (£227m actual: £201m Budget) which have been advanced as a short term loan
- Cash balances are £2,285m at the end of Period 5, down £1,029m in the year as the borrowing taken out in advance to finance the capital investment programme is drawn down
- Cash balances are £612m below Budget as planned borrowing of approximately £700m has been postponed to later in the year following the Brexit vote. This has also resulted in a significant saving in debt service (financing) costs

Balance sheet

TfL Group balance sheet

£m	22 August 2016	31 March 2016	Movement	22 August 2016	Period 5 Budget	Variance
Intangible assets	119	123	(4)	119	112	7
Property, plant and equipment	35,353	34,402	951	35,353	35,467	(114)
Investment properties	518	518	(0)	518	518	(0)
Investment in associate entities	410	473	(63)	410	473	(63)
Long term derivatives	14	7	7	14	7	7
Long term debtors	293	692	(399)	293	35	258
Non current assets	**36,707**	**36,215**	**492**	**36,707**	**36,612**	**95**
Stocks	74	71	3	74	71	3
Short term debtors	1,776	1,262	514	1,776	2,024	(248)
Short term derivatives	13	5	8	13	5	8
Cash and short term investments	2,285	3,314	(1,029)	2,285	2,897	(612)
Current assets	**4,148**	**4,652**	**(504)**	**4,148**	**4,997**	**(849)**
Short term creditors	(2,115)	(2,188)	73	(2,115)	(2,143)	28
Short term derivatives	(30)	(21)	(9)	(30)	(21)	(9)
Short term borrowings	(833)	(832)	(1)	(833)	(832)	(1)
Short term lease liabilities	(73)	(94)	21	(73)	(61)	(12)
Short term provisions	(172)	(221)	49	(172)	(143)	(29)
Current liabilities	**(3,223)**	**(3,356)**	**133**	**(3,223)**	**(3,200)**	**(23)**
Long term creditors	(75)	(80)	5	(75)	(80)	5
Long term borrowings	(8,282)	(8,281)	(1)	(8,282)	(8,965)	683
Long term lease liabilities	(553)	(565)	12	(553)	(545)	(8)
Long term derivatives	(106)	(95)	(11)	(106)	(95)	(11)
Other provisions	(49)	(46)	(3)	(49)	(42)	(7)
Pension provision	(3,207)	(3,208)	1	(3,207)	(3,203)	(4)
Long term liabilities	**(12,272)**	**(12,275)**	**3**	**(12,272)**	**(12,930)**	**658**
Total net assets	**25,360**	**25,236**	**124**	**25,360**	**25,479**	**(119)**
Capital and reserves						
Usable reserves	2,433	3,233	(800)	2,433	2,593	(160)
Unusable reserves	22,927	22,003	924	22,927	22,886	41
Total capital employed	**25,360**	**25,236**	**124**	**25,360**	**25,479**	**(119)**

Balance sheet movement vs Budget

- Property, plant and equipment: £114m (0.3 per cent) lower. £76m lower capitalisation (lower project expenditure) and £38m higher than Budgeted depreciation
- Investment in associate entities: £63m (13.3 per cent) lower representing TfL's 37 per cent share of post tax losses to 30 June 2016 in the Earls Court Partnership Company
- Long term debtors: £258m (737.1 per cent) higher principally owing to Crossrail's Budget reflecting the Network Rail loan as a short term debtor
- Short term debtors: £248m (12.3 per cent) lower – offset of above
- Cash and short term investments: £612m (21.1 per cent) lower, mainly owing to:
  - £683m of prudential borrowings Budgeted for, but not taken, by close of Period 5. This is a timing difference that will reverse later in the year
  - £26m higher loan to Network Rail as part of the Crossrail project
  - £2m lower than Budgeted grant income
  - £67m lower operating activity
  - £32m of working capital movements
- Long term borrowings: £683m as a result of prudential borrowing being delayed until later in the year

Balance sheet movement vs prior year end

- Property, plant and equipment: £951m (2.8 per cent) higher – £1,345m acquisitions less £394m depreciation
- Investment in associate entities: £63m (13.3 per cent) lower, representing TfL's 37 per cent share of post tax losses to 30 June 2016 in the Earls Court Partnership Company
- Long term debtors: £399m (57.7 per cent) lower principally owing to the reclassification of £395m of Network Rail loan debtor from long to short term
- Short term debtors – £514m (40.7 per cent) higher as a result of reclassification above; additional £226m Network Rail loan in year offset by £107m lower other short term debtors (of which, trade debtors £43m and capital debtors £39m)

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September 2016

tfl.gov.uk

PUB16_021

Transport for London quarterly performance report

Quarter 1 2016/17

MAYOR OF LONDON

TRANSPORT FOR LONDON

EVERY JOURNEY MATTERS

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Contents

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Definitions of terms used in the report are included in the glossary.

Introduction

Welcome to the new TfL quarterly performance report

In response to feedback that the quarterly Operational and Financial Performance Report (which this report replaces) needed a refresh, we have given it a complete overhaul, redesigned it and renamed it the TfL quarterly performance report.

Our objective is to provide relevant information in a straightforward, consistent and transparent way so that the progress and dynamics of the business are clear, and the new-style report demonstrates our commitment to the Mayor's drive for greater openness and transparency.

The quarterly report aims to present regular financial, operational and customer information in a format that is easy to read and understand. There are fewer words, more graphical illustrations of data and trends, and the report has been designed to be read digitally.

The current financial year (2016/17) began on 1 April 2016, so this first report covers the first quarter of the year – the 12 weeks to 25 June 2016. Trend analysis shows performance against the comparable quarter over the past five years as well as over a rolling 15-month period. This is intended to provide both longer and shorter term views of the business.

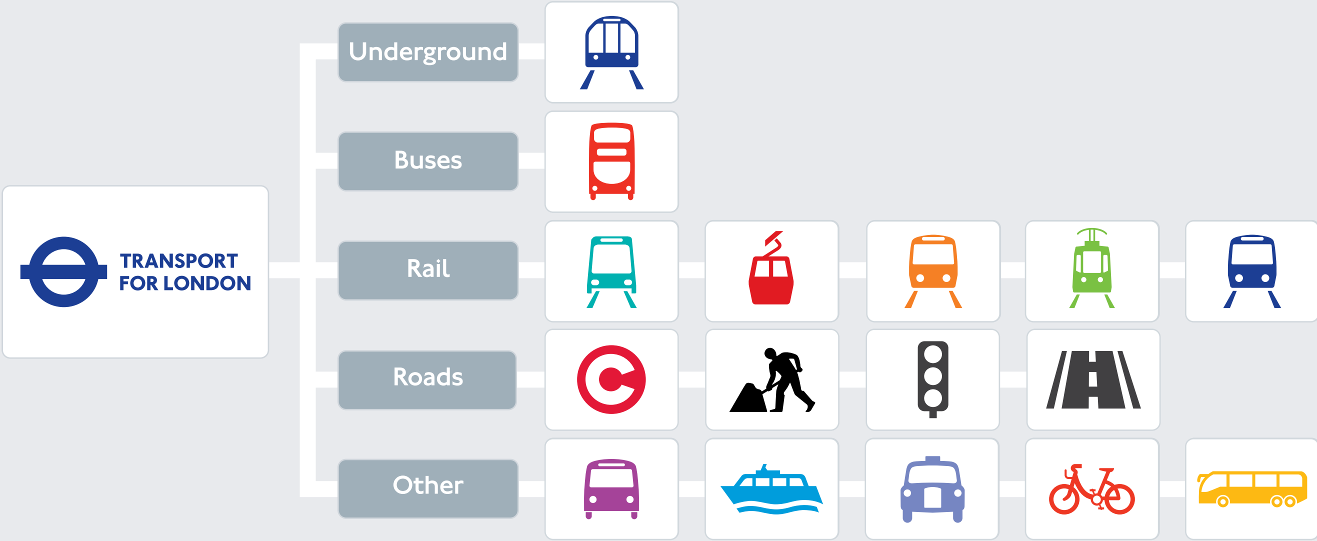
I very much hope that you find this new-style report useful and informative and, if you would like to send any thoughts, comments or suggestions on the content or presentation, please send your feedback to **FinanceFeedback@tfl.gov.uk.**

Ian Nunn
Chief Finance Officer

Business at a glance

Keeping London moving, working and growing to make life in our city better

How we report on our business



Facts and figures*

9,200 Total number of buses on the TfL network

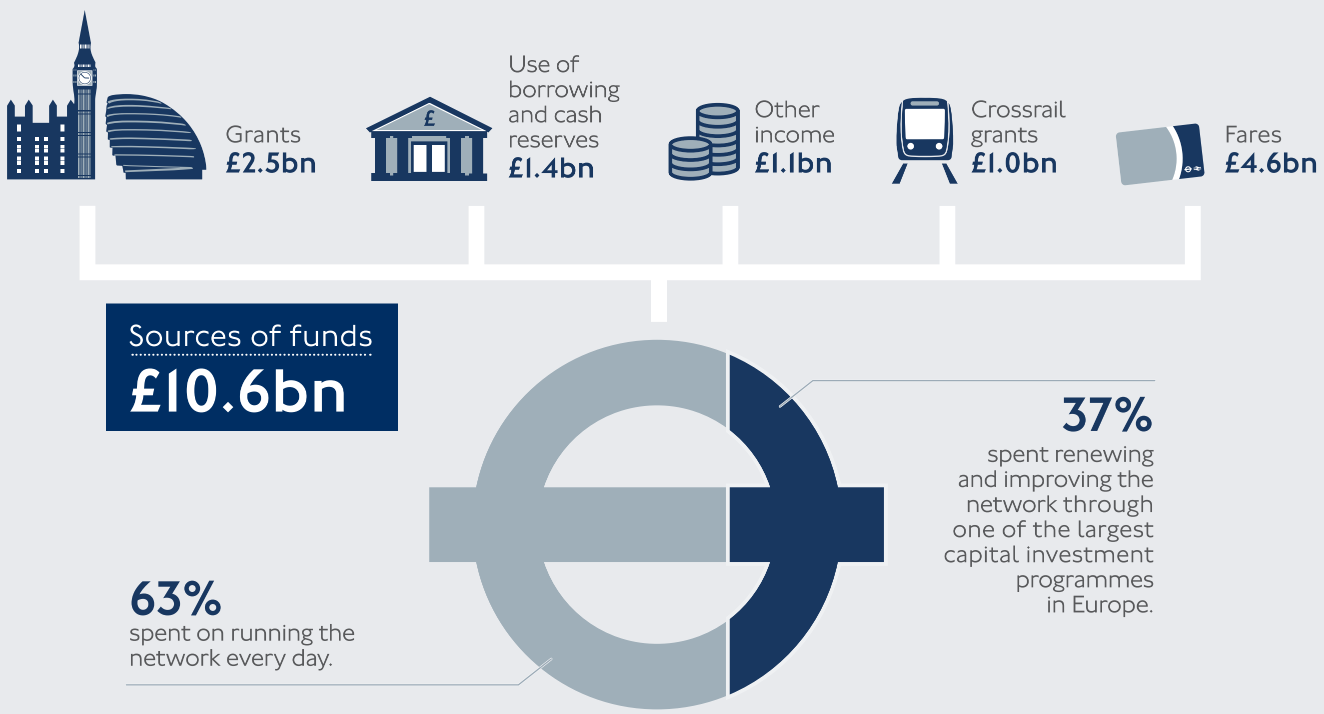
900 Total number of trains on the TfL network

650km TfL-operated Rail and Underground routes

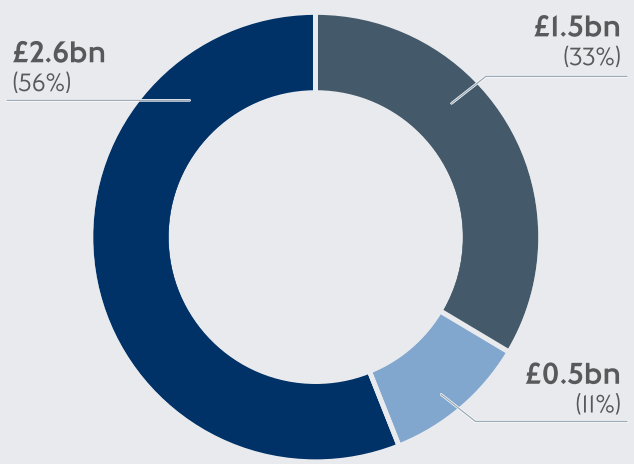
580km TfL-operated highways

6,300 Total number of traffic signals that TfL operates

Finances at a glance*



Total fares*

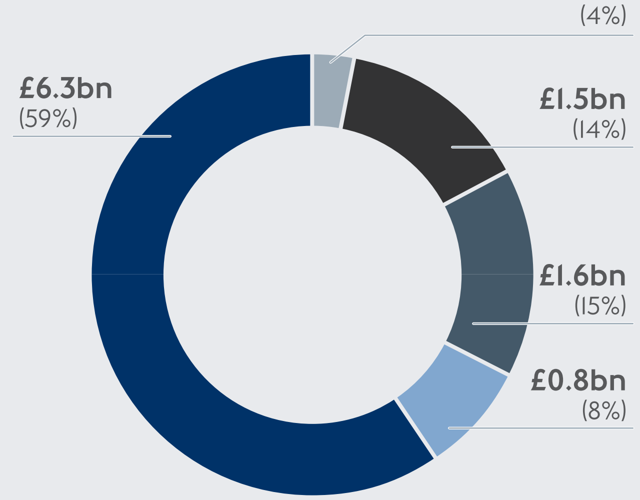


Total: **£4.6bn**

■ Underground ■ Rail ■ Buses

Total costs*

(excluding depreciation)



Total: **£10.6bn**

■ Operating costs ■ New capital investment ■ Capital renewals ■ Crossrail ■ Net financing

*Based on full year 2015/16

Financial summary

Performance this quarter

Operating account

TfL Group (£m)	Q1 2016/17	Q1 2015/16	Variance
Fares income	1,101	1,073	3%
Other operating income	159	155	3%
Total operating income	**1,260**	**1,228**	**3%**
General Grant	103	152	-32%
Business Rates Retention	231	212	9%
Other revenue grants	7	8	-13%
Total income	**1,601**	**1,600**	**0%**
Operating cost	(1,434)	(1,446)	-1%
Net operating surplus/(deficit)	**167**	**154**	**8%**
Depreciation and amortisation	(248)	(242)	2%
Net cost of operations before financing	**(81)**	**(88)**	**-8%**
Net financing costs	(83)	(84)	-1%
Net cost of operations	**(164)**	**(172)**	**-5%**

Capital account

TfL Group (£m)	Q1 2016/17	Q1 2015/16	Variance
Capital renewals	(186)	(196)	-5%
New capital investment	(239)	(207)	15%
Crossrail	(400)	(344)	16%
Investment in Earls Court development	-	(429)	-100%
Total capital expenditure	**(825)**	**(1,176)**	**-30%**
Financed by:			
Investment grant	218	213	2%
Third-party contributions	9	10	-10%
Property transferred to Earls Court joint venture	-	376	-100%
Crossrail funding sources	26	225	-88%
Other capital grants	36	23	57%
Total	**289**	**847**	**-66%**
Net capital account	**(536)**	**(329)**	**63%**

Cash flow summary

TfL Group (£m)	Q1 2016/17	Q1 2015/16	Variance
Net cost of operations	(164)	(172)	-5%
Depreciation and amortisation	248	242	2%
Net capital account	(536)	(329)	63%
Borrowing	-	602	-100%
Working capital movements	(26)	(212)	-88%
(Decrease)/increase in cash balances	**(478)**	**131**	

Passenger journeys analysis

	Q1 2016/17	Q1 2015/16	Variance
Number of passenger journeys (millions)	966	978	-1%
Average fare income per journey (£)	1.14	1.10	4%
Average total income per journey (£)	1.66	1.64	1%
Operating cost per journey (£)	(1.48)	(1.48)	0%
Total cost per journey before financing (£)	(1.74)	(1.73)	1%

Total income for the quarter has remained stable, despite a reduction in grant income. Fares income has grown by three per cent since last year, largely the result of the devolution of some Greater Anglia services into London Overground and TfL Rail on 31 May 2015, and the average fares increase of one per cent in January 2016, in line with the annual increase in the Retail Price Index. General Grant levels were down by £49m on last year, the consequence of the 2015 Spending Review settlement with the Government.

Operating costs decreased by one per cent compared with Q1 last year. Additional costs arising from the provision of new Rail services have been offset by reduced Underground maintenance costs and lower bus contract expenditure. The reduction in operating costs has led to a decrease of five per cent in the net cost of operations, compared with Q1 2015/16.

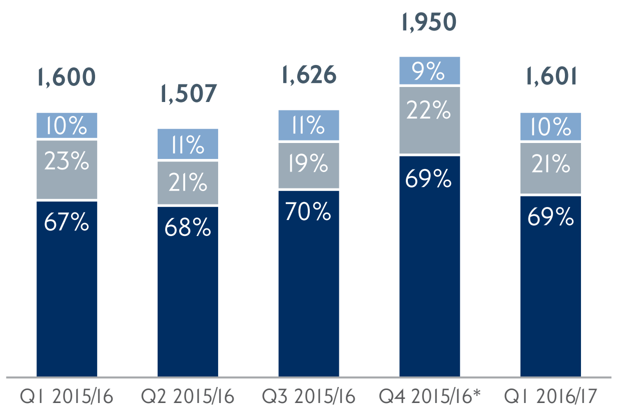
Total capital expenditure was £825m, with almost half being investment in Crossrail, which is now 75 per cent complete. Crossrail funding receipts were significantly reduced as all grant funding from the Department for Transport and the GLA has now been received.

It is anticipated that the planned incremental borrowings for the year of £731m will be drawn down by 31 March 2017.

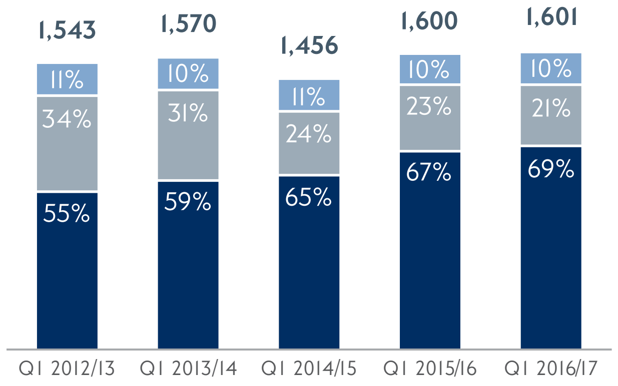
Financial trends

Total income

Quarterly (£m)



Five-year trend (£m)



- Fares income
- Grants
- Other income

Total income stable year-on-year

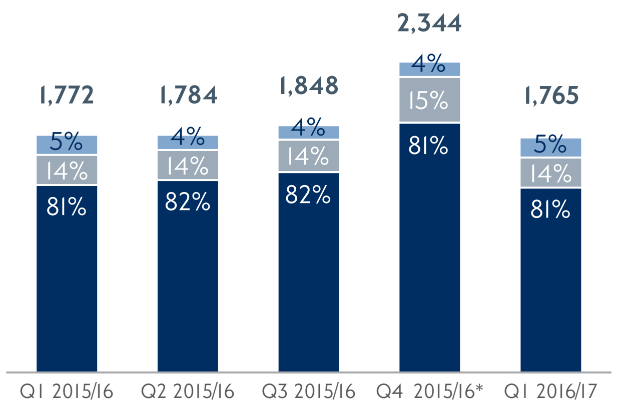
3% ▲ in fares income

Fares income is higher than Q1 2015/16 – a mix of yield and volume including the start of new TfL Rail and London Overground services on 31 May 2015.

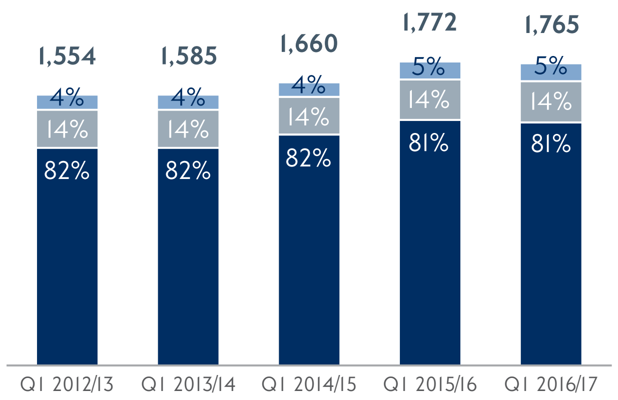
Grant income reduced (eight per cent) against Q1 2015/16 following the Spending Review in November 2015.

Total costs

Quarterly (£m)



Five-year trend (£m)



- Operating costs
- Depreciation
- Net financing costs

Total costs lower year on year

1% ▼ in operating costs

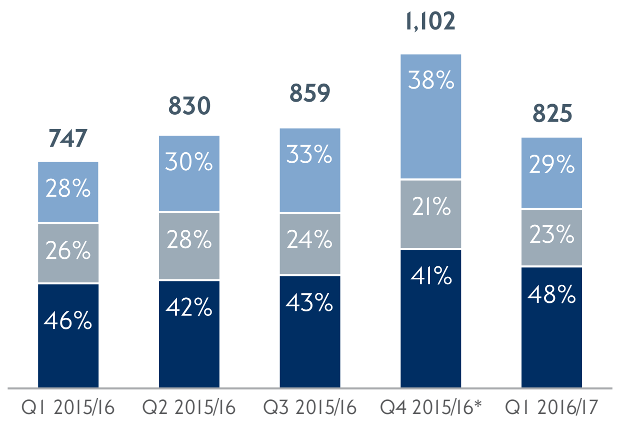
Total costs down £7m on Q1 last year driven by lower operating costs.

Financing costs level as 2015/16 borrowings were taken out in Q1 2015/16, while 2016/17 borrowings will be drawn down later in the year.

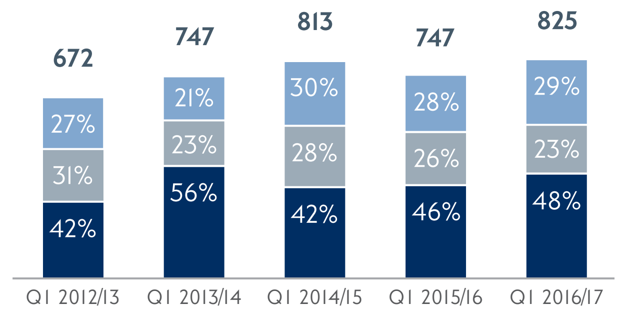
* Quarter 4 is longer than Quarters 1 to 3 (16 weeks vs 12 weeks)

Total capital expenditure (excluding Earls Court)

Quarterly (£m)



Five-year trend (£m)



- Crossrail
- Renewals
- New capital investment

Investment in transport network remains high

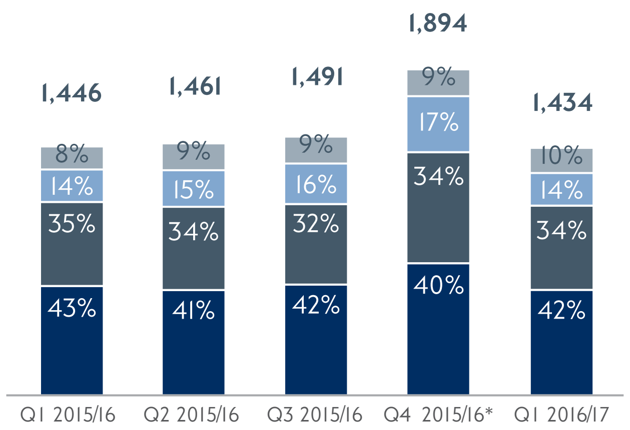
10% ▲ in capital expenditure

£400m invested in Crossrail project in Q1 2016/17.

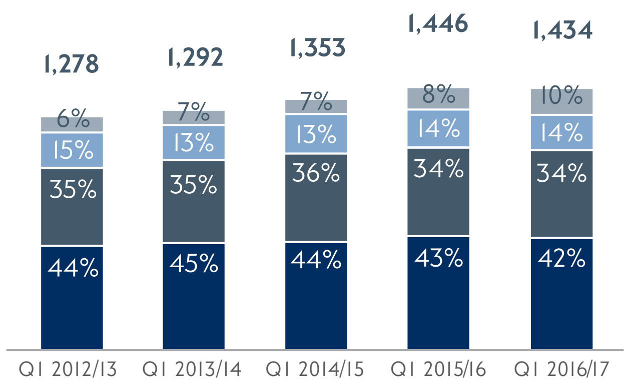
£425m spent renewing and improving the transport network.

Operating costs

Quarterly (£m)



Five-year trend (£m)



- Underground
- Buses
- Rail
- Roads and other operations

Operating costs down despite new Rail services

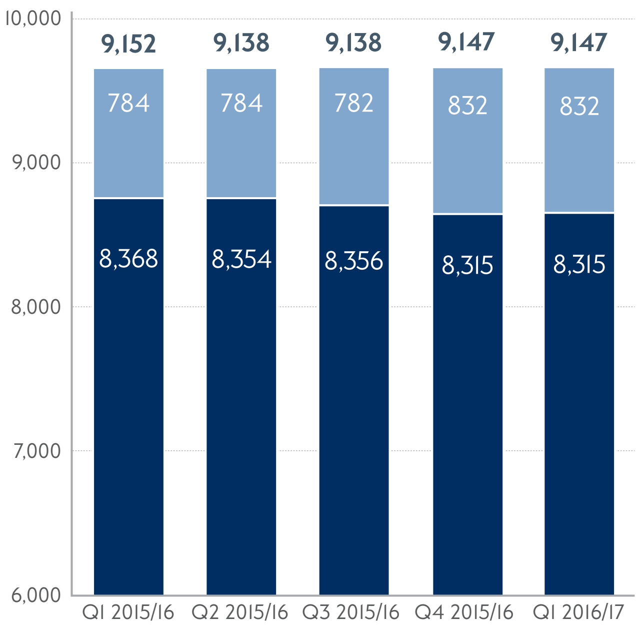
£12m ▼ in operating costs

Operating costs for London Underground and London Buses both down on Q1 last year.

These cost reductions are partly offset by new costs relating to Greater Anglia services.

Borrowing and cash

Total nominal value of borrowing (£m)



- Long-term borrowing
- Borrowing maturing within 12 months

Financing costs and income (£m)

	Q1 2016/17	Q1 2015/16	Variance
Financing costs	(86)	(90)	-4%
Interest income	3	6	-50%

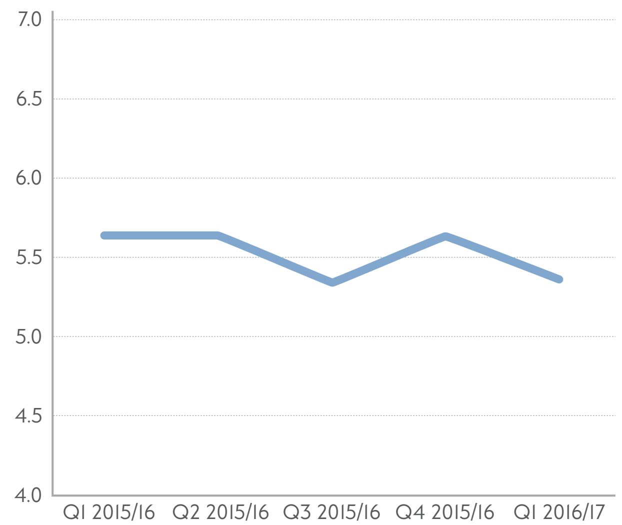
Borrowing

The additional incremental borrowing agreed with the Government as part of the 2015 funding settlement for 2016/17 is £730.5m, none of which had been drawn down by the end of the quarter. Borrowing is being undertaken as late as possible to save interest costs.

The total nominal value of borrowings outstanding therefore remains unchanged from Q4 2015/16 at £9,147m, of which £8,315m is long-term.

Interest income was below 2015/16, reflecting lower cash balances.

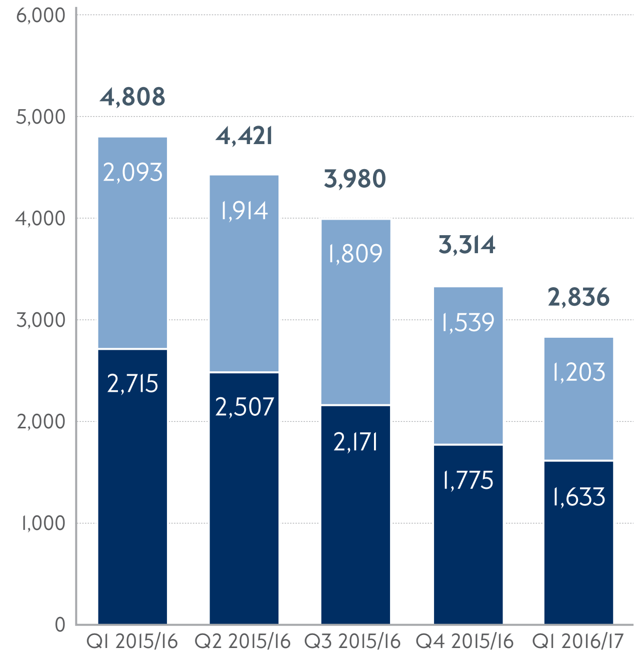
Financing costs as a percentage of total income (%)



- The ratio of financing costs to total operating revenue, including operating grants, measures the affordability of borrowing
- The small improvement in the ratio in Q1 2016/17 is temporary and arises because of the later drawdown of new borrowing in 2016/17
- The ratio is expected to reach approximately six per cent when this year's incremental borrowing is drawn down

Credit ratings	
Moody's	Aa2
Standard & Poor's	AA
Fitch	AA-

Cash balances (£m)



- TfL cash balances
- Crossrail

£0.5bn **14.4%▼**

Decrease in cash in the year to date

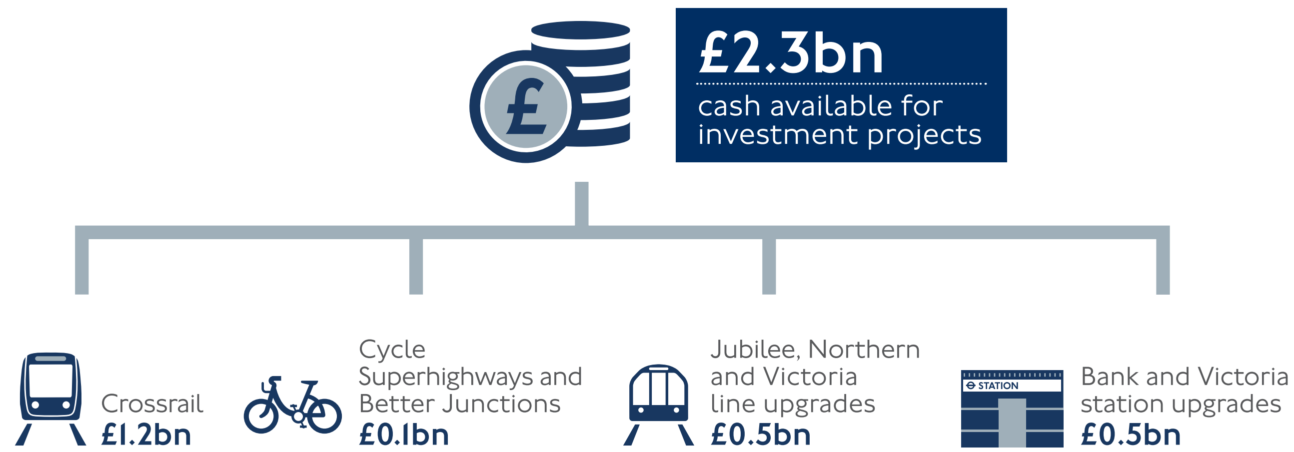
Cash balances

£478m of cash reserves were used to help fund capital renewals and investment across the transport network, resulting in a 14 per cent decrease in cash during the quarter.

Total cash balances stand at £2,836m of which £1,203m is ring fenced to deliver the Crossrail project. A prudential minimum level of cash – approximately £500m – is held for exceptional circumstances and to retain a high credit rating with our investors. This level is consistent with an organisation of TfL's scale and level of indebtedness. Our available cash balances are £2.3bn at the end of Q1 after taking into account the prudential minimum.

We expect to continue to use our cash balances to fund the improvements outlined in the **2016/17 Budget and Business Plan**. Cash balances, excluding cash ring-fenced for the Crossrail project, are expected to reduce to around £500m by the end of 2017/18.

Funding for investment projects



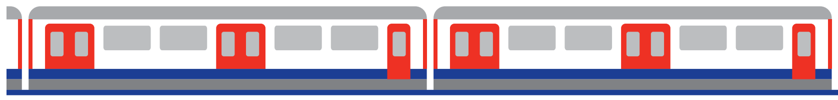
Operational trends

Passenger journeys
Q1 2016/17

966m total number of journeys*

1% ▼ total passenger journeys

London Underground



324m

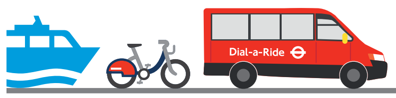
Buses

545m

Rail (DLR, London Overground, London Trams, Emirates Air Line, TfL Rail)

92m

Other (London River Services, Dial-a-Ride, Santander Cycles)

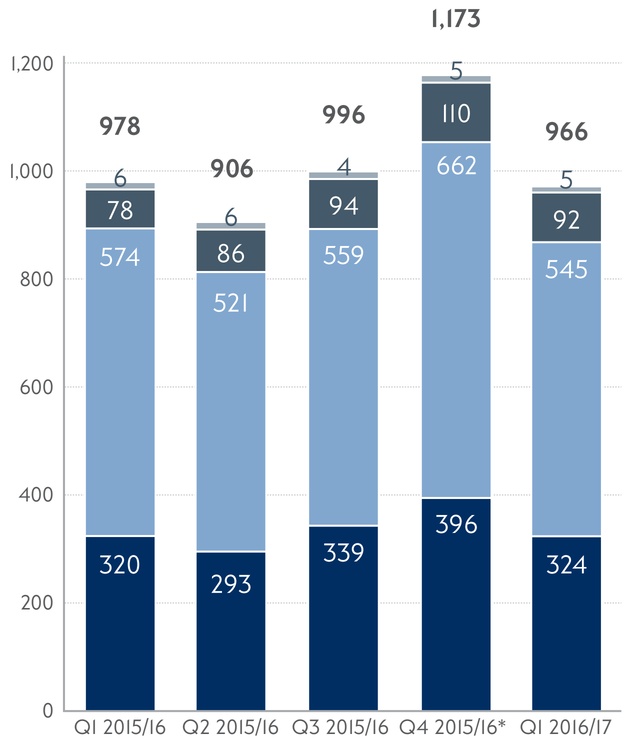


5m

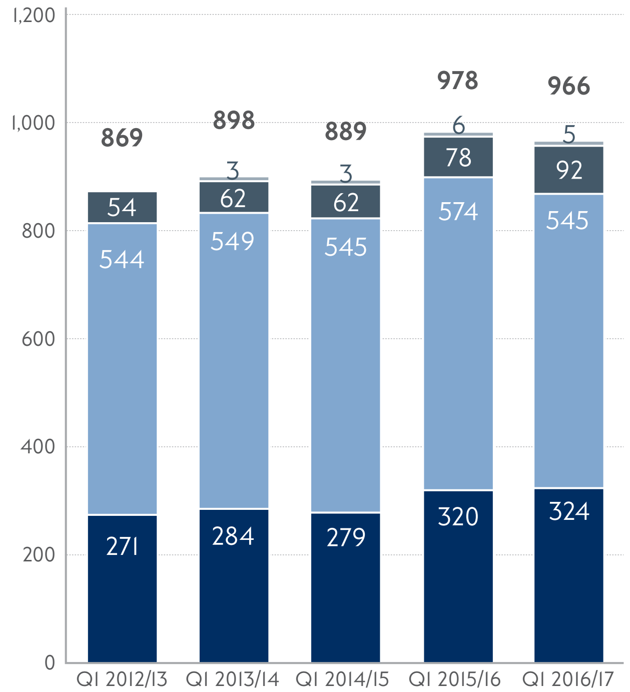
* Excluding road journeys and pedestrians

Passenger journeys (millions)

Quarterly



Five-year trend



■ London Underground ■ Rail
■ Buses ■ Other

Total TfL passenger journeys were one per cent down on the same quarter last year.

At the start of the year, Underground passenger volumes showed expected growth, but slowed towards the end of Q1, even after allowing for the extreme weather of 23 June (0.3m journeys lost). Demand for the quarter is, however, above Q1 last year.

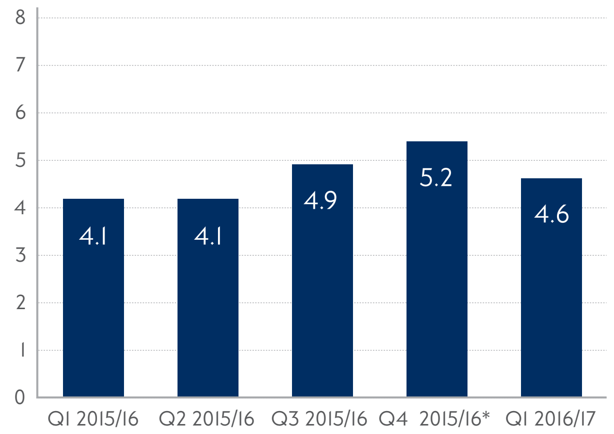
Rail passenger volumes saw continued growth, up 16 per cent on Q1 2015/16, partly owing to the new London Overground and TfL Rail services.

Bus passenger volumes were five per cent lower this quarter as a result of reduced levels of reliability across the bus network; the principal causes were increased congestion as London's population grows and the impact of major highway construction and urban improvement schemes.

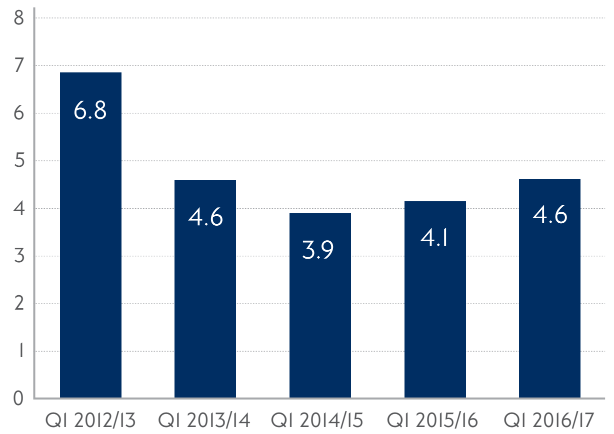
* Quarter 4 is longer than quarters 1 to 3 (16 weeks vs 12 weeks)

London Underground reliability** – lost customer hours (LCH)

Quarterly (millions of hours)



Five-year trend (millions of hours)



4.6m lost customer hours in Q1 2016/17

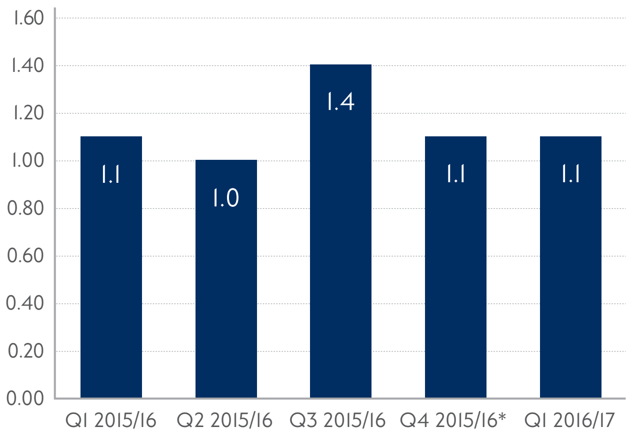
12%▲ in delays year-on-year

Less than one per cent increase in the overall number of LCH incidents. Nevertheless, these incidents resulted in more delays than in Q1 last year because, for example, they took place at peak times or in busy locations.

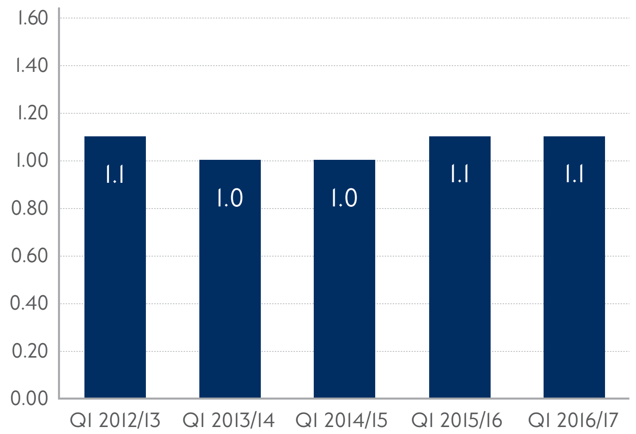
** excludes the impact of industrial action

Bus reliability – excess wait time

Quarterly (minutes)



Five-year trend (minutes)



1.1 minutes in Q1

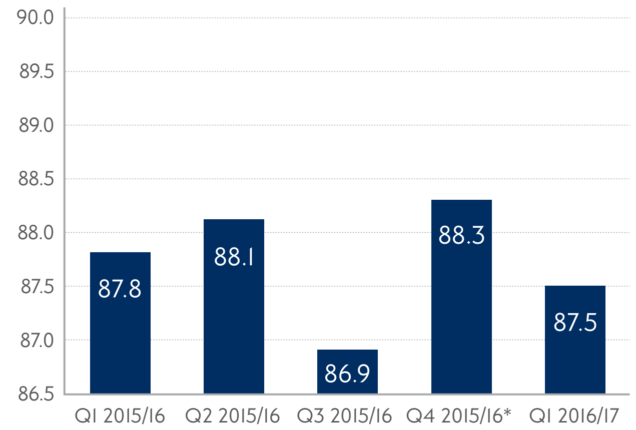
Bus network reliability stabilised in Q1 this year following a year-on-year deterioration in Q1 last year.

Worsening reliability longer term is the result of increased congestion arising from London's population growth and from major highway construction and urban improvement schemes.

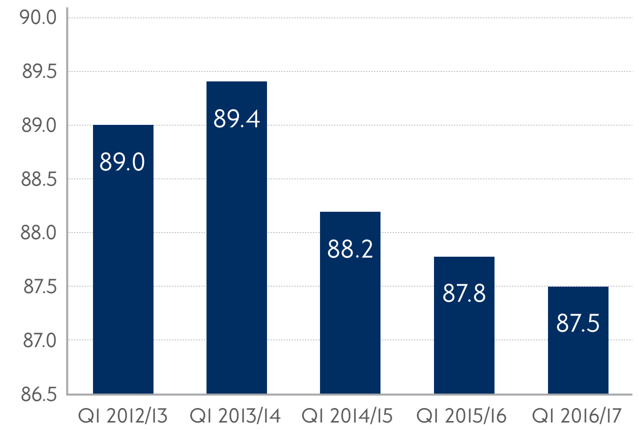
* Quarter 4 is longer than Quarters 1 to 3 (16 weeks vs 12 weeks)

Roads – journey time reliability

Quarterly (%)



Five-year trend (%)



87.5% journey time reliability

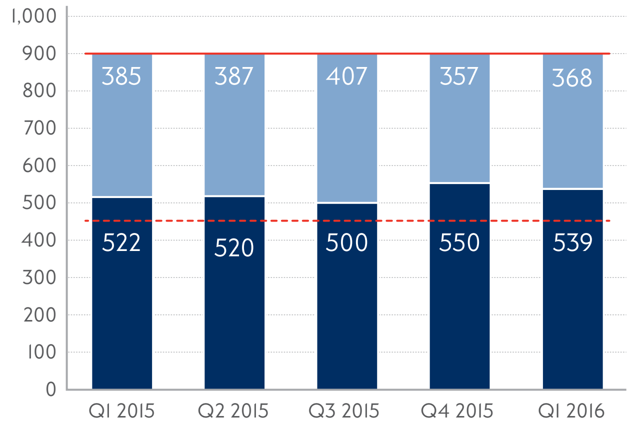
0.3%▼ in reliability year-on-year

Continued pressure on the Capital's roads from increased traffic volumes.

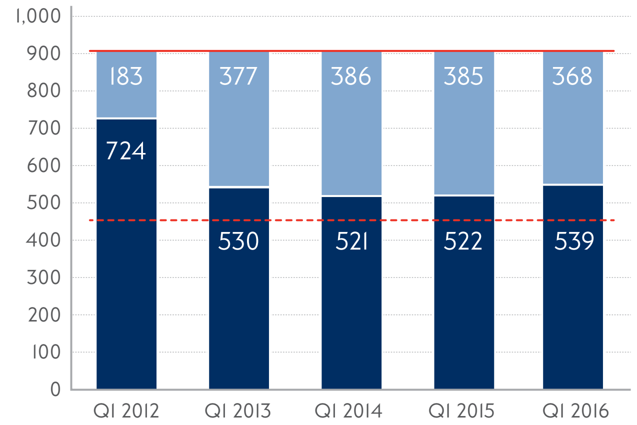
Higher levels of investment in London's road and cycling network is partly responsible for an increase in congestion short-term.

Roads – users killed or seriously injured

Quarterly (number of people)



Five-year trend (number of people)



■ KSI in quarter ■ Reduction from base — Base: 2005-2009 average KSI - - Target 50 per cent reduction by 2020

11▼ in KSI from Q4 2015

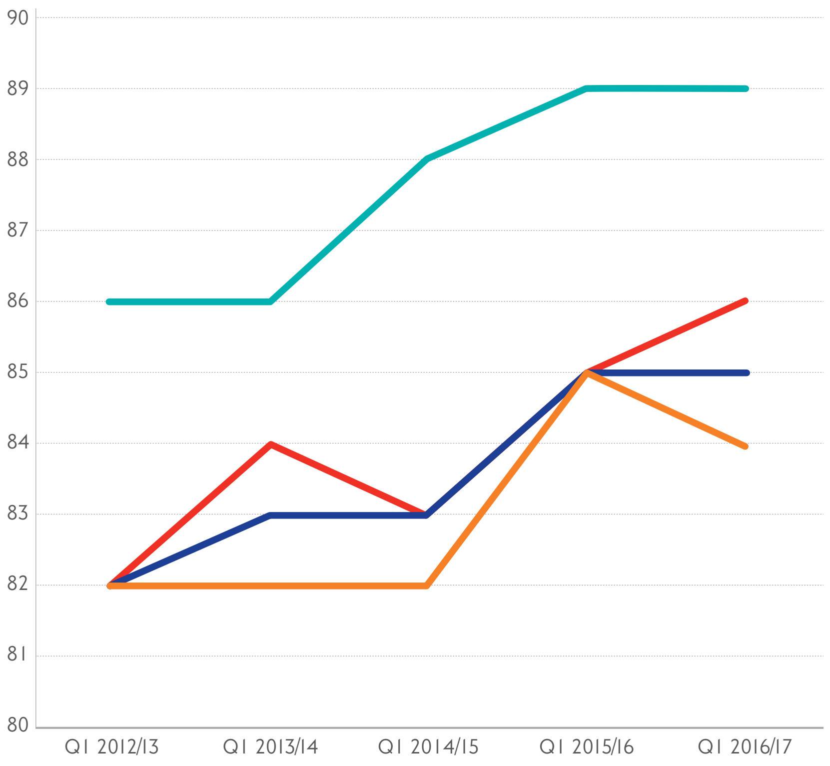
2.0%▼ from last quarter

Long-term target to reduce KSIs by 50 per cent by 2020.

NB: The above data is based on calendar quarters rather than financial quarters, ie Q1 is January – March

Customer trends

Customer satisfaction score
based on TfL surveys



London Underground score
Buses score
DLR score
London Overground score

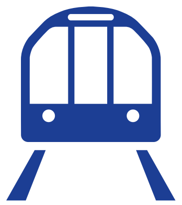
Customer satisfaction scores are at record levels with the exception of London Overground, which dipped this quarter.

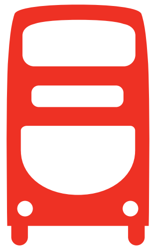
London Underground's overall score was 85. This matches the scores from the previous five quarters and continues our good performance on this measure. Customer satisfaction with buses also showed year-on-year improvement, reaching 86 and equalling its previous high.

Since 2013 customer satisfaction scores have steadily increased across our services, increasing by four on buses, three on the DLR and two on London Underground and London Overground.

85

Tube customer satisfaction at record levels

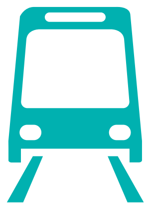




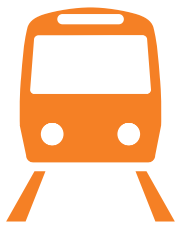
4▲

in customer satisfaction on buses since 2013

3▲



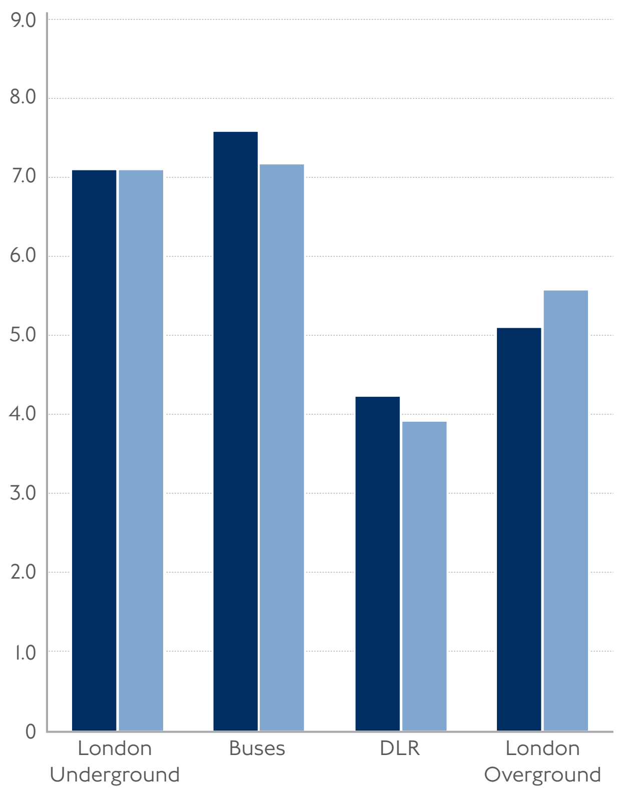
in customer satisfaction on the DLR since 2013



2▲

in customer satisfaction on the London Overground since 2013

Recorded crime rate
Number of recorded offences per million passenger journeys



Q1 2016/17
Q1 2015/16

Number of reported crimes

	Q1 2016/17	Q1 2015/16	Variance
London Underground	2,452	2,373	3%
Buses	4,404	4,300	2%
DLR	132	114	16%
London Overground	239	231	3%

Increases in the recorded crime rate on London Underground, DLR and the bus network are primarily driven by rises in reported sexual and other violent offences and criminal damage.

Project Guardian was launched in July 2013 to reduce unwanted sexual behaviour on public transport in London – historically significantly under-reported. The initiative aims to increase confidence to report sexual offences, reduce the risk of becoming a victim, challenge unwanted sexual behaviour and target offenders. The rise in the number of recorded sexual offences was anticipated and is considered to be a positive result of Project Guardian.

We are working with our policing partners to deal with the rises in violence and criminal damage and to further understand the causes. In the interim, resources have been reallocated and additional measures have been put in place.

The London Overground network is experiencing a slight overall increase in reported violent offences, although fewer than on the bus and LU/DLR networks. Since taking over Greater Anglia services, we and the British Transport Police (BTP) have reduced the historically higher levels of crime previously experienced on that part of the network.

- For the purposes of this report, Q1 refers to snapshot crime figures for April and May

Customer complaints

Complaints per 100,000 journeys	Q1 2016/17	Q1 2015/16	Variance
London Underground	0.96	0.92	4%
London Buses	2.98	2.52	18%
DLR	1.27	1.15	10%
London Overground	2.81	2.90	-3%
TfL Rail	2.66	2.61	2%
London Trams	1.76	1.74	1%
Emirates Air Line	0.79	4.89	-84%
Congestion Charge	4.90	8.42	-42%
Dial-a-Ride	117.80	84.86	39%
London River Services	0.41	0.66	-38%
Santander Cycles	4.03	2.58	56%
Taxi & Private Hire	9.53	5.03	89%
Contactless payment card	0.16	0.27	-41%
Oyster	0.15	0.15	0%

The rise in bus complaints is largely driven by issues concerning reliability, which rose significantly. It is anticipated that these will reduce following the completion of the more impactful highway construction and urban improvement schemes.

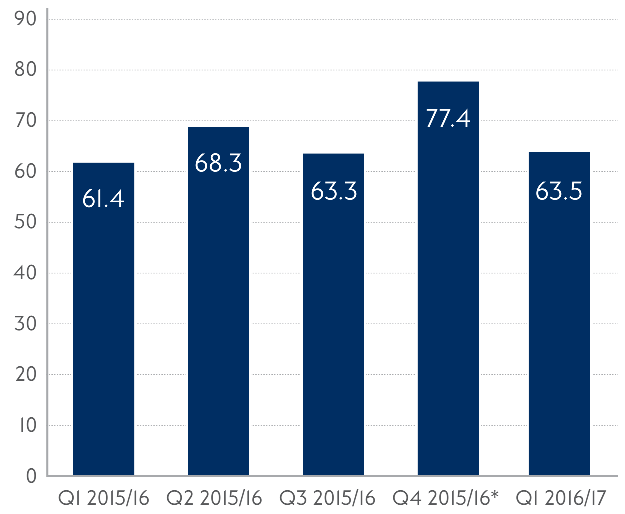
A key driver of increased Dial-a-Ride complaints was the inability to book a specific journey, and the use of taxis when Dial-a-Ride does not have capacity. We are recruiting more drivers and, from next year, introducing new technology to improve communication with customers. The overall customer satisfaction score remains at 91.

Santander Cycles has seen an increase in complaints, the majority of which relate to refund requests where bikes have not been returned or come back late. We are continuing to communicate with customers the need to dock bikes when they finish their journeys.

Complaints to Taxi & Private Hire are 4.50 per 100,000 journeys up on Q1 of last year. A specialist complaints phone line, launched at the end of 2015, and easier access to online web forms led to this rise as it became easier for customers to report complaints, previously thought to be under-reported. We continue to monitor closely and take appropriate action.

Website and social media

Website visits (millions)



Our website received 63.5 million visits this quarter - more than three per cent higher than Q1 2015/16. This was driven by enquiries relating to the bad weather on 23 June, which saw twice the normal level of visits.

4.03m

Total number of followers on our 24 Twitter feeds

677,400

Total number of Facebook likes

Customer services

Communications and correspondence

	Q1 2016/17	Q1 2015/16	Variance
Correspondence service level agreement	90.4%	69.4%	30%
Mystery shopper quality assessment scores	88.8%	87.2%	2%
Call abandonment rate	11.4%	11.6%	-2%

Correspondence performance has significantly improved from Q1 last year. We put a huge focus on improving correspondence towards the end of last year and are working hard to continue the momentum. Since last year, we have outsourced up to 60 per cent of Oyster telephony and moved more people into correspondence roles.

Ticketing

Ticketing system availability

	Q1 2016/17	Q1 2015/16	Variance
London Underground – ticketing system overall availability	98.7%	98.8%	0%
London Buses – ticketing system overall availability	99.6%	99.2%	0%

Underground

London Underground (LU)

Financial summary

Underground net operating surplus has risen against last year as a result of increased fares income and lower operating costs. Capital expenditure has increased reflecting progress on the Northern Line Extension and continued modernisation of the network.

56% share of TfL's total fares income in Q1.

London Underground (£m)	Q1 2016/17	Q1 2015/16	Variance
Fares income	618	605	2%
Other operating income	36	35	3%
Total operating income	**654**	**640**	**2%**
Direct operating cost	(514)	(530)	-3%
Indirect operating cost	(93)	(96)	-3%
Net operating surplus/(deficit)	**47**	**14**	**236%**
Depreciation and amortisation	(158)	(149)	6%
Net cost of operations before financing	**(111)**	**(135)**	**-18%**
Capital renewals	(132)	(112)	18%
New capital investment	(136)	(109)	25%
Total capital expenditure	**(268)**	**(221)**	**21%**

Fares income has grown by two per cent compared with last year, a result of increased passenger journeys and average fares rises in January 2016 of one per cent in line with the annual increase in the Retail Price Index. Direct operating costs have reduced, reflecting some timing differences on maintenance programmes and lower utilities costs.

Capital expenditure is higher than this time last year, reflecting the fact that the Northern Line Extension project has moved into its construction stage as well as the start of some major capital renewals this quarter. We have started the Northern line track renewal work, which will continue over the next three years, and the upgrading of the Circle, District, Hammersmith & City and Metropolitan lines continues.

Upgrades to the Circle, District, Hammersmith & City and Metropolitan lines continue

Passenger journey analysis

	Q1 2016/17	Q1 2015/16	Variance
Number of passenger journeys (millions)	324	320	1%
Average fare income per journey (£)	1.91	1.89	1%
Operating cost per journey (£)	(1.87)	(1.96)	-5%
Total cost per journey before financing (£)	(2.36)	(2.42)	-2%

Passenger journeys

Although actual passenger journeys this quarter were up one per cent compared with the same quarter last year, underlying passenger journeys on a like-for like-basis are up two per cent.

Fare income per journey (yield)

Fare income per journey has improved compared with the equivalent quarter last year, although average yield would have been higher but for the rezoning of Stratford, Canning Town and West Ham stations, and an increase in journeys made on 60+ Oyster.

Operating cost per journey

Operating cost per journey on LU has fallen by five per cent compared with the same period last year. Operating costs are three per cent lower in the current year owing to lower maintenance costs and lower implementation costs for the new station staffing model and Night Tube. The improvement is also owing to a two per cent like-for-like increase in the number of passenger journeys in the current year.

Underlying passenger journeys year-on-year change (%)

Q1 2016/17 2.0% ▲

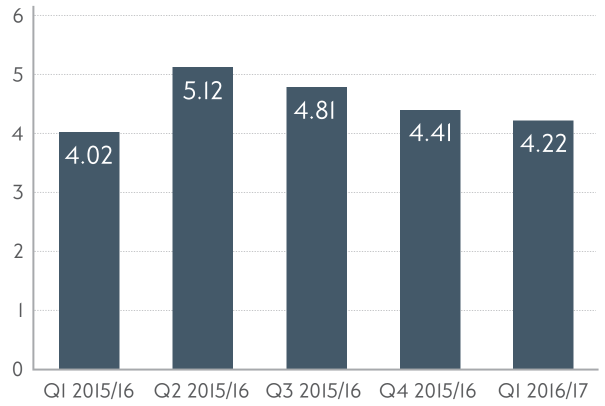
Q1 2015/16 5.2% ▲

Q1 2014/15 1.4% ▼

Compares underlying passenger journey numbers in the quarter with those in the corresponding quarter in the prior year. Not actuals – adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in the quarter.

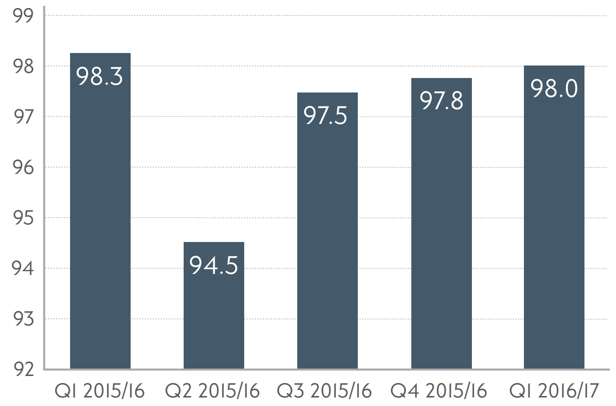
Reliability

Excess journey time (minutes)



Excess journey time improved for the third successive quarter in Q1, despite performance being affected by bad weather, fleet availability, defective trains defective and customer-related incidents.

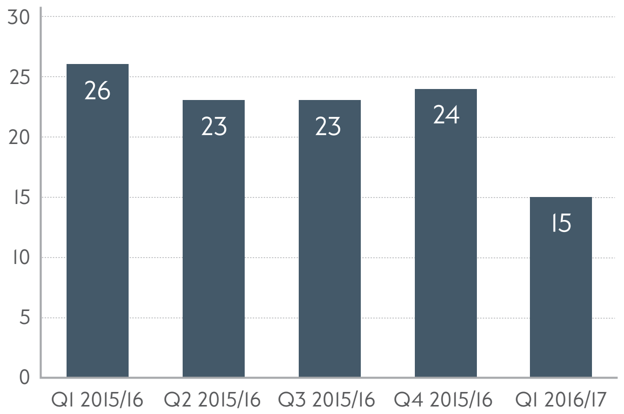
Scheduled kilometres operated (%)



Scheduled kilometres operated improved for the third successive quarter. Bad weather affected performance, however, our bespoke weather forecasting tool enabled us to place standby provisions at critical sites, to mitigate any negative impact.

Safety

RIDDOR* reportable customer injuries



* Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013

Slips, trips and falls continue to be the main cause of injury to customers with the most incidents occurring on escalators, stairs and on platforms. Risk-control measures are being introduced aimed at changing customer behaviour.

Customer

Customer satisfaction score (CSS)

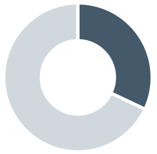
	Q1 CSS
Bakerloo line	84
Central line	83
Circle line/Hammersmith & City line	83
District line	86
Jubilee line	86
Metropolitan line	85
Northern line	85
Piccadilly line	86
Victoria line	87
Overall score	**85**

The Q1 overall customer satisfaction score was 85. Customers were more satisfied with station colleagues, particularly how approachable and available they were. A fall in satisfaction with temperature inside the train was in line with seasonal trends.

Buses

London Buses

Financial summary
The net operating deficit of bus services has remained stable compared with last year. Reduced fares income as a result of lower numbers of passengers has been offset by reduced operating costs.



32% share of TfL's total fares income in QI.

Buses (£m)	QI 2016/17	QI 2015/16	Variance
Fares income	356	365	-2%
Other operating income	11	9	22%
Total operating income	**367**	**374**	**-2%**
Direct operating cost	(476)	(482)	-1%
Indirect operating cost	(15)	(16)	-6%
Net operating surplus/(deficit)	**(124)**	**(124)**	**0%**
Depreciation and amortisation	(9)	(8)	13%
Net cost of operations before financing	**(133)**	**(132)**	**1%**
Capital renewals	(3)	(4)	-25%
New capital investment	(16)	(23)	-30%
Total capital expenditure	**(19)**	**(27)**	**-30%**

Lower bus fares income is primarily caused by fewer fare-paying passenger journeys than last year. The underlying factor in this decline in demand is the deterioration in the reliability of the bus network, through congestion caused by London's population growth and the impact of construction of major highway and urban improvement schemes.

Direct operating cost was higher last year owing to the Euro III buses replacement programme to update the environmental standards of older buses. The programme is now complete, leading to lower net expenditure in QI.

Capital expenditure is also lower as a result of fewer new buses being delivered in QI.

Passenger journey analysis

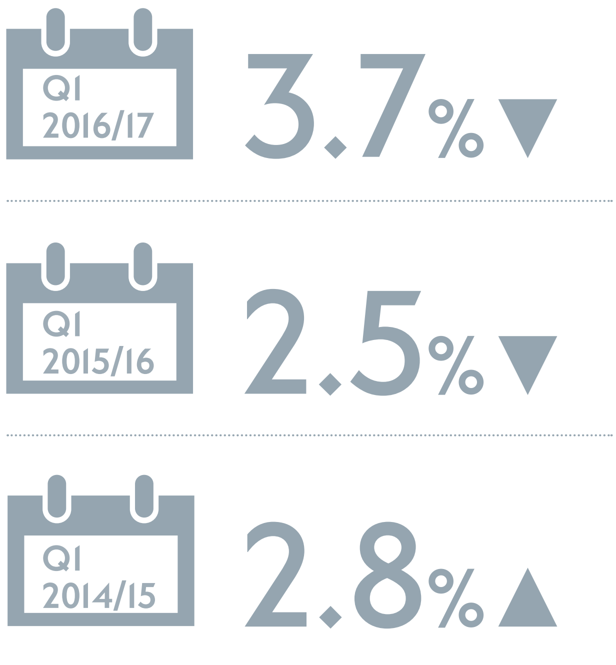
	Q1 2016/17	Q1 2015/16	Variance
Number of passenger journeys (millions)	545	574	-5%
Average fare income per journey (£)	0.65	0.64	2%
Operating cost per journey (£)	(0.90)	(0.87)	3%
Total cost per journey before financing (£)	(0.92)	(0.88)	5%

Passenger journeys
Underlying passenger journeys continue to decline with a fall of 3.7 per cent compared with Q1 2015/16 on a like-for-like basis.

Fare income per journey (yield)
The average yield improved by 1p between Q1 2016 and Q1 2017. This is a result of the January 2016 fares revision and passengers switching from season tickets to pay as you go, which generates a higher yield per journey.

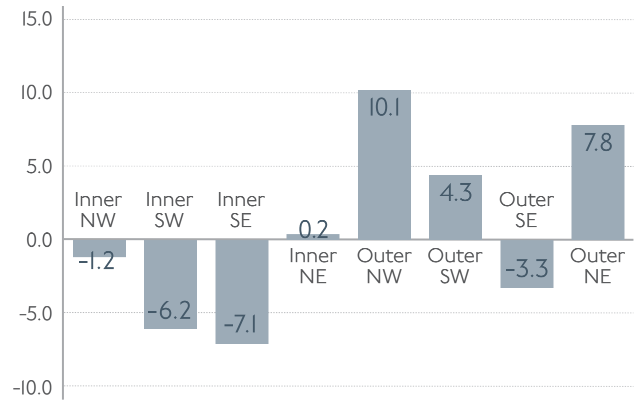
Operating cost per journey
Bus operating costs have reduced year-on-year. Nevertheless, the five per cent quarter on quarter fall in passenger journeys means that the operating cost per journey increased in Q1 2016/17.

Underlying passenger journeys year-on-year change (%)



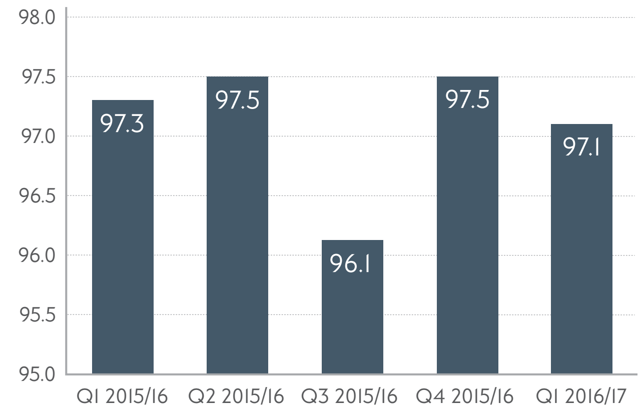
Compares underlying passenger journey numbers in the quarter with those in the corresponding quarter in the prior year. Not actuals – adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in the quarter.

Reliability
Analysis of year-on-year excess wait time (EWT) change by area (%)



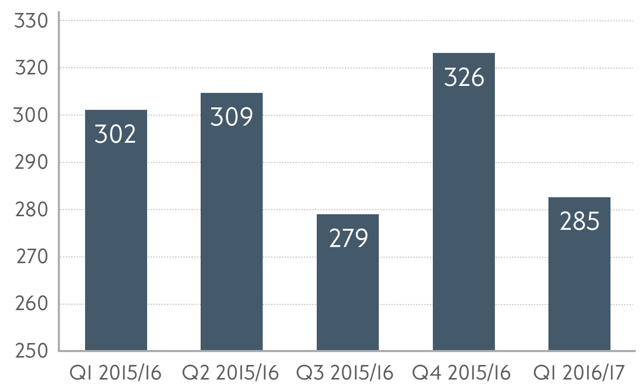
Overall year-on-year EWT was broadly unchanged. Inner London showed slight improvement, reflecting further measures introduced to protect service reliability against disruption from a series of major roadworks, while outer London saw deterioration owing to worsening traffic congestion.

Scheduled services operated (%)



Q1 was slightly worse than Q4 2015/16. Flash flooding caused general disruption on 23 June and a gas mains replacement in the Kings Road coupled with the eastbound closure of Tooley Street, Network Rail work at London Bridge, continued to cause delays.

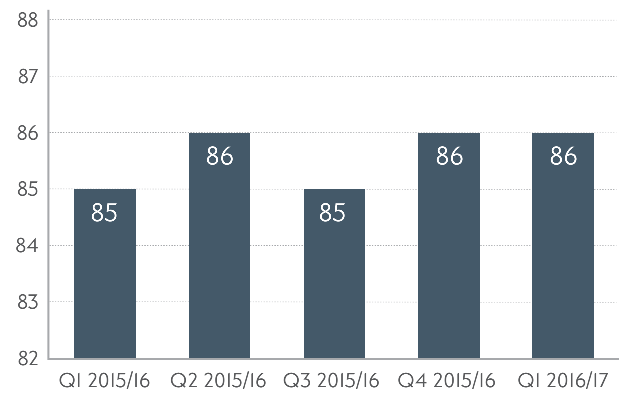
Safety
Customer injuries*



*Customers taken to hospital

The quarter saw two pedestrians, a cyclist and a motorcyclist killed in road traffic collisions with buses. These incidents are currently under investigation.

Customer
Customer satisfaction score



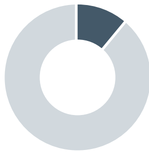
Overall satisfaction remained at the current record high, although there was a slight deterioration in bus temperature scores and smoothness of ride, which continues to be a focus of driver training.

Rail

DLR, Emirates Air Line (EAL), London Overground, London Trams and TfL Rail

Financial summary

In the Rail division we include a number of different surface operations including London Trams and the DLR. Together they represent 11 per cent of total fares income and the net operating deficit has decreased significantly over the past year.

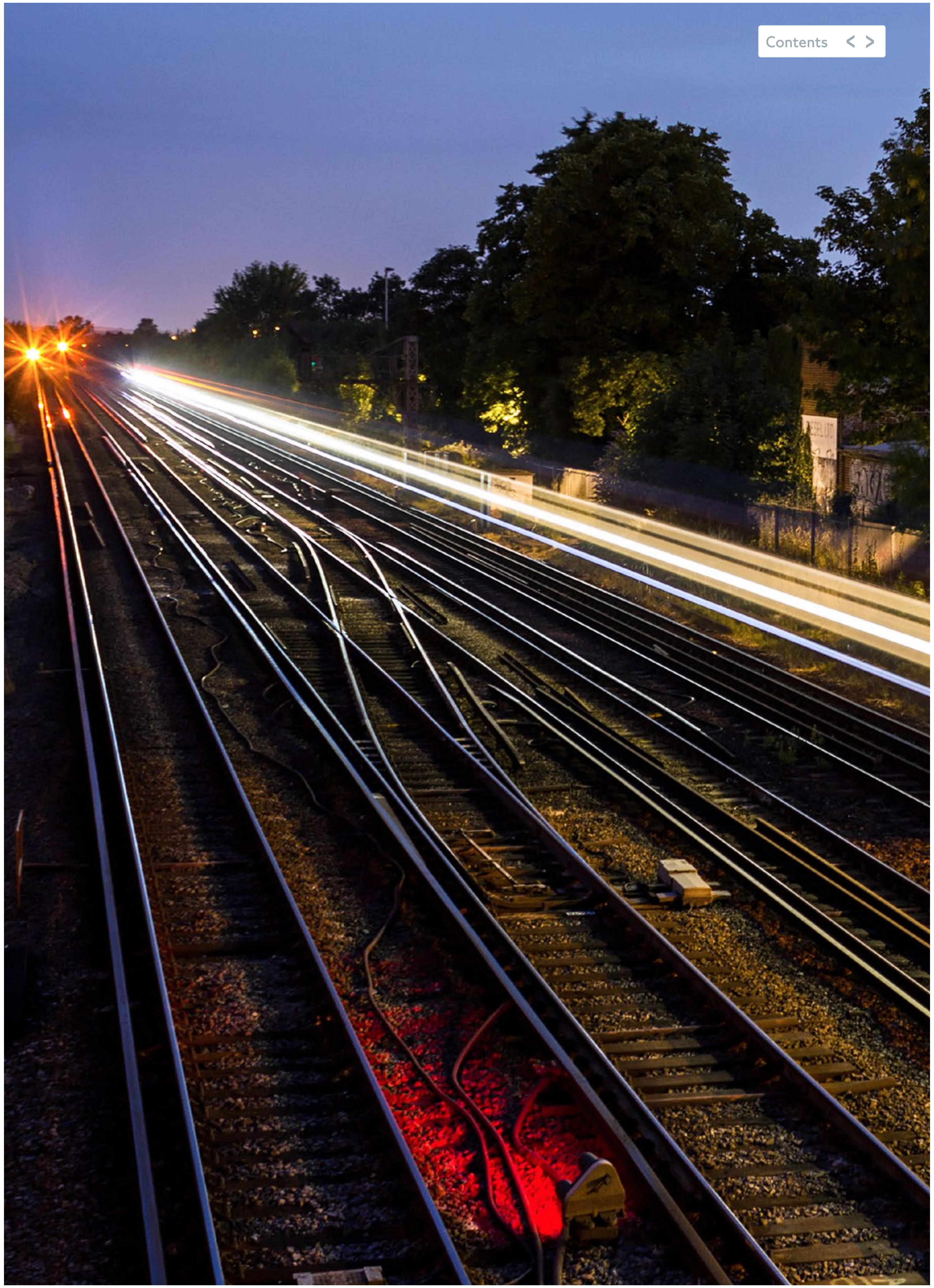


11% share of TfL's total fares income in Q1.

Rail (£m)	Q1 2016/17	Q1 2015/16	Variance
Fares income	120	97	24%
Other operating income	6	4	50%
Total operating income	**126**	**101**	**25%**
Direct operating cost	(130)	(113)	15%
Indirect operating cost	(7)	(8)	-13%
Net operating surplus/(deficit)	**(11)**	**(20)**	**-45%**
Depreciation and amortisation	(29)	(25)	16%
Net cost of operations before financing	**(40)**	**(45)**	**-11%**
Capital renewals	(14)	(17)	-18%
New capital investment	(42)	(42)	0%
Crossrail construction costs	(400)	(344)	16%
Total capital expenditure	**(456)**	**(403)**	**13%**

There has been an increase in both fares income and direct operating cost in London Rail. This is primarily owing to the devolution of some services previously operated as part of the Greater Anglia franchise into London Overground and TfL Rail which took place on 31 May 2015. Q1 2016/17 therefore includes 12 weeks income from this operation compared with three last year.

The increase in capital expenditure on Crossrail reflects the beginning of the build phase on the Rolling Stock and Depot contract. The project, which is now 75 per cent complete, remains on schedule in terms of construction and funding.



Contents < >

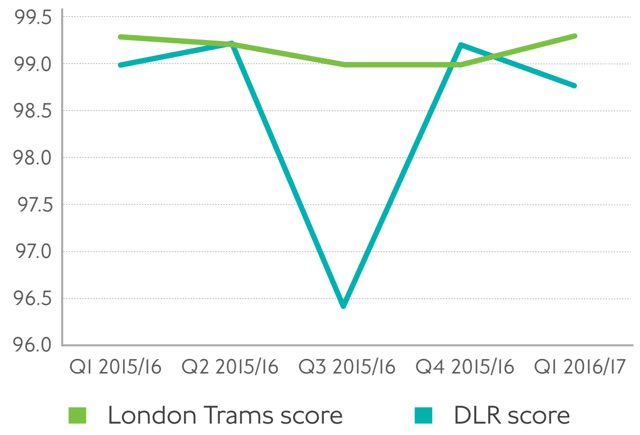
Passenger journey analysis

	Q1 2016/17	Q1 2015/16	Variance
London Overground			
Number of passenger journeys (millions)	43.7	39.8	10%
Average fare income per journey (£)	1.22	1.11	10%
Operating cost per journey (£)	(1.63)	(1.63)	0%
Total cost per journey before financing (£)	(1.78)	(1.74)	2%
DLR			
Number of passenger journeys (millions)	29.1	28.2	3%
Average fare income per journey (£)	1.34	1.40	-4%
Operating cost per journey (£)	(1.06)	(1.09)	-3%
Total cost per journey before financing (£)	(1.50)	(1.53)	-2%
TfL Rail			
Number of passenger journeys (millions)	11.2	3.6	211%
Average fare income per journey (£)	1.79	1.64	9%
Operating cost per journey (£)	(2.17)	(4.23)	-49%
Total cost per journey before financing (£)	(3.01)	(6.44)	-53%
London Trams			
Number of passenger journeys (millions)	7.1	6.2	15%
Average fare income per journey (£)	0.77	0.91	-15%
Operating cost per journey (£)	(1.21)	(1.42)	-15%
Total cost per journey before financing (£)	(1.27)	(1.48)	-14%
Emirates Air Line			
Number of passenger journeys (thousands)	381.8	429.4	-11%
Average fare income per journey (£)	4.09	4.04	1%
Operating cost per journey* (£)	(2.41)	(1.52)	59%
Total cost per journey before financing* (£)	(2.45)	(1.52)	61%

*Costs of Emirates Air Line are shown net of sponsorship income

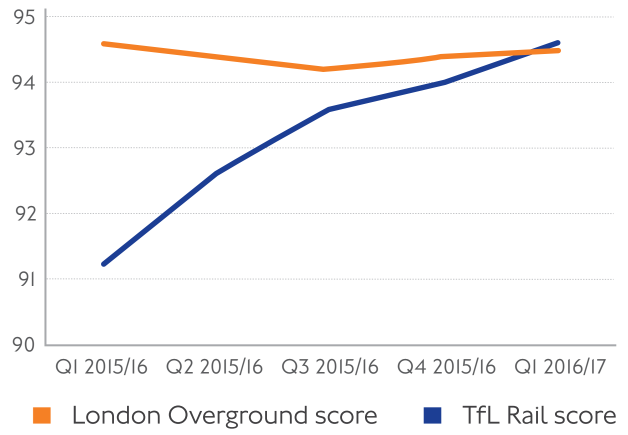
Reliability

DLR and trams – scheduled services operated (%)



Trams and DLR reliability in Q1 remains strong. Reliability for DLR was lower in Q3 2015/16 owing to the impact of industrial action.

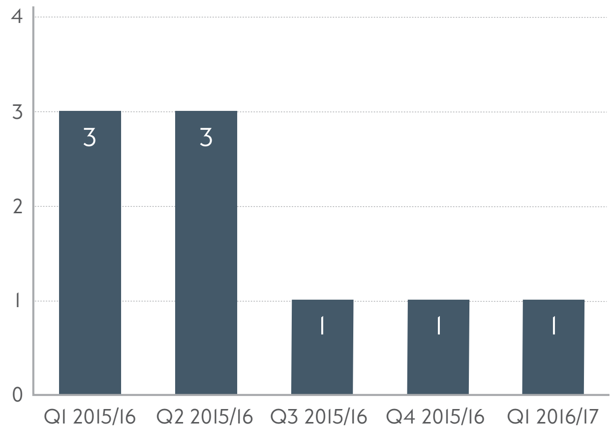
London Overground and TfL Rail – public performance measure (PPM) moving annual average



Performance of London Overground continues to improve following the implementation of the performance improvement plan. TfL Rail reliability has improved in every quarter since the service was taken over on 31 May 2015 and achieved the best periodic PPM score nationwide in Q1 2016/17.

Safety

RIDDOR* reportable customer injuries

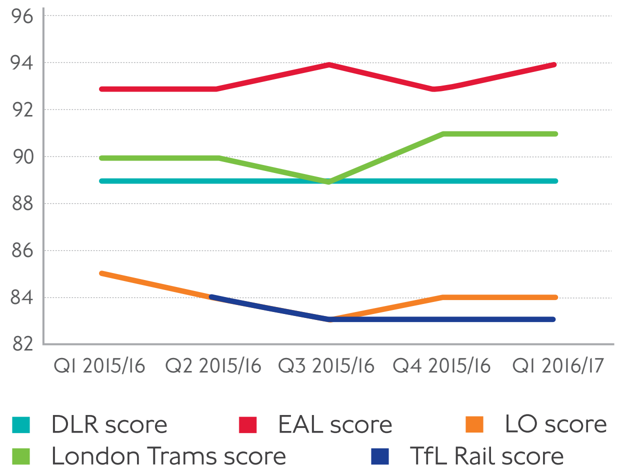


* Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013

A fatality, where a male passenger fell onto the track and was hit by a train, was the only RIDDOR incident in Q1 2016/17.

Customer

Customer satisfaction score



The Emirates Air Line score of 94 makes it the highest performing TfL mode in terms of customer satisfaction. TfL Rail launched on 31 May 2015, so the first full quarter is Q2 2015/16.

Roads

Transport for London Road Network (TLRN)

Financial summary
Roads operating income has decreased owing to Congestion Charge volume being down five per cent. At the same time direct operating costs remain stable and it is only a small decrease in depreciation and amortisation which reduces the net cost of operations year-on-year.

Roads (£m)	Q1 2016/17	Q1 2015/16	Variance
Fares income	–	–	0%
Other operating income	78	80	-3%
Total operating income	**78**	**80**	**-3%**
Direct operating cost	(134)	(133)	1%
Indirect operating cost	(19)	(19)	0%
Net operating surplus/(deficit)	**(75)**	**(72)**	**4%**
Depreciation and amortisation	(29)	(38)	-24%
Net cost of operations before financing	**(104)**	**(110)**	**-5%**
Capital renewals	(29)	(56)	-48%
New capital investment	(31)	(26)	19%
Total capital expenditure	**(60)**	**(82)**	**-27%**

Roads operating income has decreased as Congestion Charge income was down five per cent compared with Q1 2015/16. Volumes have declined steadily over the past two years, with a more significant change since January 2016. This overall decline reflects the reduction in road capacity from the impact of the construction of major highway and urban improvement schemes. However, it is also owing in part to the steady increase in the proportion of exempt vehicles in the zone, up from 41 per cent in 2013 to 46 per cent today. This is largely as a result of increases in private hire vehicles.

Capital renewals are lower largely owing to the completion of major strengthening works on the Hammersmith flyover last year.

Volume analysis

	Q1 2016/17	Q1 2015/16	Variance
Congestion Charge volumes (thousands)	3,725	3,915	-5%
Congestion Charge and enforcement income (£m)	59.6	62.7	-5%
Average Congestion Charge including enforcement income (£)	15.99	16.01	0%
Other enforcement income (£m)	18.9	17.8	6%
Traffic volumes - all London (index)	95.9	97.3	-1%
Cycling growth in CCZ (%)	5.3%	2.6%	

Cycling

Cycling growth in the Congestion Charge Zone (CCZ) is presented as a percentage change from the same quarter in the previous year. There was a 5.3 per cent increase in cycling compared with the same quarter during 2015/16.

Traffic flow

After relative stability in traffic volumes over the past year, Q1 saw a 1.4 index point fall in the volume of traffic on London's major roads compared with Q1 2015/16.

Traffic flow (volume) year-on-year change

Q1 2016/17 1.4% ▼

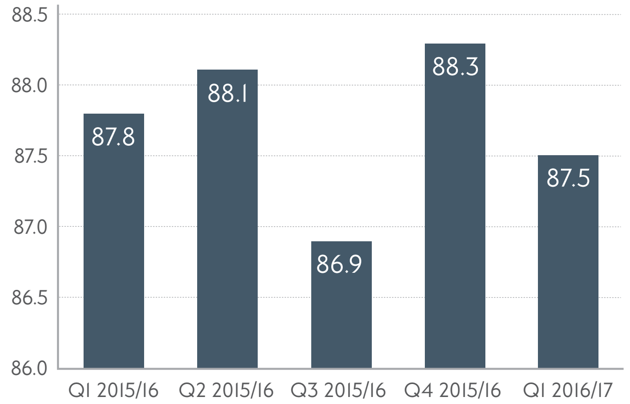
Q1 2015/16 0.1% ▼

Q1 2014/15 3.0% ▲

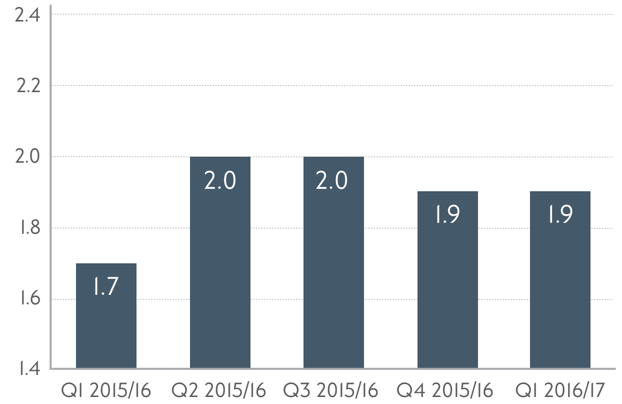
Compares traffic flow volume for the quarter with the corresponding quarter in the prior year.

Reliability

Journey time reliability (JTR) (%)



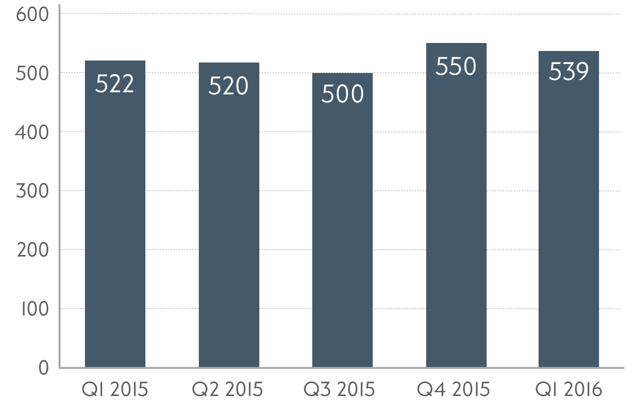
TLRN resolution time-disruption hours per event



Flooding led to widespread problems on the network with a number of incidents including severe delays on the northern approach to the Blackwall Tunnel. The overall impact of the flooding was a deterioration in journey time reliability of 0.3 percentage points.

Safety

Number of people killed or seriously injured

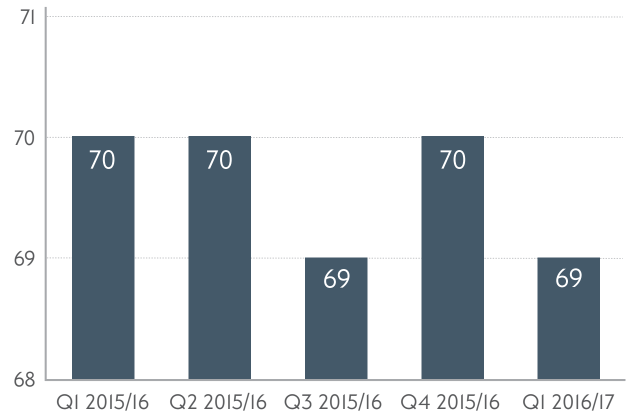


NB: The above data is based on calendar quarters rather than financial quarters ie. Q1 is January – March

Figures for Q1 2016 (January-March 2016) show that 539 people were killed or seriously injured (KSI) on London's roads. In March 2016 a consultation was completed on the next steps to improve lorry safety by requiring HGVs entering London to have additional windows fitted in their passenger-side doors.

Customer

TLRN user satisfaction score



Overall satisfaction in Q1 2016/17 was 69, down one point from Q4 and Q1 of 2015/16, owing to traffic congestion. The lower score is linked to a number of aspects of the journey including management of roadworks and congestion levels.

Other operations

London Dial-a-Ride (DaR), London River Services (LRS), Taxi & Private Hire (TPH), Santander Cycles, Victoria Coach Station (VCS) and other

Financial overview

As well as the operations named above, we include the costs of the Crossrail 2 project team and the Commercial Development team together with certain group items in this category.

Other (£m)	Q1 2016/17	Q1 2015/16	Variance
Fares income	7	6	17%
Other operating income	28	27	4%
Total operating income	**35**	**33**	**6%**
Direct operating cost	(43)	(46)	-7%
Indirect operating cost	(3)	(3)	0%
Net operating surplus/(deficit)	**(11)**	**(16)**	**-31%**
Depreciation and amortisation	(23)	(22)	5%
Net cost of operations before financing	**(34)**	**(38)**	**-11%**
Capital renewals	(8)	(7)	14%
New capital investment	(14)	(7)	100%
Investment in Earls Court development	-	(429)	-100%
Total capital expenditure	**(22)**	**(443)**	**-95%**

In addition to the income and expenditure of the services listed above, the results of a range of complimentary and ancillary activities are included such as London Transport Museum.

Overall, performance of other operations has remained stable with cycle hire sponsorship income increasing slightly as a result of the new Santander agreement.

Depreciation and amortisation relates largely to assets, including information technology assets, that are used in providing services across the group, such as ticketing equipment and technology.

New capital investment includes new ticketing machines with enhanced functionality to support Fit for the Future Stations and the Elizabeth line.

Capital expenditure for 2015/16 also includes the purchase of Loan Notes for a share of the Joint Venture in the development of Earls Court. This investment was offset last year with the inclusion of property income for the sale of the long leasehold in Earls Court.

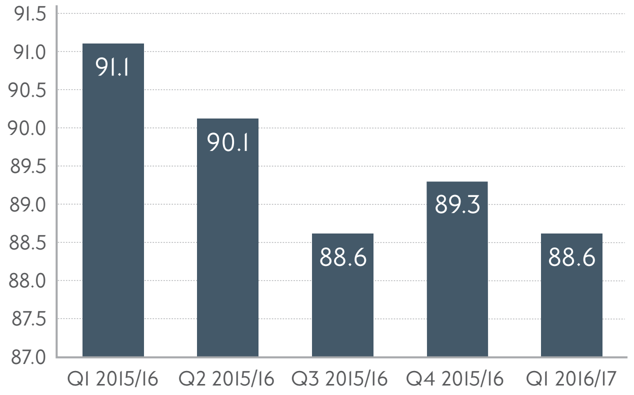
Volume analysis

	Q1 2016/17	Q1 2015/16	Variance
Santander Cycles			
Number of hires (millions)	2.6	2.7	-4%
Average income per hire (£)	1.14	1.14	0%
Operating cost per hire* (£)	(1.56)	(1.60)	-3%
Total cost per hire before financing* (£)	(2.36)	(3.20)	-26%
Victoria Coach Station			
Number of coach departures (000s)	57.2	55.7	3%
Average income per departure (£)	38.37	39.58	-3%
Operating cost per departure (£)	(33.40)	(36.25)	-8%
Total cost per departure before financing (£)	(34.34)	(37.22)	-7%
London River Services			
Number of passenger journeys (millions)	2.7	2.9	-7%
Average income per journey (£)	0.30	0.18	67%
Operating cost per journey (£)	(1.09)	(1.15)	-5%
Total cost per journey before financing (£)	(1.34)	(1.29)	4%
London Dial-a-Ride			
Number of passenger journeys (thousands)	287.8	313.5	-8%
Total cost per trip before financing (£)	(40.84)	(36.66)	11%
Taxi & Private Hire			
Number of private hire vehicle drivers	106,351	82,390	29%
Taxi drivers	24,746	25,096	-1%
Total income (£m)	6.2	6.1	2%
Total costs (£m)	(5.3)	(3.9)	36%

* Costs of Santander Cycles are shown net of sponsorship income

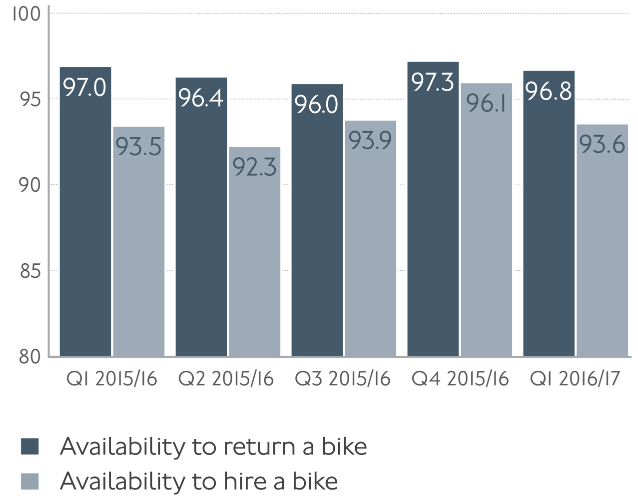
Reliability

Dial-a-Ride schedule services operated (%)



The Dial-a-Ride service is currently 46 drivers short and lack of available transport is the main customer complaint. We are accelerating driver recruitment to tackle this issue. Some applicants from November 2015 have not received their Enhanced Disclosure and Barring Service check (criminal records check at enhanced disclosure level).

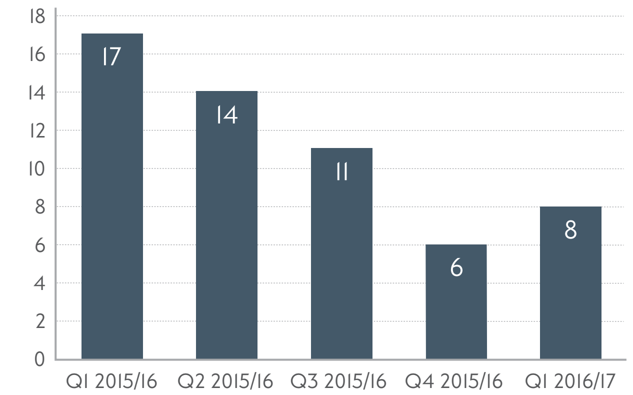
Cycle hire docking station availability (%)



Bike and docking station availability has remained reasonably consistent over much of the past year.

Safety

Customer injuries* (Dial-a-Ride, CHS, VCS & LRS)

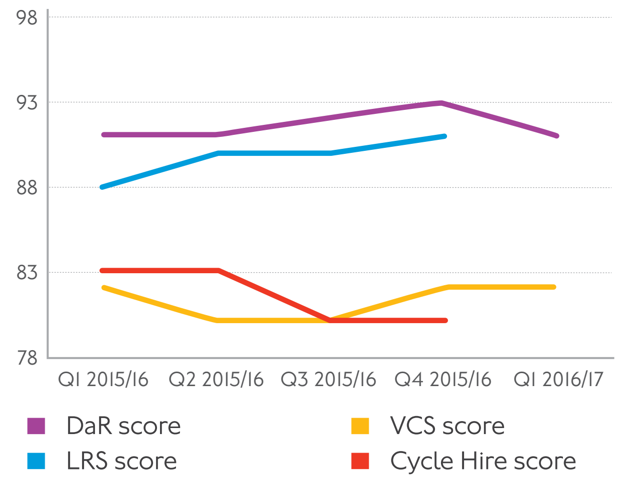


* Customers taken to hospital during the quarter

The safety performance of other networks was better in Q1 2016/17 when compared with the corresponding quarter last year. A total of eight injuries required hospitalisation, down from 17 in Q1 2015/16.

Customer

Customer satisfaction



Dial-a-Ride Q1 overall was slightly below target (one point) at 91. Most Dial-a-Ride measures are at or above the benchmark score, with the exception of satisfaction with the booking process.

VCS Q1 was 1 point above target at 82.

CSS for LRS and cycle hire are not available for this quarter as they are bi-annual measures.

Capital investment programme

Budget milestone completion full year forecast	Q1 2016/17
Completed on time or early	93%
Late by less than 90 days	5%
Late by 90 days or more	2%

Our investment programme is vital in keeping London moving, working and growing. In Q1 2016/17 we delivered 93 per cent of our investment project milestones on time or early, with a further five per cent complete within 90 days of target.

New capital investment	Q1 2016/17 (£m)
Crossrail	400
Station upgrades	58
Northern Line Extension	34
Other LU, including signalling and transformation	44
Rail enhancements	42
Roads	28
Buses	16
Other capital investment	17
Total new capital investment	**639**

Key milestones and improvements:

- Crossrail overall is 75 per cent complete. The ventilation shaft at Tottenham Court Road and the bulk supply point at Kensal Green were completed

- As part of the modernisation of the existing rail network for Crossrail being undertaken by Network Rail, Network Rail carried out extensive works during the May Bank Holidays. In addition, designs for the new station building at Acton Main Line have been approved

- As part of new capital investment within Rail the manufacture of the first Crossrail train was completed and is now undergoing testing at Bombardier's Derby factory

- On our major station upgrades we progressed the step-free access lift at Vauxhall and the new ticket hall at Tottenham Court Road is fully open. At Bond Street all tunnelling works were completed and work has started on escalator installation

- The Victoria line upgrade enabled us to increase peak services from 27 to 34 trains per hour on Victoria line from Brixton to Walthamstow

- On the Northern Line Extension, work continued on the excavation of the station 'boxes' at Battersea and Nine Elms

Capital renewals	Q1 2016/17 (£m)
Track renewals	52
Upgrade of Circle, District, Hammersmith & City and Metropolitan lines	43
Roads	29
London Underground renewals	26
Lift and escalator renewals	11
Other capital renewals	25
Total capital renewals	**186**

Capital renewals in Q1:

- The London Underground track programme renewed more than 4.5km of ballasted track and more than 1.5km of deep Tube track, as well as 2.8km of drainage

- As part of the project to modernise the Circle, District, Hammersmith & City and Metropolitan lines, 62 (of a total of 80) new trains for the District line were delivered

- Two out of six escalators were completed at Canary Wharf. The final lift replacement at Elephant & Castle Tube station was completed. Customers now benefit from a full complement of five lifts. Works started at Caledonian Road and Chancery Lane

- On the roads, 89,000 square metres of carriageway were resurfaced and more than 3,000 square metres of footway were relaid

Full details of our Investment Programme can be found in the Q1 IPR report.

Appendices

1. TfL Group balance sheet

Balance sheet (£m)	25 June 2016	31 March 2016	Variance
Intangible assets	113	123	(10)
Property, plant and equipment	34,997	34,402	595
Investment properties	518	518	-
Investment in associate entities	473	473	-
Long term derivatives	12	7	5
Long term debtors	696	692	4
Non current assets	**36,809**	**36,215**	**594**
Stocks	73	71	2
Short term debtors	1,293	1,262	31
Short term derivatives	9	5	4
Cash and short term investments	2,836	3,314	(478)
Current assets	**4,211**	**4,652**	**(441)**
Short term creditors	(2,194)	(2,188)	(6)
Short term derivatives	(25)	(21)	(4)
Short term borrowings	(832)	(832)	-
Short term lease liabilities	(82)	(94)	12
Short term provisions	(210)	(221)	10
Current liabilities	**(3,343)**	**(3,356)**	**13**
Long term creditors	(81)	(80)	(1)
Long term borrowings	(8,281)	(8,281)	-
Long term lease liabilities	(558)	(565)	7
Long term derivatives	(98)	(95)	(3)
Other provisions	(48)	(46)	(2)
Pension provision	(3,207)	(3,208)	1
Long term liabilities	**(12,273)**	**(12,275)**	**2**
Total net assets	**25,404**	**25,236**	**168**
Capital and reserves			
Usable reserves	2,882	3,233	(351)
Unusable reserves	22,522	22,003	519
Total capital employed	**25,404**	**25,236**	**168**

2. Headcount

Full Time Equivalents (FTEs) including Non-Permanent Labour (NPL)

	31 March 2016 Actual	YTD Net (leavers)/joiners	End of Q1 Actual
Underground	21,613	(664)	20,949
Rail	378	0	378
Buses	566	2	568
Roads	2,416	(58)	2,358
Other operations	877	21	898
Specialist services*	4,381	(139)	4,241
Crossrail	983	(65)	918
Total	**31,213**	**(903)**	**30,311**

At the end of Q1, headcount was 30,311 FTEs, 903 less than at the end of the last financial year.

London Underground has reduced headcount by 664 since 31 March 2016 largely reflecting leavers under the Fit for the Future-Stations programme.

Buses headcount excludes individuals employed by third party bus operating companies eg bus drivers.

The reduction in headcount in specialist services* since 31 March 2016 (139 FTE) is driven principally by a reduction in NPL in Information Technology, accounting for 51 leavers. The remainder is due to leavers who have not been replaced across other areas within specialist services.

* Specialist services comprises functions within TfL including Legal, Finance, Human Resources, Ticketing, Commercial, Communications and Technology where services are provided on a shared basis across all TfL divisions.

Non Permanent Labour (NPL)

Temporary workers are used for time-limited projects and where the competitive market for the right skills means that we have no other options to secure the people we need to deliver services and investment such as the modernisation of London Underground, building Crossrail and improving the road network. For example, there is an acute shortage of people with the necessary engineering skills which means that there is a relatively small pool of suitably qualified candidates who often prefer to work on an agency basis.

We have instigated tighter headcount controls across the group and sign-off is now required at managing director level before NPL can be hired or their contracts extended. At the end of Q1, we employed 2,785 NPL. This is a reduction of 307 since December 2015, equating to a weekly saving of £578,630.

			Reduction since December	
Date	Number of NPL	Weekly Cost (£)	Number of NPL	Weekly saving (£)
15 December	3,092	5,249,002		
12 April	3,095	5,278,344	3	(29,342)
26 April	2,982	5,027,154	(110)	221,848
30 May	2,956	4,974,293	(136)	274,709
26 June	2,785	4,670,372	(307)	578,630

The above table shows the saving made from actions taken to reduce NPL costs. The weekly cost assumes seven hours a day and five days a week worked.

NPL by length of service

Length of service	Total number
0-6 months	569
6-12 months	647
1-2 years	691
2-3 years	355
3-5 years	282
5+ years	241
	2,785

There is a large number of non-permanent contractors who have been working at TfL for more than two years. Additional tighter controls have been introduced, targeted at reducing the large number of longer-term NPL.

Glossary

Measure	Unit	Description
Call response rate	%	The percentage of customer calls that are not answered. The target is to keep this below 15 per cent.
Capital renewals		Capital renewals are required to keep our capital assets – stations, track, buses, roads, trains – in a good state of repair. We need to maintain a level of capital renewals for business as usual. Our capital renewals programme replaces current assets with newer, more reliable ones, providing a better service to the customer and reducing maintenance costs.
Correspondence service level agreement	%	The percentage of correspondence we close within agreed response rates from the date it is received from the customer. Agreed response rates differ between functions – three working days for fast resolution teams, five working days for the refunds team and 10 working days for the investigations teams. The target is 80 per cent.
Cumulative reduction in killed or seriously injured (KSI) Londonwide	%	The percentage reduction in killed or seriously injured (KSI) KPI relates to personal injury road traffic collisions occurring on the public highway, and reported to the police, in accordance with the Stats 19 national reporting system. The KPI measures the percentage change in KSI casualties on London's roads compared to the baseline average number of KSI casualties between 2005 and 2009.
Customer satisfaction	Score	One of our most important performance measures is customer satisfaction; this helps us understand what the people who use our services really think. An independent research company interviews around 10,000 customers every year, as they complete their trip. They are asked to make an 'overall evaluation' of their journey experience, by giving a score out of 10. We take the average of everybody's scores and multiply it by 10, to give a final result out of 100.

Measure	Unit	Description
Fit for the Future Stations (FftF-S)		Fit for the Future – Stations (FftF-S) is a large and complex programme of change for London Underground (LU). We are delivering improved customer service at a lower cost by redefining the way that LU stations work. Extensive training, as well as process improvements supported by technology, is allowing staff to be more visible and more available for customers.
London Buses - bus validation overall availability	%	The percentage availability of readers (for validation 'touching in') on London Buses.
London Buses: excess wait time (EWT)	Minutes	Excess wait time (EWT) represents the amount of time that a passenger has had to wait in excess of the time that they should expect to wait if buses ran as scheduled. EWT is the key measure of reliability of high frequency bus services as experienced by passengers and is also used to calculate operator performance bonuses or penalties.
London Overground and TfL Rail: public performance measure	%	The public performance measure (PPM) shows the percentage of trains which arrive at their destination on time. The PPM combines figures for punctuality and reliability into a single performance measure. It is the rail industry standard measurement of performance. PPM measures the performance of individual trains advertised as passenger services against their planned timetable as agreed between the operator and Network Rail at 22:00 the night before. PPM is therefore the percentage of trains 'on time' compared to the total number of trains planned. In London and the South East, a train is defined as on time if it arrives at the destination within five minutes (ie four minutes, 59 seconds or less) of the planned arrival time. Where a train fails to run its entire planned route, (ie not calling at all timetabled stations), it will count as a PPM failure.

Measure	Unit	Description
London Uunderground and London Rail RIDDOR reportable customer injuries	Major injuries	The number of serious injuries to customers, employees and contractors using or working on London Underground and London Rail. A major injury is one classified as 'major' under schedule I of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Injuries arising from criminal acts, alleged suicide attempts, and medical conditions are excluded.
London Underground: lost customer hours (LCH)	Hours	The total extra journey time, measured in hours, experienced by Underground customers as a result of all service disruptions with durations of two minutes or more. A delay at a busy location or during peak hours results in more 'lost customer hours' because more customers are affected. For example, an incident at Oxford Circus during a Monday to Friday peak gives rise to a much higher number of lost customer hours than an incident of the same length in Zone 6 on a Sunday morning. As we review incidents, we may need to change LCH figures retrospectively.

Measure	Unit	Description
London Underground: excess journey time (EJT)	Perceived minutes	Journey time is a way of measuring LU's service performance. We break down journeys into stages and give each one: • A scheduled time length, so we can say how long a given journey should take if everything goes as planned • A value of time (VOT) based on how customers feel about that bit of the journey,eg going up an escalator has a VOT of I.5, whereas walking up stairs has a VOT of 4, because it makes the perceived journey time longer These are the stages of a journey: • Time from station entrance to platform • Ticket queuing and purchase time • Platform wait time • On-train time • Platform to platform interchange • Time from platform to station exit In each period, actual journey times are measured and then compared to the schedule. The difference between the two is the measure of lateness – referred to as excess journey time (EJT). EJT is therefore a measure of how efficiently LU is providing its scheduled or 'stated' service: the more reliable the service the lower the EJT. The calculation includes the impact of planned closures.
London Underground – ticketing system overall availability	%	The percentage availability of revenue collection equipment on London Underground stations, London Overground stations (where gated) and TfL operated Visitor Centres.
Mystery Shopper quality assessment scores	%	The percentage quality score our agents receive for their customer service. This combines scores from correspondence and telephony. The target is 85 per cent.

Measure	Unit	Description
New capital investment		New capital investment provides an entirely new service, or provides a significant enhancement of existing services. This investment helps grow the business, providing more volume and capacity.
Passenger journeys	Number	A single journey by an individual (adult or child) on a particular mode of transport run by TfL.
Recorded crime rate	Per million passenger journeys	The number of recorded (or notifiable) crimes per million passenger journeys on the appropriate network.
Scheduled services operated	%	The amount of service that TfL actually operated, compared with the scheduled plan – comparing peak and off-peak times. (Peak times are 07.00 – 10.00 and 16.00 – 19.00 Monday – Friday.) This helps us check whether the service we operate at the busiest times of day is as good as during quieter periods.
TLRN: journey time reliability (morning peak)	%	The key measure for monitoring traffic flow is journey time reliability (JTR). It is defined as the percentage of journeys completed within an allowable excess of five minutes for a standard 30-minute journey during the morning peak.
TLRN user satisfaction score	Score	A score out of 100 of how satisfied customers are with their journey on the TLRN in the last month. Each customer rates their journey on a scale of 0-10, which is then multiplied by 10 to give a score out of 100. This includes journeys by car, pedestrians, cycling, bus, P2W, and taxi and commercial vehicle. TLRN CSS is conducted online, it is estimated if it were conducted face to face (like other TfL CSSs) the score would be higher by between 5-10 points. From 2010 to Q4 2015 scores had been artificially inflated, as a follow up question was used inappropriately. From Q1 2016 we removed this question.
Transport for London Road Network (TLRN): serious and severe disruption	Hours	The KPI measures the numbers of hours of serious and severe disruption on the Transport for London Road Network (TLRN) as a result of planned and unplanned interventions.

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