Board

Date: **29 March 2017**

Item: **Finance Report – Period 11, 2016/17**

This paper will be considered in public

1 Summary

1.1 The Finance Report sets out TfL's financial results for Period 11, 2016/17 – the period ending 4 February 2017.

1.2 The Report was considered by the Finance Committee on 13 March 2017.

1.3 The Committee noted the report, which showed trends similar to the previous Period 9 report. While the net cost of transport operations was currently forecast at £10m worse than budget, the Chief Finance Officer considered this to be an overly cautious estimate and expected the final result to be positive to budget.

1.4 The capital programmes included an over-programming provision and given the complexity of many of the schemes, it was not uncommon for programmes to be under rather than over budget. Underspending was generally due to exploiting contracts to get better value, cost reduction and value engineering by TfL and genuine slippage in delivery. There were no significant concerns relating to the current underspend on the capital programme and some commentary was included in the Report to cover this. The momentum on major capacity enhancement programmes remained on target and would bring significant revenue when delivered. Members requested that future reports also include details of any programmes that were being accelerated, such as the Bus Priority Programme and step free access on the Underground, to take advantage of available funds.

1.5 Members also requested that future Reports include graphs with trend lines to clearly show movement against the key performance indicators during the year.

2 Recommendation

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

3 Financial Reporting to the Board and Committees

Finance Report – Period 11, 2016/17

3.1 Where possible, feedback received from Board Members and others has been taken into account in this latest report, although some suggested improvements will be introduced in reports for the 2017/18 financial year. The Period 11 report includes the latest forecast of the full year outturn, updating the previous forecast presented in Period 9.

3.2 The Finance Report describes the financial performance compared to the 2016/17 Budget approved by the Board in March 2016.

Quarterly Performance Report

3.3 The latest Quarterly Performance Report (QPR) for Quarter 3 has been published on TfL's website (https://tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports).

3.4 The QPR sets this year's financial performance in the context of the actual results in prior years.

List of appendices to this report:

Appendix 1: Finance Report – Period 11, 2016/17

List of Background Papers:

None

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Transport for London finance report

Period 11 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 safer, more modern and affordable for everyone.

Our operational responsibilities include London Underground, London Buses, Docklands Light Railway (DLR), 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. Where possible, we are using our 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 11 – the four weeks ending 4 February 2017

	Period 11				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Fares income	364	381	(17)	-4%	3,981	4,098	(117)	-3%
Other operating income	51	51	-	0%	588	591	(3)	-1%
Total operating income	**415**	**432**	**(17)**	**-4%**	**4,569**	**4,689**	**(120)**	**-3%**
General grant	34	34	-	0%	379	378	1	0%
Business rates retention	68	68	-	0%	718	718	-	0%
Other revenue grants	11	3	8	267%	38	28	10	36%
Total income	**528**	**537**	**(9)**	**-2%**	**5,704**	**5,813**	**(109)**	**-2%**
Operating cost	(475)	(498)	23	-5%	(5,208)	(5,398)	190	-4%
Net operating surplus	53	39	14	36%	496	415	81	20%
Depreciation and amortisation	(86)	(76)	(10)	13%	(912)	(834)	(78)	9%
Net cost of operations before financing	**(33)**	**(37)**	**4**	**-11%**	**(416)**	**(419)**	**3**	**-1%**
Net financing costs	(28)	(29)	1	-3%	(304)	(321)	17	-5%
Net cost of transport operations	(61)	(66)	5	-8%	(720)	(740)	20	-3%

Income

The cumulative adverse variance on fares income now stands at £117m, which is the result of lower than budgeted passenger volumes and reduced yields:

- London Underground (LU) fares income is £38m (-2%) adverse to budget in the year to date, but £4m (2%) favourable in the period. The favourable variance in the period is due to a £10m higher than anticipated share of travelcard income allocated to LU and backdated to January 2016. Passenger volumes are 21 million (-1.8%) down against budget in the year to date
- Cumulative fares income from buses is £80m (-6%) lower than budget. Passenger journeys were 65 million (-3.3%) lower than budget in the year to date, and 8.4 million (-4.6%) lower in the period. Routes experiencing the highest decline in journey time also have the highest decline in patronage. Average yield is also down by 2p (-2.8%), giving a cumulative adverse variance of £39m
- Other operating income is marginally lower than budget. Congestion Charge income is £8m behind as a result of reduced vehicle volumes, which are some five per cent lower than last year

Costs

Operating costs in Period 11 are £23m lower than budget and are now £190m favourable to budget in the year to date. The principal variances are as follows:

- Cost reductions in LU of £41m, a result of lower net ticket commission paid, reduced staff costs, and the release of unrequired provisions
- Cost reductions within Roads of £34m, mainly from asset management efficiencies (£12m) and discontinued initiatives from the previous Mayor (£15m)
- Lower costs in Buses (£16m) due to reduced payments to bus operators, lower ticket selling commission, and higher contract deductions for lost mileage due to industrial action
- Lower operating costs in Rail (£20m) coupled with a higher profit share from London Overground
- Cost reductions across Professional Services of £47m, from discontinued technology projects and lower supplier costs (£18m), reduced headcount (£18m), and renegotiated travelcard supplier contracts (£2m)
- Lower passenger volumes have reduced indirect operating costs by £6m, including reduced call centre volumes, lower merchant fees and lower payments to train operating companies for concessionary schemes
- Rescheduling of some project costs in LU, driven by deferral of some station improvement works (£23m) and some train maintenance on the Central line as fewer trains have undergone overhauls (£14m)
- Rephasing of some roads schemes – principally those delivered by London boroughs - with some projects deferred to next year (£8m)
- Rephased costs in Professional Services of £9m – from property rental, building maintenance, and marketing projects – although some £7m of this amount is expected to reverse by the end of the year
- Cost reductions and deferrals are partly offset by unbudgeted costs of £17m for the Transformation and Exit Programmes

Depreciation and amortisation costs are £78m (9%) higher than original budget, as the depreciation budget was incorrectly based on capital assets in use as at 31 December 2015 instead of 31 March 2016.

Financing costs are £17m (5.3%) lower than budget, a result of delayed borrowing to reduce financing costs.

Capital account

(£m)	Period 11 Actuals	Budget	Variance to budget	% variance to budget	Year to date Actuals	Budget	Variance to budget	% variance to budget
Capital renewals	(64)	(63)	(1)	2%	(657)	(709)	52	-7%
New capital investment	(85)	(90)	5	-6%	(857)	(986)	129	-13%
Crossrail	(115)	(98)	(17)	17%	(1,337)	(1,319)	(18)	1%
Total capital expenditure	**(264)**	**(251)**	**(13)**	**5%**	**(2,851)**	**(3,014)**	**163**	**-5%**
Financed by:								
Investment grant	73	73	-	0%	799	799	-	0%
Third-party contributions	4	6	(2)	-33%	40	38	2	5%
Property income	-	-	-	0%	15	5	10	200%
Crossrail funding sources	16	11	5	45%	129	117	12	10%
Other capital grants	6	15	(9)	-60%	141	136	5	4%
Total	**99**	**105**	**(6)**	**-6%**	**1,124**	**1,095**	**29**	**3%**
Net capital account	**(165)**	**(146)**	**(19)**	**13%**	**(1,727)**	**(1,919)**	**192**	**-10%**

Total capital expenditure is £163m (-5.4%) lower than budget in the year to date, due to cost reductions of £50m, project rephasing of £127m, partially offset by accelerated works and cost increases (£41m):

- Cost reductions in LU from discontinued technology projects (£11m) and station modernisation projects (£4m)
- Some in-year rephasing within the roads asset capital programme (£16m), a result of design re-work, road space restrictions, and a delay in the appointment of a sub-contractor under the London Highways Alliance Contract (LoHAC) framework
- Some commercial development costs (£54m) have been rescheduled into future years, including budgeted expenditure on the Earls Court Joint Venture (£16m). In Period 11, there were unbudgeted additional costs to purchase the long leasehold at Kingsbourne House (£15m)
- Some rephasing to future years across LU, including some expenditure on the upgrade to the Circle, District, Hammersmith & City and Metropolitan lines (£23m) to better align the infrastructure enabling works to the signalling contractor's works
- Some expenditure on the Future Ticketing Programme has been delayed until next year (£13m), due to prioritisation of other technology projects including Cycle Hire scheme improvements
- Deferral of works across rail (£34m), including elements of the TfL Rail's station improvement programme (£9m) driven by the delayed letting of the contract, some West Anglia station works, and the Barking to Gospel Oak line extension
- Some slippage on cycling schemes delivered by the London boroughs (£11m), including £4m in Camden, and £4m for cycling Quietways
- Capital expenditure on buses (£19m) has been brought forward from 2017/18 to secure a lower unit price for the final few New Routemasters
- Further acceleration of some roads expenditure, mainly from works on Upper Holloway of £8m which have been incurred to meet the completion deadline

Latest forecast for this year

Operating account

(£m)	Full year 2016/17 Full-year forecast	Full-year budget	Forecast variance to budget	% forecast variance to budget
Fares income	4,692	4,861	(169)	-3%
Other operating income	708	704	4	1%
Total operating income	**5,400**	**5,565**	**(165)**	**-3%**
General grant	447	447	-	0%
Business rates retention	854	854	-	0%
Other revenue grants	57	43	14	32%
Total income	**6,759**	**6,909**	**(150)**	**-2%**
Operating cost	(6,244)	(6,439)	195	-3%
Net operating surplus	**515**	**470**	**45**	**10%**
Depreciation and amortisation	(1,061)	(987)	(74)	7%
Net cost of operations before financing	**(546)**	**(517)**	**(29)**	**-6%**
Net financing costs	(360)	(379)	19	-5%
Net cost of transport operations	**(906)**	**(896)**	**(10)**	**1%**

Capital account

(£m)	Full year 2016/17 Full-year forecast	Full-year budget	Forecast variance to budget	% forecast variance to budget
Capital renewals	(808)	(862)	54	-6%
New capital investment	(1,043)	(1,300)	257	-20%
Crossrail	(1,617)	(1,454)	(163)	11%
Total capital expenditure	**(3,468)**	**(3,616)**	**148**	**-4%**
Financed by:				
Investment grant	944	944	-	0%
Third-party contributions	57	55	2	3%
Property income	17	127	(110)	-87%
Crossrail funding sources	155	194	(39)	-20%
Other capital grants	152	168	(16)	-10%
Total	**1,324**	**1,488**	**(164)**	**-11%**
Net capital account	**(2,144)**	**(2,128)**	**(16)**	**1%**

Cash flow summary

(£m)	Full year 2016/17 Full-year forecast	Full-year budget	Forecast variance to budget	% forecast variance to budget
Net cost of transport operations	(906)	(896)	(10)	1%
Non-cash depreciation	1,061	987	74	7%
Net capital expenditure	(2,144)	(2,128)	(16)	1%
Borrowing	682	732	(50)	-7%
Working capital movements	(273)	141	(414)	152%
(Decrease)/increase in cash balances	**(1,580)**	**(1,164)**	**(416)**	

The latest forecast outturn for the year updates the previous forecast in the Period 9 report.

Fares income outturn for the year is expected to be £169m lower than budget, although this is at the pessimistic end of a range of possible outcomes; it is also expected that this will be fully offset by reduced operating costs (£195m).

Fares income is forecast to be £169m (-3.5%) lower than budget and £5m lower than forecast in Period 9:

- Lower passenger volumes are the single main driver, responsible for lower fares income of £57m from Buses and £55m in Underground
- Yield on buses and Underground is also lower than budget, reducing income by £50m.

Operating costs are forecast to be £195m lower (-3%) than budget and £50m lower than the Period 9 forecast.

- Underlying cost reductions of £93m on buses, roads and rail, including £23m from lower bus contract costs, £30m on roads – from lower roads and tunnels maintenance costs, staff costs and reductions in major schemes – and £24m on rail, a result of lower contract costs and higher profit share
- Cost reductions in LU (£46m) principally a result of lower ticket commission and staff costs
- Cost reductions across Professional Services from discontinued technology projects (£21m) and lower staff costs (£27m)
- Deferral of some LU project costs (£49m), including some elements of the Central line train maintenance (£20m) programme and some station improvement projects.

On the capital account, we anticipate an adverse variance of £16m, driven by the net result of a number of variances including lower capital expenditure of £148m and lower than anticipated property sales income of £110m.

- Capital expenditure is reduced by the release of £114m of budgeted expenditure for previous Mayoral initiatives, which were added into the budget without delivery plans
- Descoping of projects in LU, principally on the Bakerloo line (£17m) and Tottenham Court Road station works (£12m)
- Lower property development costs of £41m, a result of fewer investment opportunities and changes in disposal plans
- Rephasing of LU stations improvement (£18m) and track and train renewals works (£18m)
- Deferrals across rail of some of the stations improvement programme to 2017/18 (£13m), along with the purchase of service vehicle (£5m)
- Higher costs in the year for Crossrail construction (£163m) to ensure that dynamic testing is completed in this calendar year.
- Property sales are £110m adverse to budget, as a result of a decision to defer the sale of Broadway (£98m).

Headcount

Full-time equivalent (FTE) employees	End of 2015/16 actuals	P1–P10 Net (leavers)/ joiners	Period 11 Net (leavers)/ joiners	Period 11 Actual	Period 11 budget	Variance to budget
Underground	21,613	(1,359)	(23)	20,231	21,134	(903)
Rail	378	77	3	457	508	(51)
Buses	566	(14)	(3)	549	555	(5)
Roads	2,416	(138)	17	2,295	2,443	(148)
Other operations	877	43	8	929	938	(9)
Professional services	4,381	(298)	(34)	4,048	4,604	(555)
Crossrail	983	(107)	(9)	867	820	47
Total FTEs	**31,213**	**(1,795)**	**(41)**	**29,377**	**31,001**	**(1,624)**

	Period 11				Year to date			
Employee costs (£m)	Actual	Budget	Variance to budget	% variance to budget	Actual	Budget	Variance to budget	% variance to budget
Permanent	(134)	(146)	12	-8%	(1,551)	(1,609)	58	-4%
Non-Permanent Labour (NPL)	(13)	(17)	4	-24%	(174)	(197)	23	-11%
Total employee costs	**(147)**	**(163)**	**16**	**-10%**	**(1,725)**	**(1,806)**	**81**	**-4%**

The net movement in headcount in period 11 was once again negative – net leavers of 41. Since the beginning of the financial year, employee numbers have reduced by 1,836.

LU has reduced staff by 1,382 since the beginning of the year, with 580 of these due to the station modernisation programme. Following the stations review, we expect to recruit 325 additional frontline employees by December 2017.

Other operations have seen a slight increase in staff this year. This is driven by 104 new Taxi & Private Hire compliance officers to reduce illegal activity and improve safety. We expect to recruit a further 20 this year, with the remainder joining in 2017/18.

Employee costs are £16m lower in the period and £81m favourable to budget in the year to date.

Cash

Cash flow summary

	Period 11				Year to date			
(£m)	Actual	Budget	Variance	Variance %	Actual	Budget	Variance	Variance %
Net cost of transport operations	(61)	(66)	5	-6%	(720)	(740)	20	-3%
Non-cash depreciation	86	76	10	13%	912	834	78	9%
Net capital expenditure	(165)	(146)	(19)	13%	(1,727)	(1,919)	192	-10%
Borrowing	250	-	250	-	342	774	(432)	-56%
Working capital movements	33	344	(311)	-90%	(156)	234	(390)	-167%
(Decrease)/increase in cash balances	**143**	**208**	**(65)**		**(1,349)**	**(817)**	**(532)**	

Cash balances

(£m)	2016/17 opening cash	Prior period movements	Period 11 movement	Period 11 closing cash	Variance to budget
Crossrail sponsors' funding account	1,539	(671)	(96)	772	(197)
Other TfL cash balances	1,775	(821)	239	1,193	(335)
Cash balances	**3,314**	**(1,492)**	**143**	**1,965**	**(532)**

Cash balances are £1,965m at the end of Period 11, down £1,349m in the year. Of the £1,965m, £772m is held specifically for Crossrail construction. Cash balances increased by £143m in Period 11, a result of drawing down borrowing of £250m.

The Group has received funding and undertaken borrowing in advance of incurring costs and completing projects which is now being used to fund capital renewals and new capital investment across the transport network.

Cash balances are £532m below budget principally as a result of postponing planned borrowing of almost £400m to later in the year, with £50m deferred to 2017/18.

Balance sheet

TfL Group balance sheet

£m	4 February 2017	31 March 2016	Movement	4 February 2017	Period 11 budget	Variance to budget
Intangible assets	135	123	12	135	98	37
Property, plant and equipment	36,405	34,402	2,003	36,405	36,673	(268)
Investment properties	516	518	(2)	516	518	(2)
Investment in associate entities	410	473	(63)	410	473	(63)
Long term derivatives	25	7	18	25	7	18
Long term investments	-	-	-	-	-	-
Long term debtors	28	692	(664)	28	54	(26)
Long term assets	**37,519**	**36,215**	**1,304**	**37,519**	**37,823**	**(304)**
Stocks	75	71	4	75	71	4
Short term debtors	1,827	1,262	565	1,827	1,476	351
Short term derivatives	14	5	9	14	5	9
Cash and short term investments	1,965	3,314	(1,349)	1,965	2,497	(532)
Current assets	**3,881**	**4,652**	**(771)**	**3,881**	**4,049**	**(168)**
Short term creditors	(2,064)	(2,188)	124	(2,064)	(2,135)	71
Short term derivatives	(7)	(21)	14	(7)	(21)	14
Short term borrowings	(1,135)	(832)	(303)	(1,135)	(832)	(303)
Short term lease liabilities	(44)	(94)	50	(44)	(20)	(24)
Short term provisions	(130)	(221)	91	(130)	(112)	(18)
Current liabilities	**(3,380)**	**(3,356)**	**(24)**	**(3,380)**	**(3,120)**	**(260)**
Long term creditors	(60)	(80)	20	(60)	(79)	19
Long term borrowings	(8,320)	(8,281)	(39)	(8,320)	(9,055)	735
Long term lease liabilities	(536)	(565)	29	(536)	(522)	(14)
Long term derivatives	(76)	(95)	19	(76)	(95)	19
Other provisions	(56)	(46)	(10)	(56)	(34)	(22)
Pension provision	(3,205)	(3,208)	3	(3,205)	(3,196)	(9)
Long term liabilities	**(12,253)**	**(12,275)**	**22**	**(12,253)**	**(12,981)**	**728**
Total net assets	**25,767**	**25,236**	**531**	**25,767**	**25,771**	**(4)**
Capital and reserves						
Usable reserves	2,008	3,233	(1,225)	2,008	2,410	(402)
Unusable reserves	23,759	22,003	1,756	23,759	23,361	398
Total capital employed	**25,767**	**25,236**	**531**	**25,767**	**25,771**	**(4)**

Balance sheet movement vs budget

- Fixed Assets: £233m (0.6%) lower than budget, a result of £154m lower capitalisation of assets, and £78m lower than budgeted depreciation
- Investment in associate entities: £63m (13.3 %) lower, representing TfL's share of post tax losses to 31 December 2016 in the Earls Court Partnership company
- Cash and short term investments: £532m (21.3%) lower than budget, a result of:
  - £432m deferral of new prudential borrowings budgeted for the first half of the year, the majority of which will be drawn down by year end. Budgeted borrowings of £50m will be deferred to next year
  - £29m higher than budgeted grant receipts, mainly as a result of £14m higher Northern Line Extension grant and £24m higher Crossrail Community Infrastructure Levy (CIL). This is partially offset by £11m of lower Crossrail S106 receipts
  - £163m lower capital expenditure
  - £190m lower net operating costs
  - £390m of working capital movements, mainly the result of deferral of the second Network Rail loan repayment (£313m).
- Short term debtors: £351m lower than budget (23.8%), mainly due to the deferral of the second Network Rail loan repayment (£313m)
- Short term creditors: £71m lower than budget (3.3%), mainly due to £60m lower capital and trade creditors in Underground and Rail, reflecting the life stages of projects
- Short term borrowings: £303m higher than budget (36.4%), reflecting a bond which has become repayable within one year
- Long term borrowings: £735m lower than budget (8.1%), reflecting the deferral of new prudential borrowing, and the bond which has become repayable within one year.

Balance sheet movement vs prior year end

- Fixed Assets: £2,003m (5.7%) higher, from £2,928m acquisitions less £913m depreciation

- Investment in associate entities: £63m (13.3 %) lower, representing TfL's share of post-tax losses to 31 December 2016 in the Earls Court Partnership company

- Long term debtors: £664m (96.0%) lower, principally a result of the reclassification of £657m of Network Rail loan debtor from long term to short term

- Short term debtors: £565m (44.8%) higher, mainly as a result of the Network Rail loan reclassification above, a £19m year to date reduction in the balance of this debtor, and reimbursement of a £33m year end debtor in respect of train costs which were to be refinanced

- Short term borrowings: £303m (36.4%) higher, reflecting a bond repayable within one year

- Short term provisions: £91m (41.2%) lower following payments for stations modernisation, and reductions in Crossrail contractual claims and property provisions.

- Long term borrowings: £39m (0.5%) higher, mainly as a result of reclassification of £304m to short term for a bond which has become repayable within one year, offset by £342m of new borrowings.

Appendices

Appendix A: Financial tables

London Underground

	Period 11				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Fares income	218	214	4	2%	2,260	2,298	(38)	-2%
Other operating income	17	13	4	31%	155	146	9	6%
Total operating income	**234**	**227**	**8**	**4%**	**2,415**	**2,444**	**(29)**	**-1%**
Direct operating cost	(162)	(178)	16	-9%	(1,815)	(1,902)	87	-5%
Indirect operating cost	(30)	(33)	3	-9%	(334)	(362)	28	-8%
Net operating surplus/(deficit)	**43**	**16**	**27**	**173%**	**266**	**180**	**86**	**48%**
Depreciation	(56)	(49)	(7)	14%	(573)	(538)	(35)	7%
Net cost of operations before financing	**(13)**	**(33)**	**20**	**-61%**	**(307)**	**(358)**	**51**	**-14%**
Capital renewals	(45)	(45)	-	0%	(450)	(483)	33	-7%
New capital investment	(40)	(42)	2	-5%	(461)	(482)	21	-4%
Net capital expenditure	**(85)**	**(87)**	**2**	**-2%**	**(911)**	**(965)**	**54**	**-2%**

Buses

(£m)	Period 11 Actuals	Period 11 Budget	Period 11 Variance to budget	Period 11 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	103	122	(20)	-16%	1,248	1,328	(80)	-6%
Other operating income	5	4	1	29%	43	40	3	8%
Total operating income	**108**	**126**	**(18)**	**-15%**	**1,291**	**1,368**	**(77)**	**-6%**
Direct operating cost	(160)	(161)	1	-1%	(1,755)	(1,776)	21	-1%
Indirect operating cost	(5)	(6)	1	-15%	(54)	(61)	7	-11%
Net operating surplus/(deficit)	**(57)**	**(41)**	**(16)**	**(40%)**	**(518)**	**(469)**	**(49)**	**10%**
Depreciation	(4)	(3)	(1)	50%	(37)	(30)	(8)	25%
Net cost of operations before financing	**(61)**	**(44)**	**(17)**	**41%**	**(555)**	**(499)**	**(57)**	**11%**
Capital renewals	(1)	(1)	-	0%	(15)	(14)	(1)	10%
New capital investment	(5)	(4)	(1)	25%	(61)	(44)	(17)	40%
Net capital expenditure	**(6)**	**(5)**	**(1)**	**20%**	**(76)**	**(58)**	**(18)**	**31%**

Rail

(£m)	Period 11 Actuals	Period 11 Budget	Period 11 Variance to budget	Period 11 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	40	43	(2)	-6%	431	446	(14)	-3%
Other operating income	2	2	(1)	-26%	23	23	-	0%
Total operating income	**42**	**45**	**(3)**	**-7%**	**454**	**469**	**(14)**	**-3%**
Direct operating cost	(41)	(44)	3	-7%	(464)	(485)	21	-4%
Indirect operating cost	(3)	(3)	-	0%	(28)	(31)	3	-10%
Net operating surplus/(deficit)	**(2)**	**(2)**	**-**	**0%**	**(37)**	**(47)**	**10**	**-22%**
Depreciation	(10)	(9)	(1)	16%	(110)	(95)	(15)	16%
Net cost of operations before financing	**(12)**	**(11)**	**(1)**	**8%**	**(147)**	**(142)**	**(5)**	**3%**
Capital renewals	(3)	(4)	1	-30%	(44)	(55)	11	-20%
New capital investment	(15)	(11)	(4)	41%	(161)	(177)	16	-9%
Crossrail	(115)	(98)	(17)	17%	(1,337)	(1,319)	(18)	1%
Net capital expenditure	**(133)**	**(113)**	**(20)**	**18%**	**(1,542)**	**(1,552)**	**9**	**-1%**

Roads

(£m)	Period 11 Actuals	Period 11 Budget	Period 11 Variance to budget	Period 11 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	-	-	-	0%	-	-	-	0%
Other operating income	26	27	-	0%	278	285	(6)	-2%
Total operating income	**26**	**27**	**-**	**0%**	**278**	**285**	**(6)**	**-2%**
Direct operating cost	(55)	(54)	(1)	3%	(519)	(577)	59	-10%
Indirect operating cost	(6)	(7)	1	-15%	(67)	(75)	8	-10%
Net operating surplus/(deficit)	**(34)**	**(34)**	**-**	**0%**	**(308)**	**(367)**	**60**	**-16%**
Depreciation	(9)	(10)	1	-8%	(111)	(102)	(8)	8%
Net cost of operations before financing	**(43)**	**(43)**	**(0)**	**-1%**	**(418)**	**(470)**	**51**	**-11%**
Capital renewals	(11)	(9)	(2)	22%	(111)	(114)	2	-2%
New capital investment	(5)	(5)	-	0%	(94)	(96)	2	-2%
Net capital expenditure	**(16)**	**(14)**	**(2)**	**17%**	**(205)**	**(210)**	**5**	**-2%**

Other operations

(£m)	Period 11 Actuals	Period 11 Budget	Period 11 Variance to budget	Period 11 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	3	2	1	41%	42	27	15	54%
Other operating income	1	5	(4)	-72%	89	97	(8)	-8%
Total operating income	**4**	**7**	**(3)**	**-39%**	**131**	**124**	**7**	**5%**
Direct operating cost	(13)	(11)	(2)	23%	(161)	(117)	(44)	38%
Indirect operating cost	(1)	(1)	-	0%	(12)	(13)	1	-10%
Net operating surplus/(deficit)	**(10)**	**(5)**	**(5)**	**102%**	**(42)**	**6**	**(36)**	**621%**
Depreciation	(7)	(6)	(1)	15%	(80)	(69)	(11)	16%
Net cost of operations before financing	**(17)**	**(11)**	**(6)**	**53%**	**(122)**	**(75)**	**(47)**	**63%**
Capital renewals	(4)	(4)	-	0%	(36)	(43)	7	-15%
New capital investment	(20)	(28)	8	-28%	(80)	(187)	107	-57%
Net capital expenditure	**(24)**	**(32)**	**8**	**-24%**	**(116)**	**(230)**	**114**	**-50%**

Appendix B: Passenger journeys, fares, and yield

Fares income

	Period 11				Year to date			
(£m)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	218	214	4	2%	2,260	2,298	(38)	-2%
TfL Rail	7	7	0	4%	73	74	(1)	-1%
DLR	13	13	(0)	-1%	140	141	(1)	-1%
London Overground	17	20	(2)	-12%	191	202	(10)	-5%
Trams	2	2	(0)	-3%	22	22	(0)	0%
Emirates Air Line	0	0	(0)	-27%	5	7	(1)	-21%
Buses	103	122	(20)	-16%	1,248	1,328	(80)	-6%
Oyster write off and deposits	3	2	1	41%	42	27	15	54%
Total fares	**364**	**381**	**(17)**	**-4%**	**3,981**	**4,098**	**(117)**	**-3%**

Passenger journeys

	Period 11				Year to date			
Million	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	101.8	110.0	(8.3)	-7.5%	1,163.4	1,184.5	(21.1)	-1.8%
TfL Rail	3.8	3.9	(0.2)	-4.3%	40.2	41.0	(0.8)	-2.0%
DLR	9.6	10.0	(0.4)	-4.5%	103.1	106.9	(3.8)	-3.6%
London Overground	14.8	15.9	(1.0)	-6.5%	159.7	164.2	(4.5)	-2.8%
Trams	2.4	2.4	0.0	2.0%	24.9	26.0	(1.0)	-3.9%
Emirates Air Line	0.1	0.1	(0.0)	-20.7%	1.3	1.6	(0.3)	-17.2%
Buses	174.0	182.5	(8.4)	-4.6%	1,909.6	1,974.6	(65.0)	-3.3%
Total passengers	**306.5**	**324.8**	**(18.3)**	**-5.6%**	**3,402.2**	**3,498.8**	**(96.6)**	**-2.8%**

Fares yield

	Period 11				Year to date			
(£ per journey)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	2.14	1.94	0.20	10.3%	1.94	1.94	0.00	0.1%
TfL Rail	1.97	1.82	0.15	8.4%	1.82	1.81	0.01	0.7%
DLR	1.38	1.32	0.05	3.8%	1.36	1.32	0.04	2.9%
London Overground	1.17	1.25	-0.08	-6.3%	1.20	1.23	-0.03	-2.5%
Trams	0.81	0.85	-0.05	-5.3%	0.87	0.84	0.03	3.7%
Emirates Air Line	3.80	4.14	-0.33	-8.1%	4.14	4.36	-0.22	-5.1%
Buses	0.59	0.67	-0.08	-11.9%	0.65	0.67	-0.02	-2.8%
Average yield	**1.18**	**1.17**	**0.01**	**1.0%**	**1.16**	**1.16**	**-0.01**	**-0.5%**

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