



Transport for London quarterly performance report

Quarter 2 2021/22
(27 June 2021 – 18 September 2021)

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The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's last audited Statement of Accounts for the year ending 31 March 2021 was published in August 2021.

Introduction

Passengers are returning to London, but we require long-term funding to plan and invest for the future

The city is showing clear signs of a return towards normality, with workers going back to the office, and pubs and restaurants becoming noisier and more vibrant. TfL plays a key role in ensuring that this progress continues. We are making sure the network remains clean, safe and orderly, and we continue to promote everything London has to offer as we welcome back customers.

We have seen strong growth in Q2 passenger demand, while Q2 also saw the opening of the Northern Line Extension, the first major expansion of the Tube for more than 20 years. This new line will help fuel the development of the Nine Elms area, including the provision of new homes, offices, leisure facilities and jobs, highlighting the real positive impact transport can have when well planned.

This Q2 report reflects our financial performance from 1 April 2021 to 18 September 2021 and is measured against the Revised Budget, which was approved by the Board on 28 July 2021. Our year-to-date position shows that we are performing better than budget, and that our cash position remains broadly stable with the help of Government funding support. The deficit on our day-to-day cost of operations (before Government funding) is £1,205m, which is broadly in line with budget, and more than £500m better than last year.

Both Tube and bus journeys have shown promising growth in Q2, predominantly since the start of September. Total TfL journeys at the end of Q2 are 66 per cent of pre-pandemic levels, which is 11 per cent higher than they were in Q1; this growth has continued into Q3. Passenger income is

almost double that of last year, but down on budget, largely as a result of the delay to Step 4 of the Government roadmap to ease restrictions. Despite the overall growth in journeys, passenger income is more than 40 per cent lower than pre-pandemic levels. As part of the Government funding agreement, we receive top-up funding (up to an agreed level) for 'lost' passenger revenue. Government funding and financing support has provided £1,354m so far in this financial year.

Our operating costs are £68m less than budget, while capital expenditure is not yet ramping up to required levels and is £72m lower than budget. Lower capital spend is partly driven by the stop-start nature of funding agreements, which has not allowed us to plan sufficiently far ahead to get projects approved and agreed with our contractors. However, it is 31 per cent better than last year's levels, when we paused non-safety-critical projects in line with Government guidance on social distancing.

It is vital that we focus on securing a funding package that allows us to successfully achieve the best outcome for London. If we are not in receipt of further funding from Government, our cash balances are expected to decline to below minimum cash levels (£1.2bn) after the current funding agreement expires on 11 December 2021.

We have outlined in our Spending Review submission that an additional £1-1.5bn funding from Government is required each year to support economic recovery and create a greener London through delivering the Government's and Mayor's carbon



The Northern Line Extension opened on 20 September 2021

targets. This would not only boost growth in London, but across the UK through our extensive supply chain. While we are grateful for the Government support received to date, disappointingly, the Spending Review, announced on 27 October 2021, made no mention of future funding for TfL beyond continuation of existing business rates.

We continue to recover while at the same time successfully deliver projects that provide the necessary links to help customers travel safely, and to further enhance London's economic recovery. Thank you to everyone at TfL for all your hard work and commitment to providing these vital public services.

Simon Kilonback
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

Underground

London Underground

Elizabeth line

Currently operating as TfL Rail

Buses, streets and other operations

London Buses, Transport for London Road Network, London Dial-a-Ride, London River Services, Santander Cycles, Victoria Coach Station and Emirates Air Line

Rail

DLR, London Overground and London Trams

Major projects

Responsible for our largest and most complex projects

Property development

Our commercial and residential estate and building portfolio

Media

Advertising estate and digital marketing infrastructure

Facts and figures

988 trains on our network



580km of highway that we operate



761km of Rail and London Underground routes



9,100 buses on our network

6,400 traffic signals that we operate



2021/22 Revised Budget at a glance



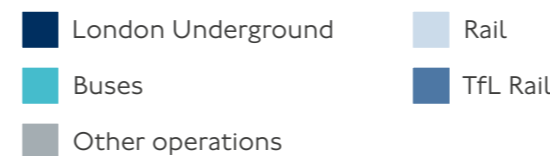
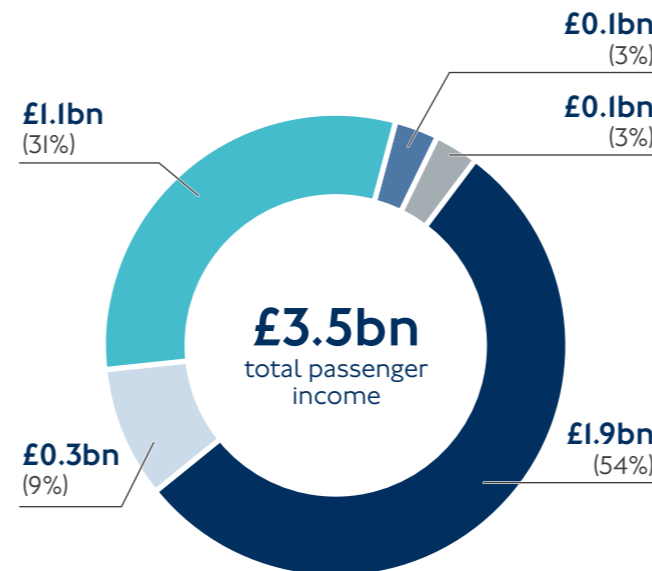
Sources of funds
£9.8bn

83% spent on running and operating the network every day

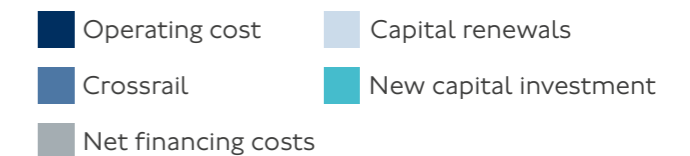
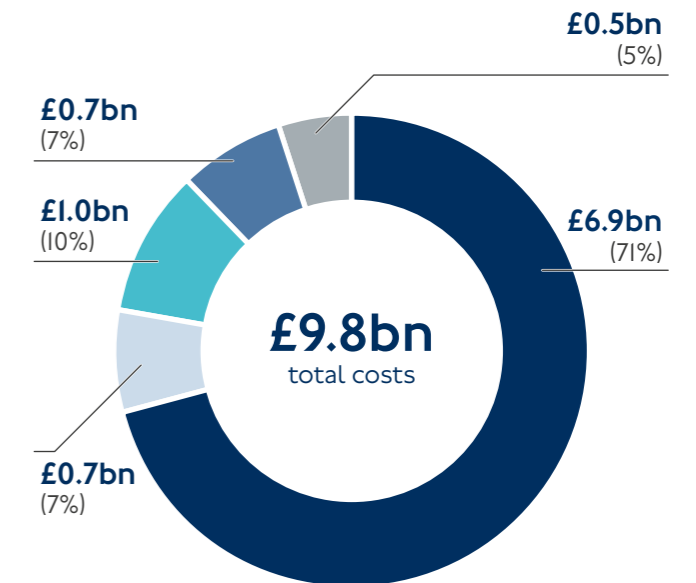


17% spent on renewing and improving the network through one of the largest capital investment programmes in Europe

Total passenger income



Total costs



Financial summary

Our performance in the year to date

Operating account

TfL Group (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Passenger income	1,250	1,370	(120)	672	578
Other operating income	449	430	19	311	138
Total operating income	1,699	1,800	(101)	983	716
Business Rates Retention	449	449	-	426	23
Council tax precept	26	26	-	3	23
Other revenue grants	12	7	5	62	(50)
Total income	2,186	2,282	(96)	1,474	712
Operating cost	(2,980)	(3,048)	68	(2,898)	(82)
Net operating deficit	(794)	(766)	(28)	(1,424)	630
Net financing costs	(208)	(210)	2	(205)	(3)
Net cost of operations before renewals	(1,002)	(976)	(26)	(1,629)	627
Capital renewals	(203)	(226)	23	(117)	(86)
Net cost of operations	(1,205)	(1,202)	(3)	(1,746)	541
Extraordinary grant	1,354	1,233	121	913	441
Net surplus/(cost) of operations after extraordinary grant	149	31	118	(833)	982

Following the coronavirus vaccine roll-out and the easing of Government restrictions, passengers have returned to London. Towards the start of Q2, the final stage of the Government's roadmap saw the removal of all domestic social distancing restrictions. TfL has seen a resulting increase in journeys, helped by workers returning to offices, and a more buoyant retail and leisure sector. Total journeys across TfL have increased from 33 per cent of pre-pandemic levels at the start of the year to 66 per cent at the end of Q2. Tube journeys have increased from 24 per cent to 62 per cent over the same timeframe, with buses up from 39 per cent to 71 per cent,

and total passenger revenue close to 70 per cent of pre-pandemic levels. However, growth in the commuter market was slower than expected over the summer, following the delay to Step 4 of the Government roadmap and subsequent holiday period.

Journeys have started to pick up again following the return to school. In the year to date, total TfL journeys were 1,014 million, 76 million lower than Revised Budget. Quarter-on-quarter growth has seen an increase of 50 million journeys (10 per cent), with passenger income up from £579m in Q1 to £671m in Q2. Year-to-

Capital account

TfL Group (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
New capital investment	(356)	(405)	49	(309)	(47)
Crossrail	(307)	(341)	34	(342)	35
Total capital expenditure	(663)	(746)	83	(651)	(12)
Financed by:					
Investment grant	409	409	-	400	9
Property and asset receipts	16	48	(32)	6	10
Borrowing (TfL)	1	1	-	422	(421)
Borrowing (Crossrail)	74	74	-	299	(225)
Crossrail funding sources	277	275	2	67	210
Other capital grants	22	24	(2)	60	(38)
Total	799	831	(32)	1,254	(455)
Net capital account	136	85	51	603	(467)

date passenger income is £1,250m, £120m lower than budget, but almost double that of last year. This variance is driven in the main from lower Tube journey numbers, caused by a slower return to offices, with income £114m lower than expected. General demand uncertainty remains over the winter period.

In the year to date, the net cost of operations after Government support was £149m, £118m better than budget. Lower passenger income of £120m was offset by an increase in the extraordinary grant of £121m. Other operating income was £19m higher, driven by higher Road User Charging income, as well as smaller upsides from advertising and property income. Operating

costs are £68m lower, from efficiencies, lower bus performance payments, lower Tube traction costs and unused central contingency. Capital renewals costs are £23m lower than expected. Compared to last year the surplus is close to £1bn better, driven by higher passenger income of £578m, and £441m from the timing of Government funding.

Total capital expenditure (including capital renewals and new capital investment) is £559m in the year to date, £72m lower than budget. This is a result of project slippage and deferrals, partly driven from the short-term and stop-start nature of current funding agreements.

Cash flow summary

TfL Group (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Net cost of operations	149	31	118	(833)	982
Net capital account	136	85	51	603	(467)
Working capital movements	(169)	(58)	(111)	(258)	89
Increase/(decrease) in cash balances	116	58	58	(488)	604

TfL cash balances (excluding balances committed to Crossrail construction) are £1,729m at the end of the quarter. TfL's cash position has stabilised following funding agreements with Government, and includes the impact of the current funding agreement being front end loaded; however, the current agreement is due to expire on 11 December 2021. Without any further agreement on funding, we expect cash balances to reduce to around £700-£800m by year end, substantially lower than our £1.2bn minimum cash reserve.



We work hard to improve cycling safety across London

TfL Group balance sheet

TfL Group (£m)	18 September 2021	31 March 2021	Movement
Intangible assets	138	149	(11)
Property, plant and equipment	43,593	43,094	499
Right-of-use assets	2,274	2,330	(56)
Investment property	1,459	1,459	-
Investment in joint ventures and associated undertakings	210	208	2
Long-term finance lease receivables	29	29	-
Long-term debtors	47	52	(5)
Long-term assets	47,750	47,321	429
Inventories	56	52	4
Short-term debtors	576	494	82
Assets held for sale	95	95	-
Short-term derivative financial instruments	1	7	(6)
Short-term finance lease receivables	15	15	-
Cash and short-term investments	1,846	1,729	117
Current assets	2,589	2,392	197
Short-term creditors	(1,982)	(2,079)	97
Short-term borrowings	(1,867)	(1,198)	(669)
Short-term right-of-use lease liabilities	(327)	(329)	2
Short-term PFI lease liabilities	(10)	(10)	-
Other short-term financing liabilities	(6)	(6)	-
Short-term derivative financial instruments	(6)	(12)	6
Short-term provisions	(94)	(109)	15
Current liabilities	(4,292)	(3,743)	(549)

TfL Group (£m)	18 September 2021	31 March 2021	Movement
Long-term creditors	(78)	(57)	(21)
Long-term borrowings	(11,176)	(11,770)	594
Long-term right-of-use lease liabilities	(2,158)	(2,180)	22
Long-term PFI lease liabilities	(97)	(102)	5
Other long-term financing liabilities	(125)	(128)	3
Long-term derivative financial instruments	(42)	(47)	5
Long-term deferred tax liabilities	(234)	(234)	-
Long-term provisions	(65)	(61)	(4)
Retirement benefit obligation	(5,601)	(5,603)	2
Long-term liabilities	(19,576)	(20,182)	606
Net assets	26,471	25,788	683
Reserves			
Usable reserves	(1,199)	(887)	(312)
Unusable reserves	(25,272)	(24,901)	(371)
Total reserves	(26,471)	(25,788)	(683)

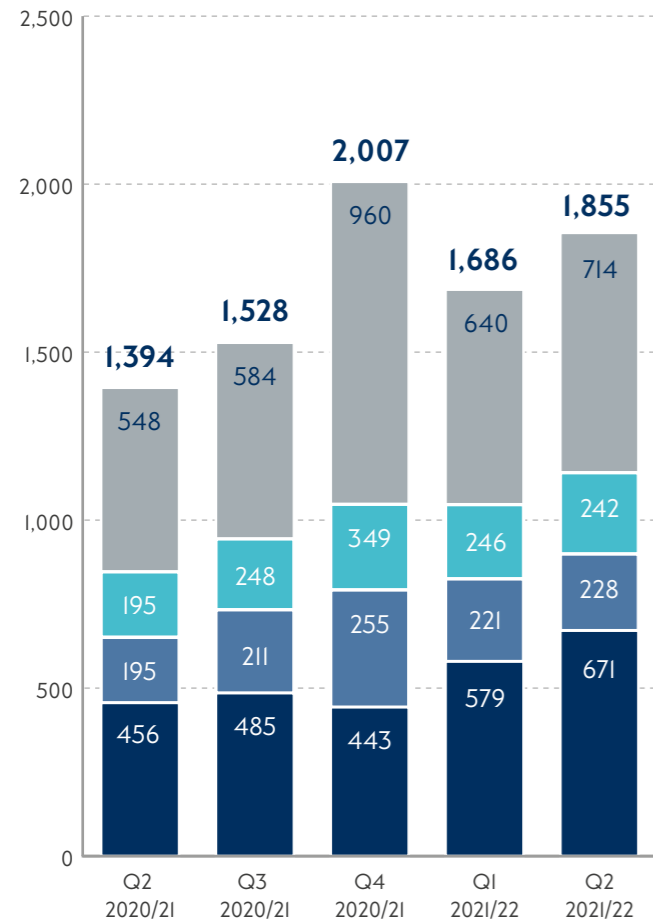
In the year to date, the main movements on the balance sheet are:

- Long-term assets: £429m increase – largely driven by expenditure on the Crossrail project, plus additions to signalling infrastructure and operational property on London Underground
- Current assets: £197m increase – reflecting a rise in cash balances, including a receipt from the sale of Cardinal House, in addition to an increase in short-term debtors of £82m, reflecting pre-payments made in relation to the DLR rolling stock construction project and an increase in VAT debtors
- Current liabilities: £549m increase – mainly due to the reclassification of borrowings from long- to short-term, partially offset by a reduction in short-term creditors, reflecting the release of accruals for grant funding as well as capital accruals relating to the Deep Tube upgrade
- Long-term liabilities: £606m decrease – mainly due to the movement between long- and short-term borrowings

Financial trends

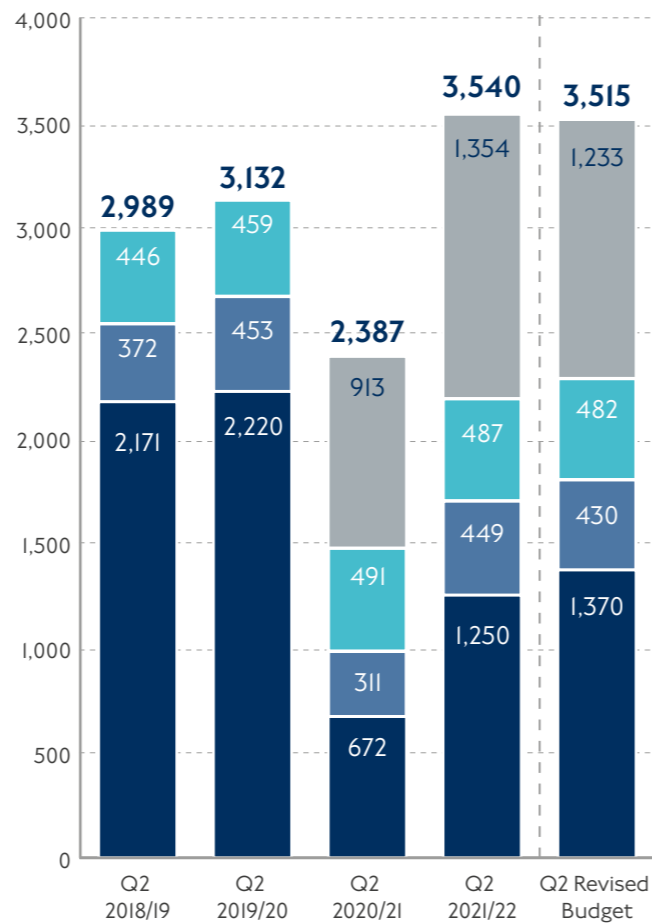
Our overall trends in the short and long term

Total income (including extraordinary grant from Government)
Quarterly (£m)*



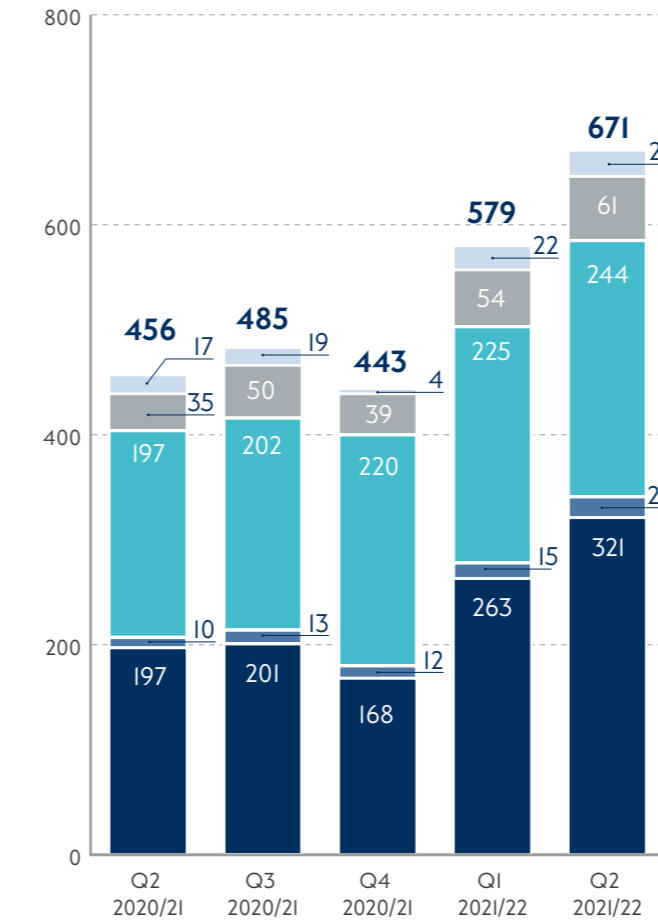
Passenger income (dark blue), Other income (medium blue), Grants (teal), Extraordinary grant (grey)

Year to date (£m)



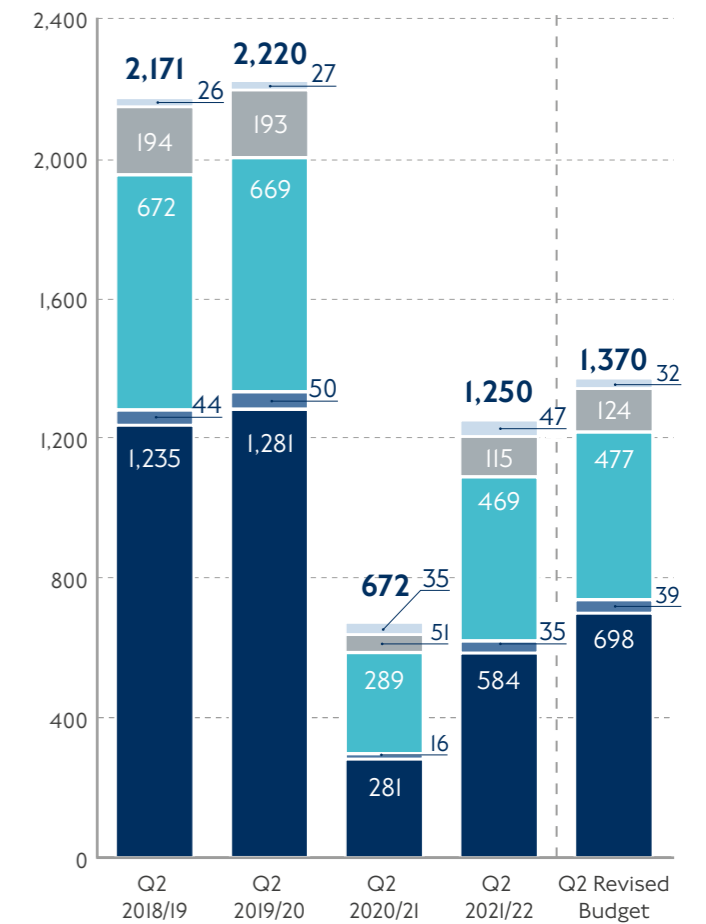
Passenger income (dark blue), Other income (medium blue), Grants (teal), Extraordinary grant (grey)

Total passenger income
Quarterly (£m)*



London Underground (dark blue), TfL Rail (medium blue), Buses (teal), Rail (grey), Other (light blue)

Year to date (£m)



London Underground (dark blue), TfL Rail (medium blue), Buses (teal), Rail (grey), Other (light blue)

Year-to-date total income
£25m above budget

48% ▲ year on year

The lower than anticipated passenger income has been offset by increased extraordinary grant funding. Other income is higher than budget due to an increase in enforcement income on the Low Emission Zone (LEZ), Ultra Low Emission Zone (ULEZ) and Congestion Charge. Passenger income is now back to around 70 per cent of pre-pandemic levels.

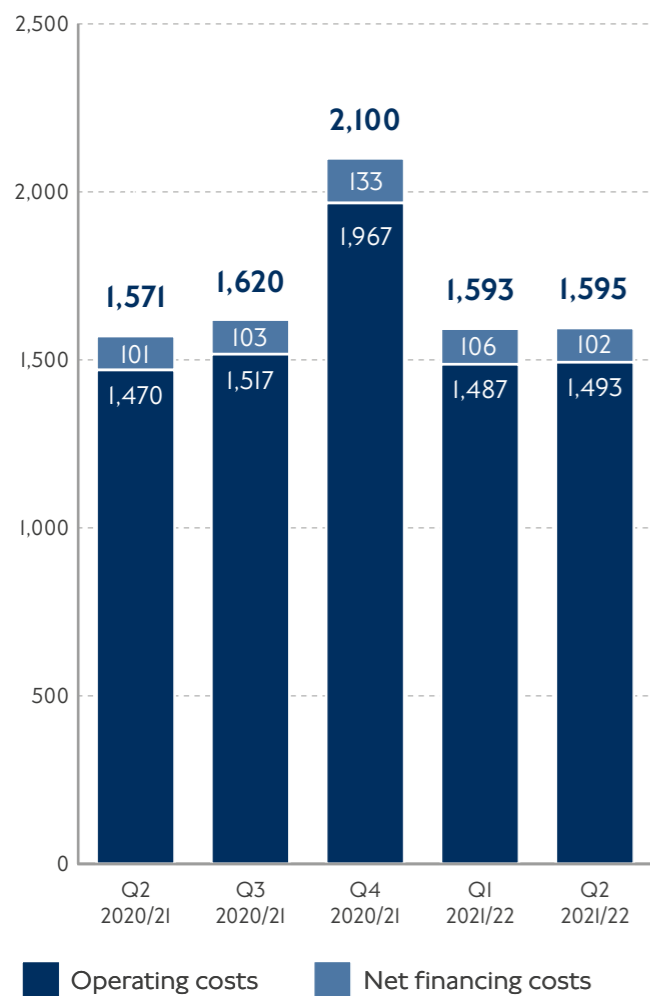
* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Year-to-date passenger income
£120m below budget

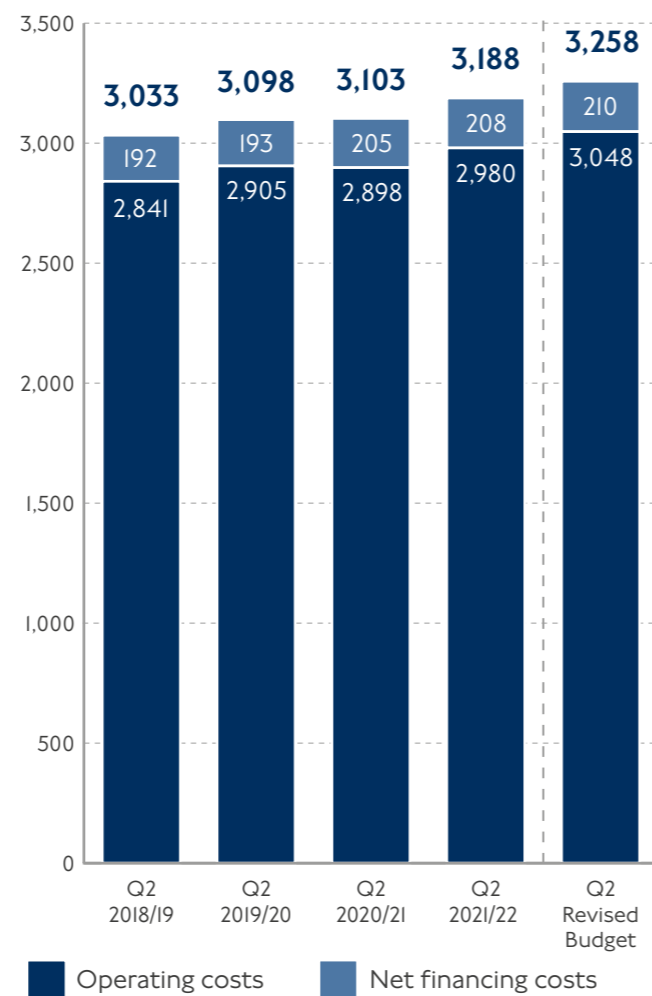
86% ▲ year on year

Passenger income is almost double that of last year, but £120m lower than budget. This is driven by lower journeys, partly due to the delay to Step 4 of the Government roadmap, and thus a slower return of journeys to work, followed by the holiday season. Journeys have increased since the end of the summer, and continue to grow into Q3.

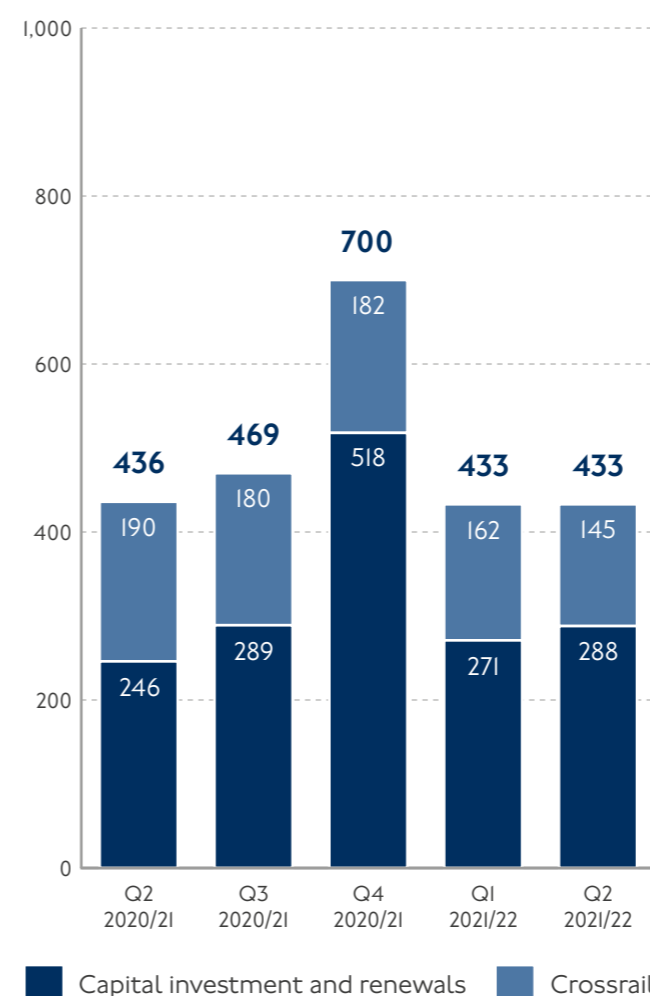
Total cost
Quarterly (£m)*



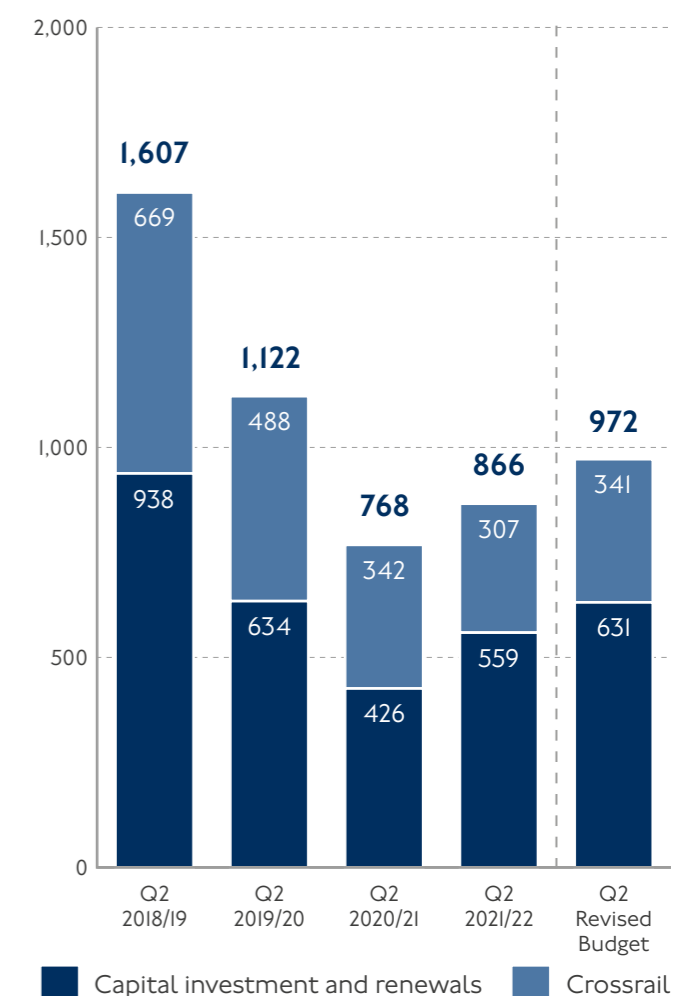
Year to date (£m)



Total capital expenditure (including Crossrail)
Quarterly (£m)*



Year to date (£m)



Year-to-date operating costs £68m below budget **3%▲** year on year

Operating costs are £68m lower than budget, driven by lower core costs across all modes, and the release of centrally held contingency, in place to offset high-risk operating account uncertainties. Reduced service levels, and therefore costs, during the first lockdown have meant that year-on-year operating costs have increased by £82m.

* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

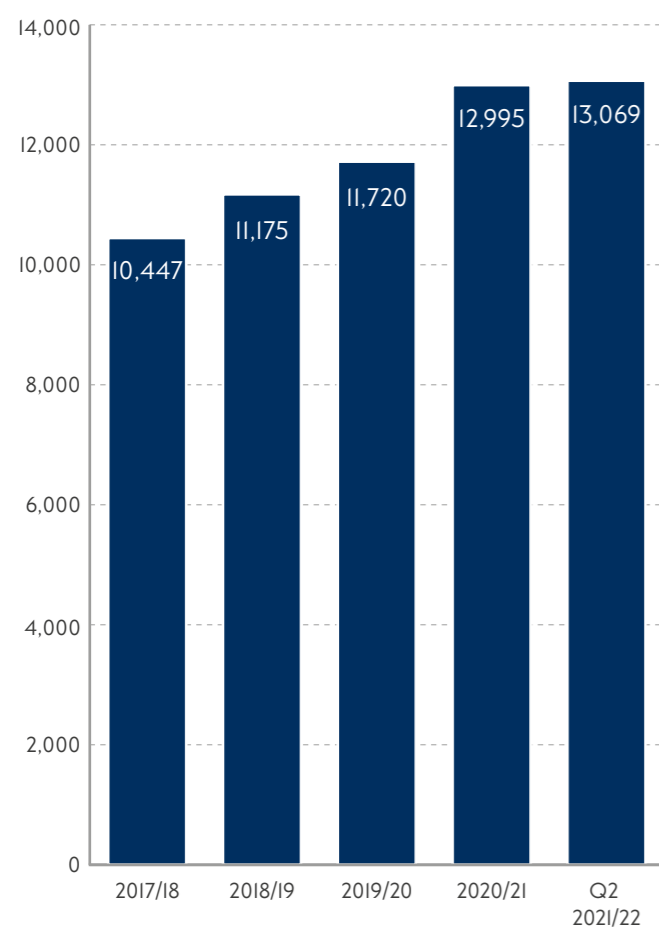
Year-to-date capital expenditure £106m below budget **13%▲** year on year

The short-term and stop-start nature of the current funding agreements has resulted in project slippage and deferrals. Without sustained capital funding, TfL will not be able to maintain its assets in the same condition they are today, which will lead to poorer performance, delays and ultimately reducing or closing services.

Debt and cash

Our borrowing and cash balances

Total nominal borrowing (£m)



Borrowing

Borrowing update

There was no change to the level of our outstanding borrowing during Q2, in line with our 2021/22 Revised Budget. We refinanced some of our variable rate Public Works Loan Board loans in the quarter, thus benefiting from a lower interest rate.

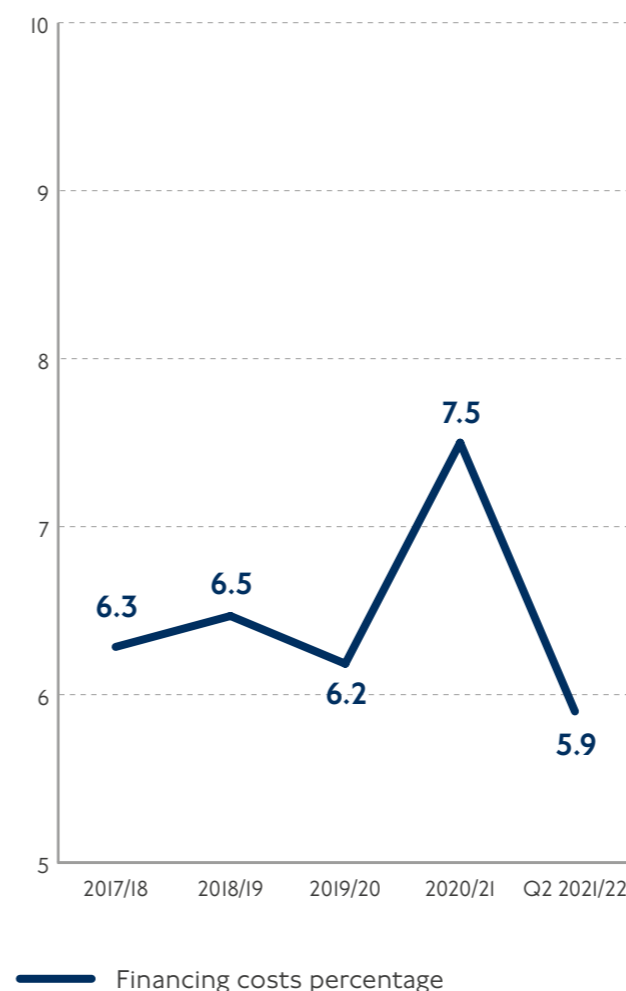
Credit ratings

We are rated by three leading international credit rating agencies. On 17 September, Fitch Ratings affirmed our long-term credit rating at A+ with a stable outlook, and our short-term rating at F1+. This reflects its expectation that our credit metrics will remain stable, despite the impact of the coronavirus pandemic. There were no changes to our credit ratings from Moody's or Standard & Poor's during Q2.

Credit ratings as at the end of Q2

Agency	Long-term rating	Short-term rating
Moody's	A3 negative outlook	P-2
Standard & Poor's	A+ stable outlook	A-1
Fitch Ratings	A+ stable outlook	F1+

Financing costs (% of total income)*



Financing costs percentage

Financing costs (£m)

Q2 2021/22	(209)
2020/21	(446)
2019/20	(429)
2018/19	(439)
2017/18	(412)

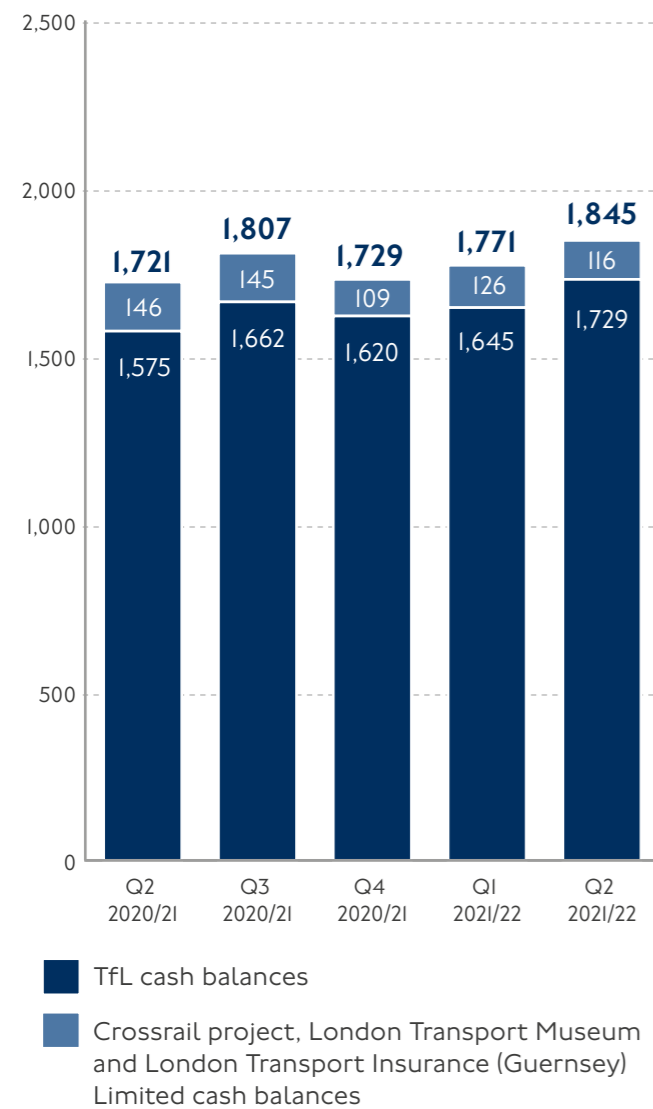
The ratio of financing costs to total income, including operating and extraordinary grants, helps us to monitor the affordability of our debt. The impact of the coronavirus pandemic significantly reduced our income in 2020/21, resulting in a higher ratio of financing costs to total income for that year.

Financing costs and income (£m)

Year to date	Q2 2021/22	Q2 Revised Budget	Variance
Interest income	1	1	-
Financing costs	(209)	(211)	2

* Financing costs include interest costs for borrowing, finance leases and other financing liabilities

Cash balances (£m)



Cash balances at the end of Q2 were £1,845m. Of the total cash balance, £116m was held for the Crossrail project, London Transport Museum and London Transport Insurance (Guernsey) Limited. Our cash position reflects £4.4bn of funding and financing received from the Government as part of the extraordinary financing and funding packages since the start of the coronavirus pandemic.

Our liquidity policy requires us to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure, which is currently around £1.2bn. During Q2, our cash reserves remained above this minimum level. The extraordinary funding and financing packages agreed with the Government have also assumed that we will retain usable cash reserves, which is cash and liquid investments held by the TfL Group (excluding specified subsidiaries Crossrail Limited, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited), of £1.2bn.

Preserving liquidity by maintaining a minimum cash balance of £1.2bn is crucial to our financial resilience. Statutory restrictions around prudent borrowing constrain our ability to access funding and financing from external sources to preserve our liquidity. Therefore, our cash reserves ensure we can deal with a range of short- and longer-term uncertainties, and provides assurance to our lenders, suppliers, and credit rating agencies that we can meet our commitments.

Our current liabilities (those falling due within 12 months) outweigh our current assets. Of these assets, cash is the only truly liquid element. While our long-term assets outweigh our short-term liabilities, the former is mainly property, plant and equipment. This is largely fixed infrastructure or specialist assets, which would not be convertible into cash, even over a longer-term horizon, to meet our long-term liabilities when they fall due. The balance sheet structure highlights the importance of holding an appropriate level of cash to ensure we can meet our liabilities as required.



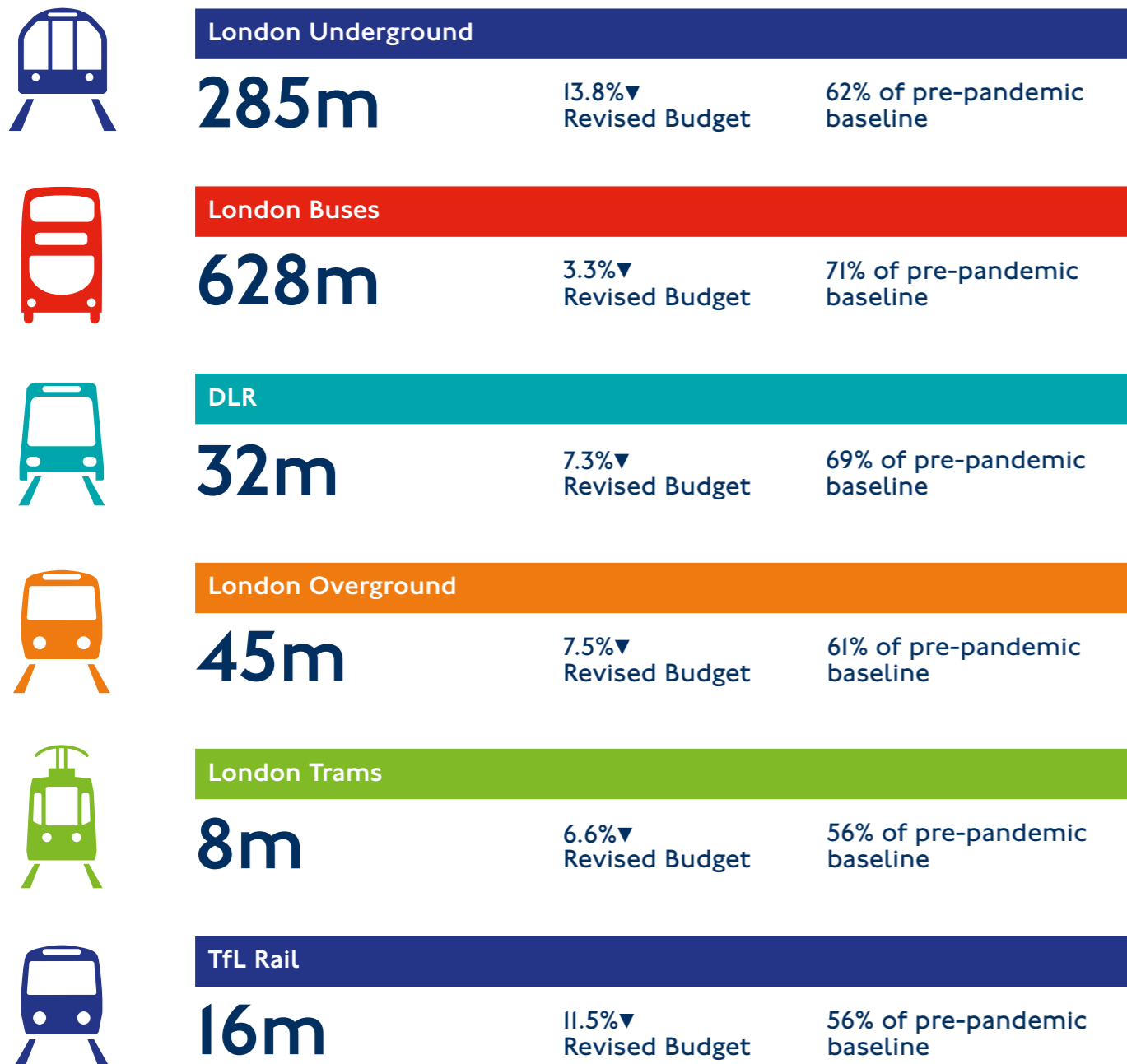
Passenger income is almost double that of last year

Passenger journeys

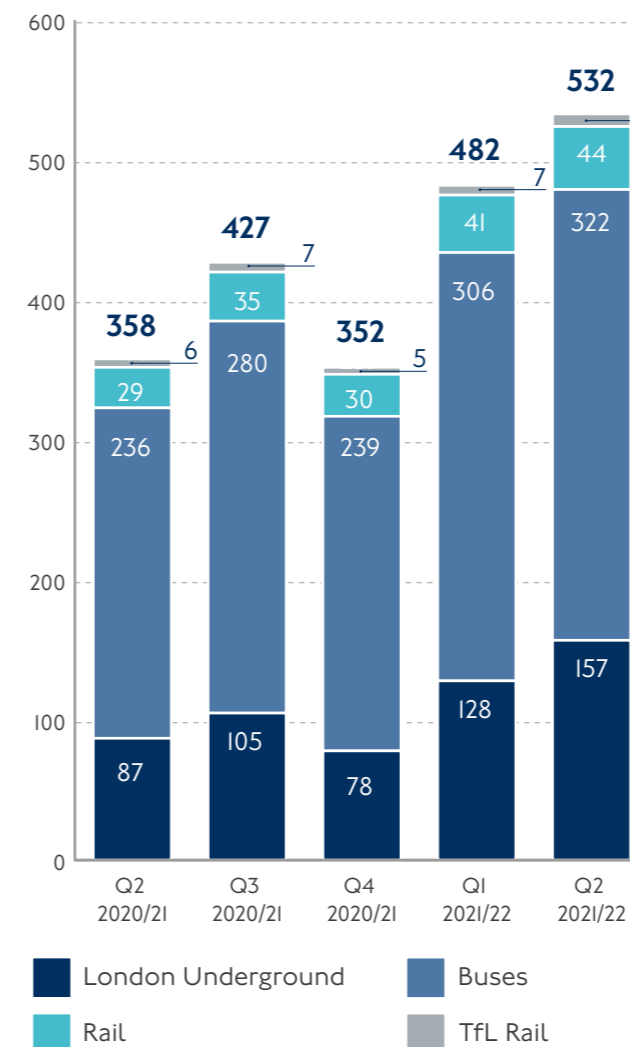
Our performance based on passenger numbers

At the end of Q2:

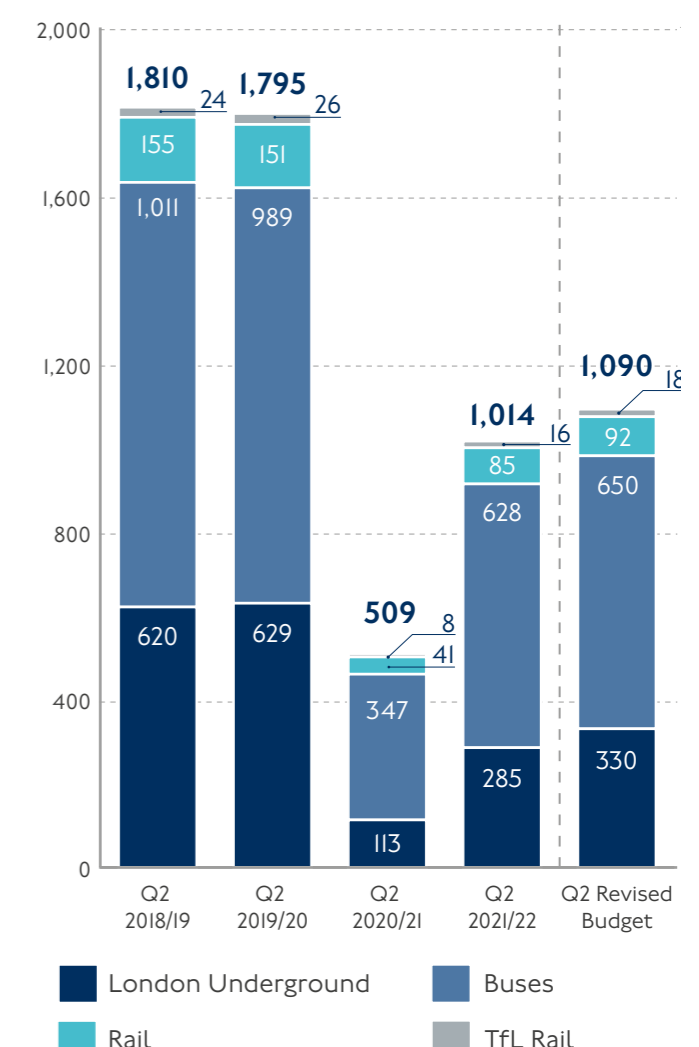
1,014m total journeys
1,090m Revised Budget
1,810m pre-pandemic baseline (2018/19)



Passenger journeys (millions) Quarterly*



Passenger journeys with budget (millions) Year to date



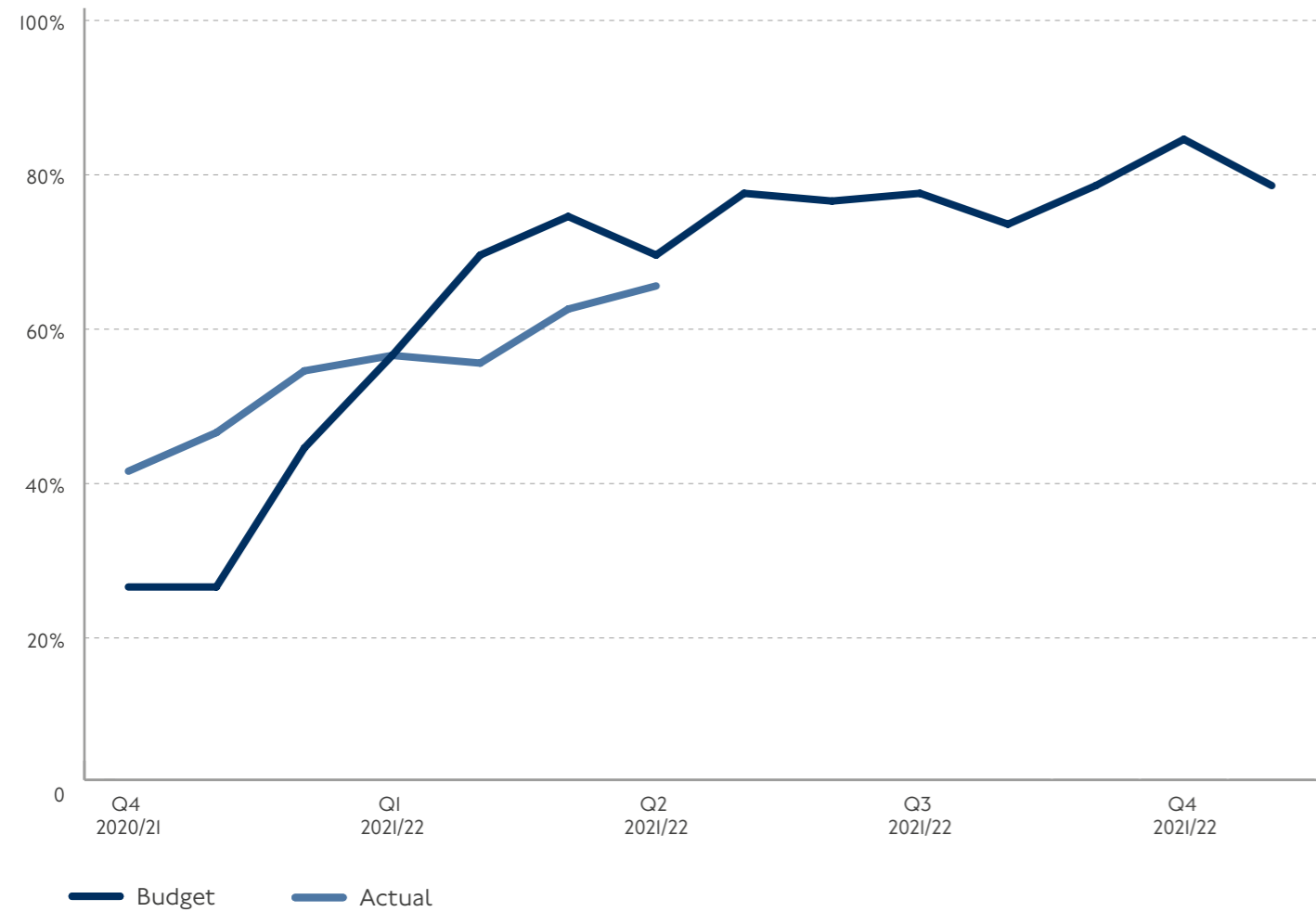
Passenger journey numbers are almost double the prior year figures, with the network running at near full capacity. Passenger confidence in travelling has increased enormously, although at the end

of Q2 journey numbers are just 66 per cent of pre-pandemic levels across all modes. Demand has been slightly lower than budget on all modes, owing to the delayed relaxation of lockdown restrictions at the beginning of Q2.

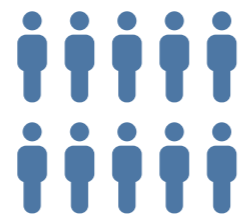
* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Passenger demand recovery

Percentage of journeys compared to pre-coronavirus baseline (TfL)



Passenger journeys were 66 per cent of pre-pandemic levels at the end of Q2, compared to a target of 75 per cent. Journey growth had flattened for a period through summer, partly a result of the delay to Step 4 of the Government roadmap, followed by the holiday season.



Passenger journeys at the end of Q2 are

66%

of pre-coronavirus demand levels



Passenger confidence in travelling has grown this quarter

Underground

We successfully opened to the public on 20 September the first major London Underground extension in the 21st century

Financial summary

Underground (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Passenger income	584	698	(114)	281	303
Other operating income	11	11	-	7	4
Total operating income	595	709	(114)	288	307
Government furlough grant	-	-	-	36	(36)
Total income	595	709	(114)	324	271
Direct operating cost	(937)	(944)	7	(929)	(8)
Direct operating deficit	(342)	(235)	(107)	(605)	263
Indirect operating cost	(146)	(193)	47	(118)	(28)
Net operating deficit before financing and capital renewals	(488)	(428)	(60)	(723)	(235)
Net financing costs	(132)	(133)	1	(130)	(2)
Capital renewals	(124)	(141)	17	(65)	(59)
Net cost of operations	(744)	(702)	(42)	(918)	174
New capital investment	(11)	(13)	2	(12)	1

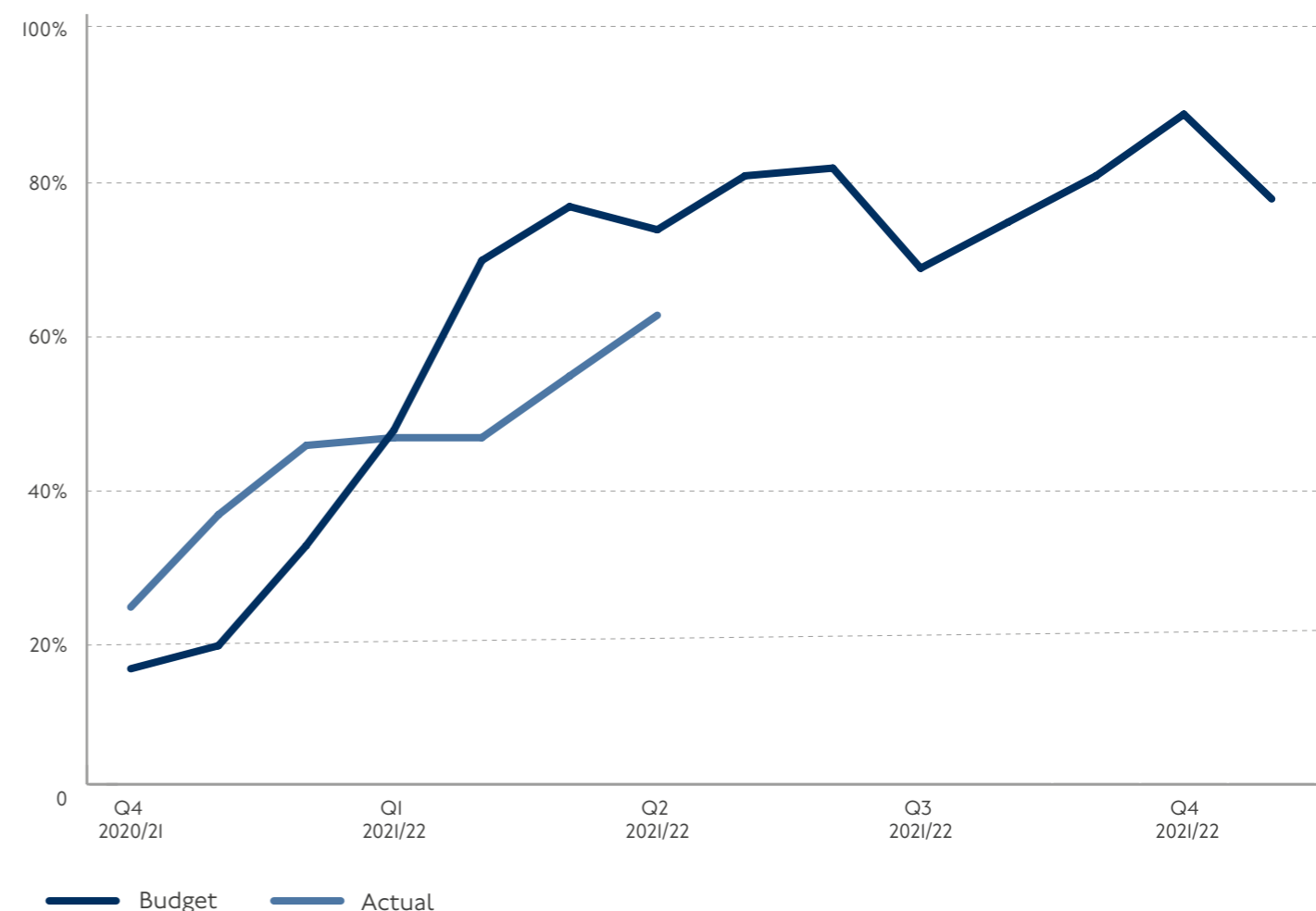
Passenger income is £114m lower than budget, driven by 46 million fewer passenger journeys than anticipated, as a result of the four-week delay in the easing of lockdown restrictions at the beginning of Q2.

Direct operating costs are £7m lower than budget, owing to lower traction costs and reduced revenue commissions. This has been partially offset by increased cleaning and materials costs.

Capital expenditure is £19m lower than budget, primarily due to rescheduling across the portfolio.

Following six years of construction, the Northern Line Extension opened to the public. The Zone 1 stations at Battersea Power Station and Nine Elms bring key parts of south London within 15 minutes of the West End and the City, dramatically improving the connectivity of these vibrant and growing south London neighbourhoods.

Percentage of journeys compared to pre-coronavirus baseline (Underground)



In the year to date, there were 285 million journeys on the Tube, 46 million lower than budget, affected by the delay to the easing of lockdown restrictions at the beginning of Q2. Passenger confidence in travelling has also been slower to recover than anticipated.



Tube journeys at the end of Q2 are

62%

of pre-coronavirus demand levels

Elizabeth line

The focus is on successfully introducing Elizabeth line services

Financial summary

Elizabeth line (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Passenger income	35	39	(4)	16	19
Other operating income	11	13	(2)	3	8
Total operating income	46	52	(6)	19	27
Government furlough grant	-	-	-	1	(1)
Total income	46	52	(6)	20	26
Direct operating cost	(195)	(199)	4	(143)	(52)
Direct operating deficit	(149)	(147)	(2)	(123)	(26)
Indirect operating cost	(4)	(7)	3	(3)	(1)
Net operating deficit before financing and capital renewals	(153)	(154)	1	(126)	(27)
Net financing costs	(44)	(44)	-	(44)	-
Capital renewals	(1)	(1)	-	(1)	-
Net cost of operations	(198)	(199)	1	(171)	(27)
New capital investment	(8)	(8)	-	(13)	5
Crossrail construction costs	(307)	(341)	34	(342)	35
Total capital expenditure	(315)	(349)	34	(355)	40

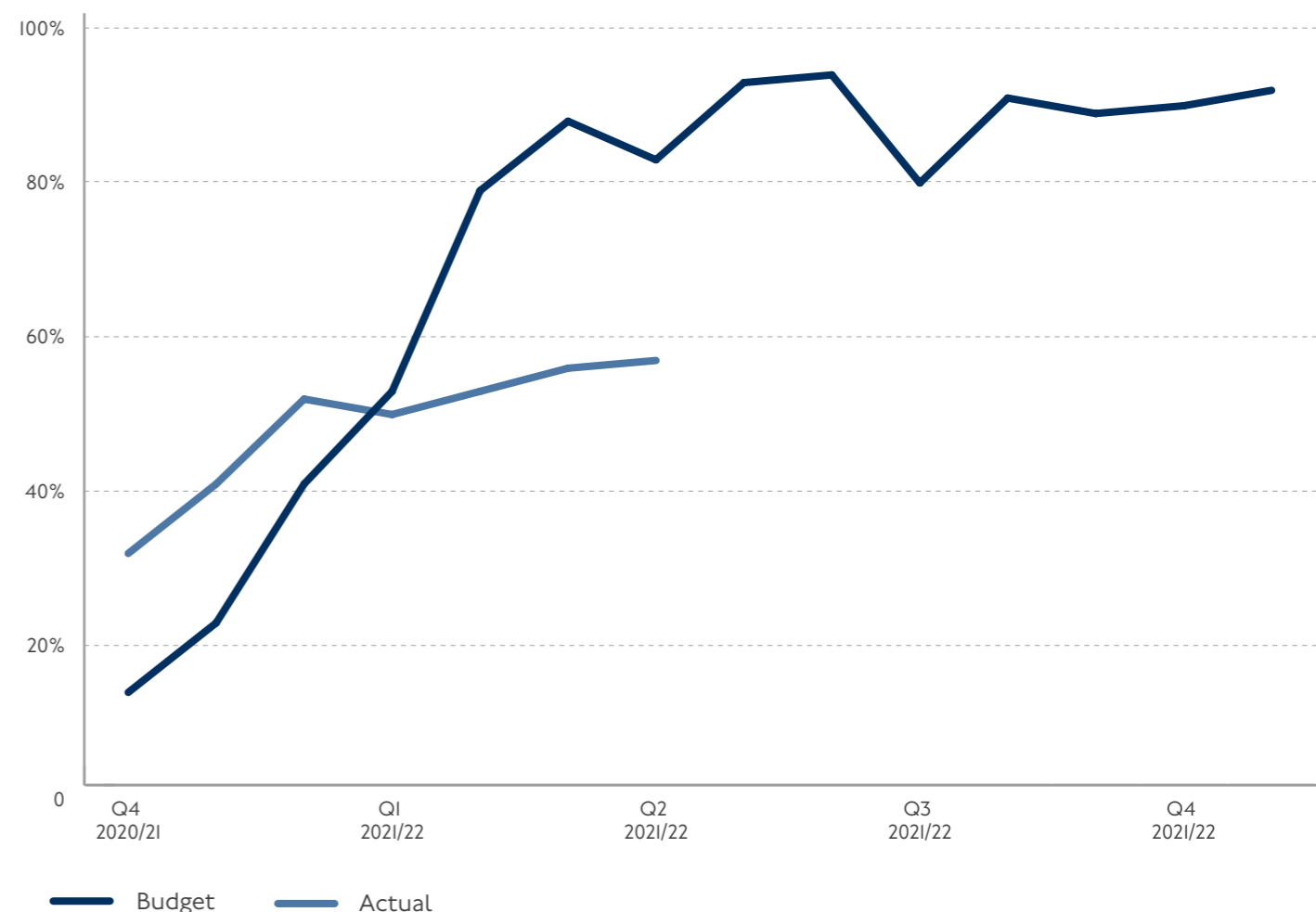
TfL Rail passenger income is £4m lower than budget, driven by two million fewer passenger journeys than expected. Operating income is £2m lower than budget owing to lower regulatory income (offset by lower operating costs).

Direct operating costs are £4m lower than budget, owing to lower regulatory charges, and reduced maintenance and staff costs.

Crossrail remains on track to open the Elizabeth line stage 3 in the first half of 2022. The project is currently operating timetabled train movements in the

central operating section, known as Trial Running, which is vital to unlocking the pathway to passenger service. It involves the operation of multiple trains in this central section to demonstrate that the railway is capable of reliably meeting the capacity and performance levels for future service. Seven stations in the central operating section – Custom House, Farringdon, Tottenham Court Road, Woolwich, Liverpool Street, Paddington and Whitechapel – have been commissioned and handed over to TfL following successful completion of testing and integration work.

Percentage of journeys compared to pre-coronavirus baseline (TfL Rail)



Passenger journeys are two million lower than budget at the end of Q2, representing a slower recovery than expected.



TfL Rail journeys at the end of Q2 are **56%** of pre-coronavirus demand levels

Buses, streets and other operations

This area incorporates a range of our transport services

Financial summary

Buses, streets and other operations (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Passenger income	469	477	(8)	289	180
Other operating income	309	298	11	211	98
Total operating income	778	775	3	500	278
Government furlough grant	-	-	-	9	(9)
Total income	778	775	3	509	269
Direct operating cost	(1,299)	(1,302)	3	(1,268)	(31)
Direct operating deficit	(521)	(527)	6	(759)	238
Indirect operating cost	(43)	(49)	6	(47)	4
Net operating deficit before financing and capital renewals	(564)	(576)	12	(806)	242
Net financing costs	(13)	(13)	-	(12)	(1)
Capital renewals	(42)	(45)	3	(31)	(11)
Net cost of operations	(619)	(634)	15	(849)	230
New capital investment	(45)	(53)	8	(49)	4

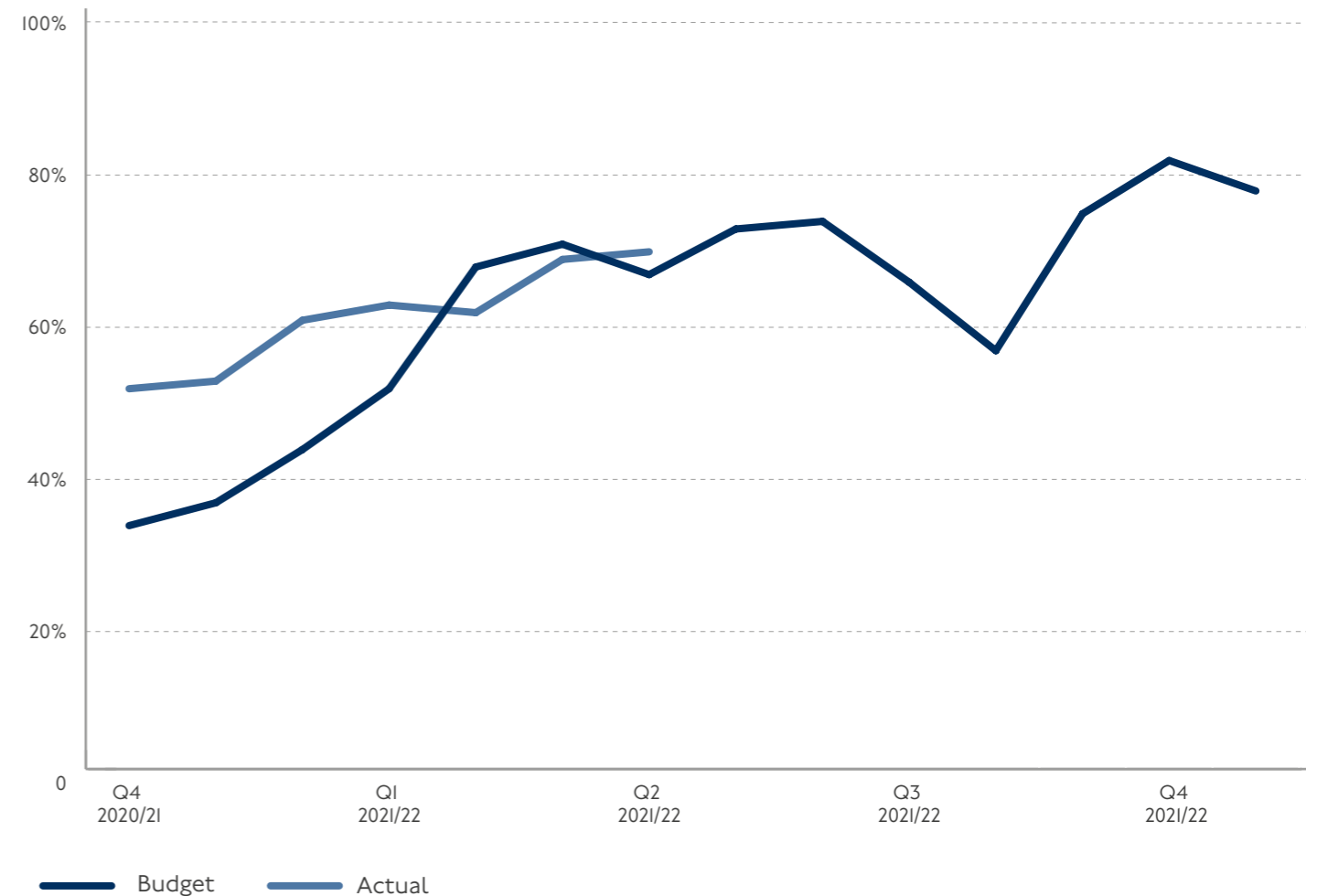
Passenger income is £8m lower than budget, due to 22 million fewer journeys as the uplift in demand following the easing of restrictions at the beginning of Q2 materialised more gradually.

Other operating income is £11m higher than budget, mainly driven by an increase in contraventions and therefore enforcement income on the LEZ, ULEZ and Congestion Charge. In addition, there have been lower NHS reimbursement claims and higher Direct Vision Standard enforcement income.

Direct operating costs are £3m lower than budget, mainly owing to savings on bus performance payments and reduced staff costs from lower headcounts than expected – this is partly offset by higher bad debt on Road User Charging income.

Capital expenditure is £11m lower than budget due to rephasing of portfolios, and reduced lighting and technology spend following the reprioritisation of projects.

Percentage of journeys compared to pre-coronavirus baseline (Buses)



At the end of Q2, passenger journeys are 22 million lower than budget, demonstrating a slower-than-anticipated recovery out of the final relaxation of restrictions.



Bus journeys at the end of Q2 are **71%** of pre-coronavirus demand levels

Volume analysis

	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Congestion Charge volumes (thousands)	8,787	8,755	32	6,185	2,602
Congestion Charge and enforcement income (£m)	188.0	184.6	3.4	121.9	66.1

Cycling

There were 3.1 million hires made in Q2, a decrease of 38,889 (1.2 per cent) on the same quarter last year. Although we have seen a significant increase in hires year on year, the poor weather in August caused an overall decrease this quarter. However, at the end of Q2 there were more than 600,000 member hires made – only the second time this milestone has been hit.

A total of 21,992 free NHS and keyworker promo codes were redeemed in the quarter and 58,305 new members joined the scheme, an increase of 1,347 (two per cent) on the same quarter last year.

Traffic flow

Traffic flows across London are 14.5 per cent higher than last year. Flows have increased from 89.6 per cent in the last quarter to 91.6 per cent in Q2 as traffic continues to return with the easing of lockdown restrictions.

This quarter, traffic flows in central London were 56.0 per cent, compared to 51.4 per cent in Q1. Inner London flows were 86.5 per cent, up from 83.6 per cent in Q1, and outer London traffic flows were 94.6 per cent compared to 93.0 per cent in Q1.

Fleet of

14,000
cycles based at more than
780 docking stations



Traffic flow (volume) year-on-year change

14.5%▲



Compares traffic flow volumes for the year to date with the corresponding quarters in the previous year.

Volume analysis

	Q2 YTD 2021/22	Q2 YTD 2020/21	Variance
Santander Cycles			
Number of hires (millions)	6.1	6.0	0.1
Victoria Coach Station			
Number of coach departures (thousands)	44.2	20.2	24.0
London River Services			
Number of passenger journeys (millions)	2.8	0.9	1.8
London Dial-a-Ride			
Number of passenger journeys (thousands)	145.0	54.1	90.9
Taxi and Private Hire			
Number of private hire vehicle drivers	103,048	108,811	(5,763)
Taxi drivers	20,200	21,659	(1,459)
Emirates Air Line			
Number of passenger journeys (thousands)	771.9	174.2	597.7

Rail

Rail services demand is at 64 per cent of pre-pandemic levels

Financial summary

Rail (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Passenger income	115	124	(9)	51	64
Other operating income	10	9	1	2	8
Total income	125	133	(8)	53	72
Direct operating cost	(216)	(219)	3	(213)	(3)
Direct operating deficit	(91)	(86)	(5)	(160)	69
Indirect operating cost	(8)	(9)	1	(8)	-
Net operating deficit before financing and capital renewals	(99)	(95)	(4)	(168)	69
Net financing costs	(19)	(19)	-	(19)	-
Capital renewals	(17)	(18)	1	(14)	(3)
Net cost of operations	(135)	(132)	(3)	(201)	66
New capital investment	(5)	(6)	1	(7)	2

Passenger income is £9m lower than budget owing to seven million fewer passenger journeys. This is due to slower-than-expected demand following the delay in easing lockdown restrictions at the beginning of Q2. However, rail journeys improved by nine per cent in the quarter to 64 per cent of pre-pandemic demand.

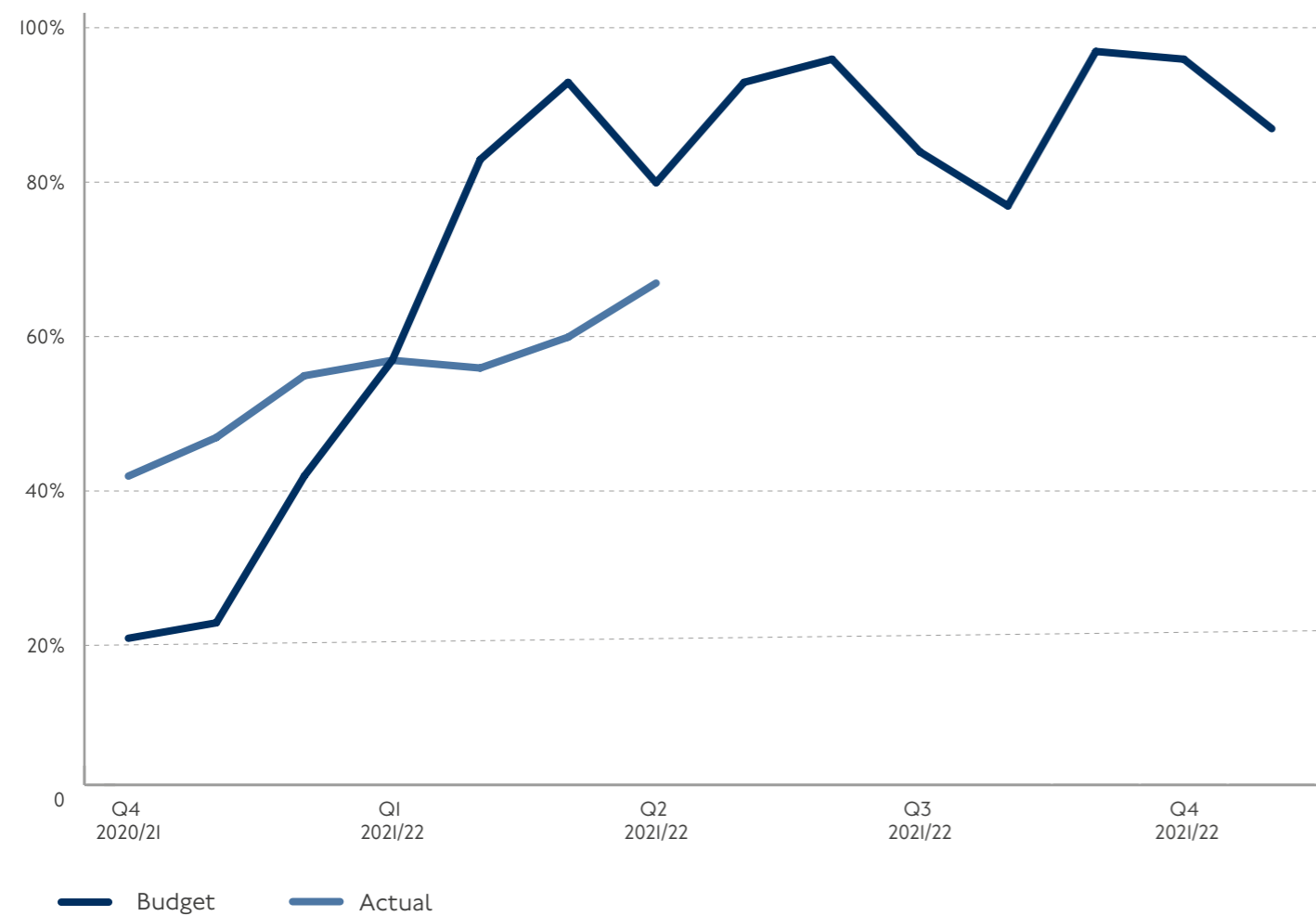
Direct operating costs are £3m below budget, mainly owing to lower planned and reactive spend on rail maintenance, as well as lower core operating costs.

Capital expenditure is £2m lower than budget, primarily owing to the rescheduling of projects across DLR and renewals.




Rail services demand has improved in the quarter

Percentage of journeys compared to pre-coronavirus baseline (Rail)




At the end of Q2, Rail journeys – including London Overground, DLR and Trams – were 64 per cent of pre-pandemic levels. They were also seven million lower than budget, demonstrating a slower recovery than expected.

Rail journeys at the end of Q2 are




64%
of pre-coronavirus demand levels

DLR journeys at the end of Q2 are



69%
of pre-coronavirus demand levels

London Trams journeys at the end of Q2 are



56%
of pre-coronavirus demand levels

London Overground journeys at the end of Q2 are



61%
of pre-coronavirus demand levels



We celebrated the opening of the Northern Line Extension

Major projects

Major projects is responsible for our largest and most complex projects. It comprises line and station upgrades, and network extensions

Financial summary

Major projects (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Other operating income	4	5	(1)	4	-
Government furlough grant	-	-	-	2	(2)
Total income	4	5	(1)	6	(2)
Direct operating cost	(6)	(8)	2	(30)	24
Direct operating deficit	(2)	(3)	1	(24)	22
Indirect operating cost	(12)	(16)	4	(14)	2
Net operating deficit before capital renewals	(14)	(19)	5	(38)	24
Capital renewals	(4)	(4)	-	(1)	(3)
Net cost of operations	(18)	(23)	5	(39)	21
New capital investment	(251)	(254)	3	(197)	(54)

Total capital expenditure, including renewals and new capital expenditure, is £3m lower than budget, mainly owing to cost savings and deferral of works across the programmes.

Key deliverables for each of our main programmes are detailed below.

Northern Line Extension

The two step-free Zone 1 stations at Battersea Power Station and Nine Elms were successfully opened to revenue service as planned on 20 September 2021. The extension is set to dramatically improve the connectivity of these vibrant south London neighbourhoods, and contribute to the capital's recovery from the pandemic at a vital time.

This is the first major Tube extension this century and is supporting around 25,000 new jobs and more than 20,000 new homes in the area. In addition, construction of the Northern Line Extension itself boosted the UK economy and supported around 1,000 jobs, including 79 apprenticeships. Tube services began running from Kennington station on the Charing Cross branch with an initial peak-time service of six trains per hour on the extension, increasing to 12 trains per hour by mid-2022.

Four Lines Modernisation

The programme continues to progress on the signalling upgrade between Sloane Square, Paddington, Fulham Broadway and Barons Court. This phase will involve

upgrading the highly complex junction at Earl's Court and, once delivered, it will mean that the entire Circle line will have been upgraded to the new signalling system.

On the Metropolitan line, significant work continues in the Neasden area. This has further advanced readiness for testing of the first section, extending future operation beyond Finchley Road.

Piccadilly Line Rolling Stock

In August 2021, our train supplier Siemens achieved a key milestone to begin the manufacture of the first intermediate car as planned.

The High Voltage Power (Design and Build) framework submissions were received as planned in August, and tender evaluation is on track for completion in early autumn 2022. This will lead to issuing the award recommendation, targeted for January.

The programme has established a carbon footprint baseline. This will be used to identify top carbon risks and opportunities as well as to monitor effectiveness of programme delivery in support of both the Mayor's and TfL's ambition for a zero-carbon railway by 2030.

Barking Riverside

On the existing Network Rail infrastructure, two new power supplies were successfully commissioned at Eldred Road and Renwick Road in July and August, respectively. The final stage of signalling commissioning for rail systems on the viaduct is planned over a series of weekends in March and April 2022.

At the new Barking Riverside station, the installation, testing and commissioning of mechanical and electrical equipment has continued, and there is an increasing focus on finalising assurance documentation. At platform level, all work has been completed. Outside the station, we are progressing the drainage and public realm areas interfacing with the Barking Riverside development.

Bank Station Upgrade

The installation of the new station system cabling is now substantially complete in all public and non-public facing areas and the new station finishes have been progressed.

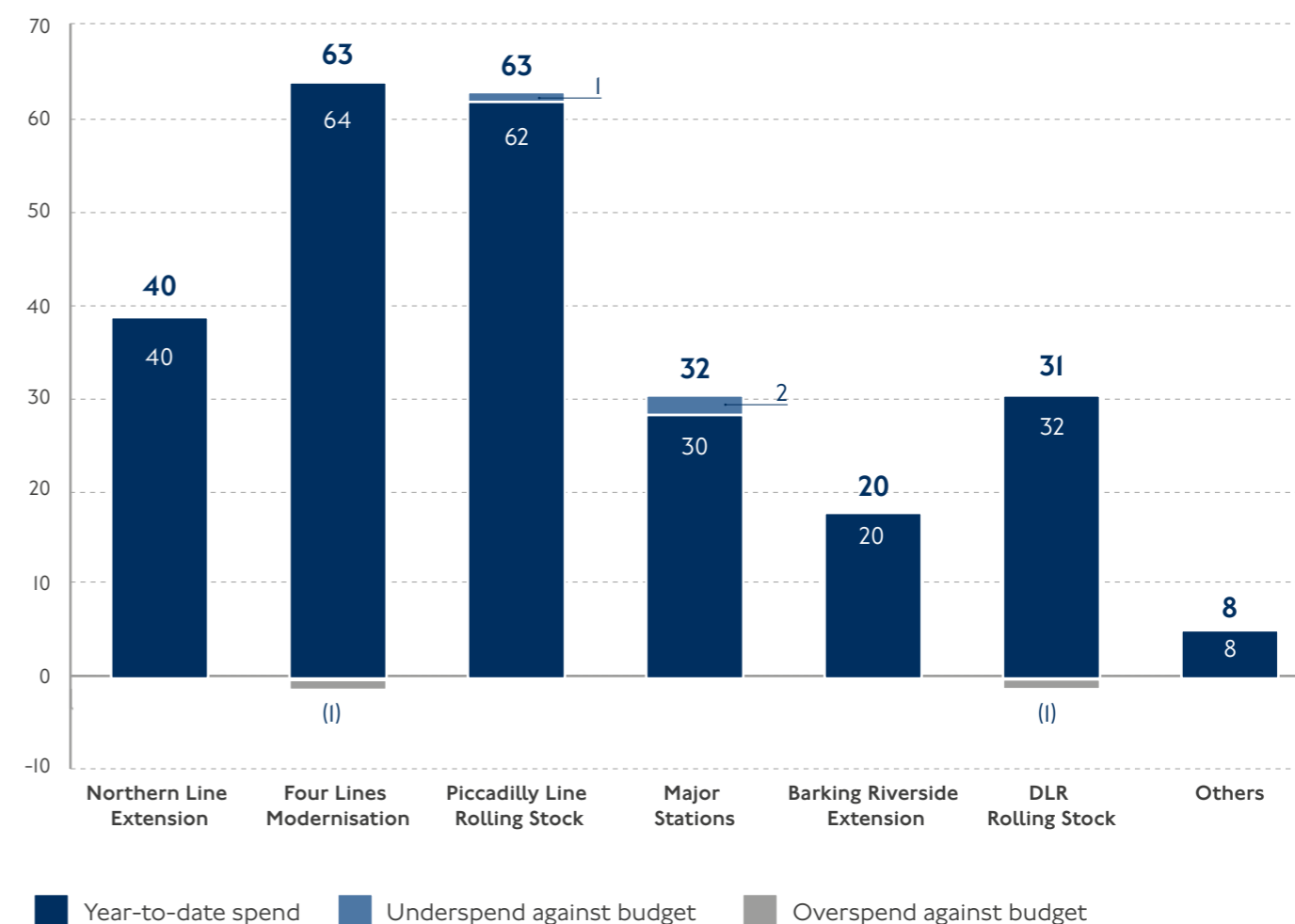
A press announcement was made regarding the planned closure of the Bank branch of the Northern line from January 2022 to facilitate the final stages of work. The closure will allow the completion of the intricate work needed to connect the new tunnels to the existing railway, as well as to fit out the new station, install the final sections of track, complete work in the tunnels constructed during the project and integrate all the new systems installed in the station.

DLR Rolling Stock and Systems Integration

Rolling stock manufacturing is under way, with the initial series run of 20 car bodies (trains 1-4) in production. Train cars 1 to 3 are now complete. Train 1 is due to be ready for static testing in December 2021, and dynamic testing is due to commence in 2022.

Signalling software development for the new trains continues to progress to programme, with the first software releases due in March 2022.

Year-to-date capital spend by programme (£m)



Property development

We manage an extensive property estate

Financial summary

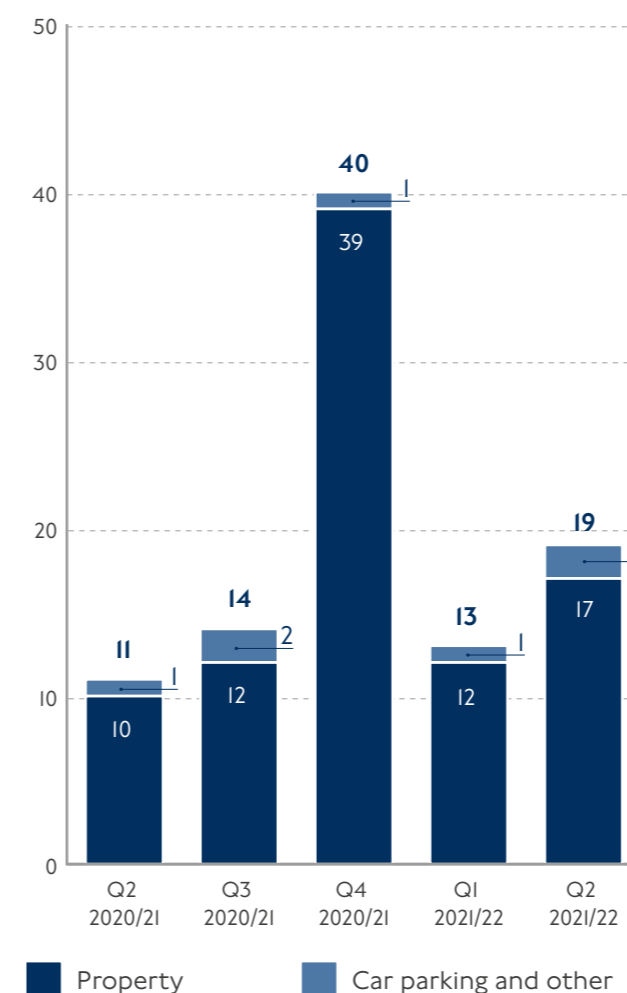
Property development (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Other operating income	33	28	5	17	16
Direct operating cost	(23)	(21)	(2)	(17)	(6)
Direct operating surplus	10	7	3	-	10
Indirect operating cost	(5)	(6)	1	(4)	(1)
Net surplus/(cost) of operations	5	1	4	(4)	9
<hr/>					
New capital investment	(10)	(39)	29	(18)	8
Property receipts	5	35	(30)	5	-
Crossrail over-site development	11	13	(2)	1	10
Net capital expenditure	6	9	(3)	(12)	18

Direct operating surplus is £3m higher than budget – an accounting adjustment in the quarter in relation to coronavirus has increased income and costs equally by £4m. Underlying performance is driven by strong NCP car park portfolio income plus cost reductions due to the timing of certain project-related spend.

New capital investment is £29m lower than budget, owing to delayed joint venture equity contributions (mainly Lillie Bridge depot (£19m)), along with delays to property development and other portfolio investment projects.

Property receipts and Crossrail over-site development income are £32m lower than budget, mainly due to delayed disposal at Lillie Bridge depot (into a joint venture), Crossrail Rigby industrial estate, North Ealing car park and Woodside Park. However, this has been partially offset by unbudgeted disposal totalling £5m.

Property income (£m) Quarterly*



* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks). Q4 2020/21 also reflects the adjustments to add coronavirus credits issued during the year back into income

Planning consent continues to be a challenge for our housing programme, but we are resolutely committed to playing our part in tackling London's housing crisis and recognise our role in creating new affordable homes.

During Q2, a planning appeal was submitted by Catalyst Housing for 118 affordable homes at Canons Park, and appeal hearings also took place for a Pocket Living project at Sudbury Town, which would provide 52 homes (100 per cent affordable) designed specifically for first-time buyers. We also submitted an appeal for our scheme for 162 homes at Arnos Grove.

Elsewhere, our construction projects continued to progress well. We celebrated the topping out of Blackhorse View, involving laying the final brick on top of Alder Point, the 21-storey tower that forms the centrepiece of the development. The site is being transformed into 350 new homes, 50 per cent of which are affordable.

Construction of another 97 homes, 50 per cent affordable, at our site on Beechwood Avenue is also nearing completion. The previously under-utilised site has been transformed into a peaceful new pedestrianised mews street with housing.

Media

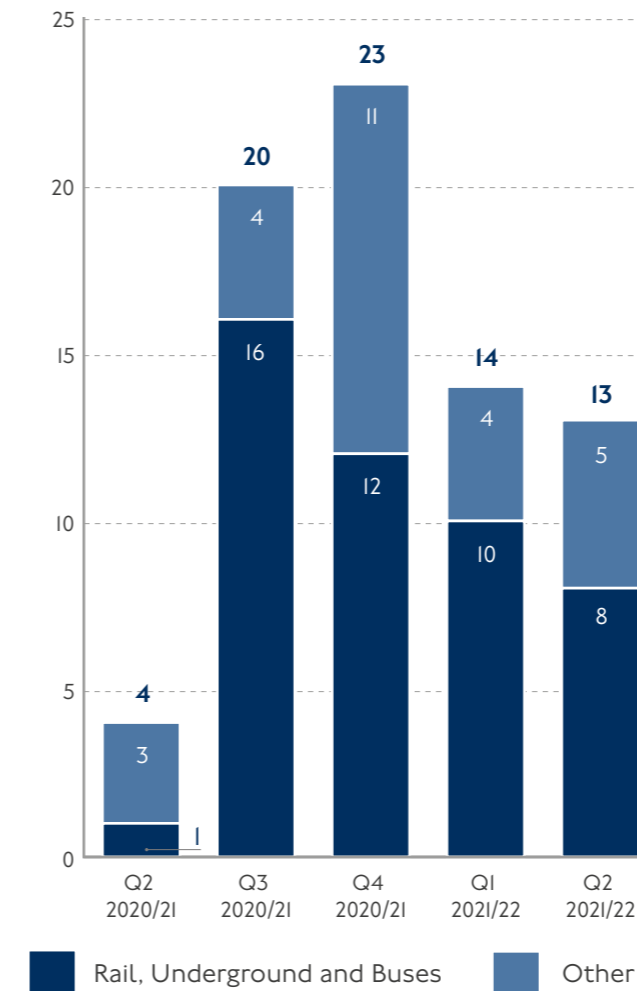
Our media income includes advertising revenue

Financial summary

Media (£m)	Q2 YTD 2021/22	YTD Revised Budget	Variance	Q2 YTD 2020/21	Variance
Other operating income	27	24	3	8	19
Direct operating cost	3	3	-	(1)	4
Direct operating surplus	30	27	3	7	23
Indirect operating cost	-	-	-	-	-
Net surplus of operations	30	27	3	7	23
New capital investment	(1)	-	(1)	7	(8)

Operating income is £3m higher than budget due to additional income from the Rail and Underground estate, our Roadside advertising estate and newspaper distribution as a result of better-than-expected recovery from the pandemic. Income is significantly higher than Q2 2020/21 as passengers continue to return to the network, and there is increased confidence in the advertising industry.

Advertising income (£m) Quarterly*



Media income in Q2 continues to be impacted by the pandemic as passenger numbers are still down compared to pre-pandemic levels, and brands react to the economic uncertainty by reducing advertising spend. However, passenger numbers are improving, and we have seen media income return at a faster rate than budgeted, with significant year-on-year income increases.

There remains some uncertainty over future income, with potential changes in restrictions as we move into autumn and winter. We continue to work with our advertising partners to rebuild revenue streams as soon as possible.

* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Headcount

Our people provide a vital service for London

Full-time equivalents, including non-permanent labour

	31 March 2021 Actual	Year-to-date net (leavers)/joiners	End of Q2 Actual
Underground	17,834	65	17,899
Elizabeth line	290	19	309
Buses, streets and other operations	2,653	(97)	2,556
Rail	274	9	283
Property development	198	10	208
Facilities & estates	137	(4)	133
Professional services*	4,150	173	4,323
Media	26	-	26
Major projects	627	68	695
TfL total	26,189	243	26,432
Crossrail	606	(29)	577
Total	26,795	214	27,009

The figure for total TfL full-time equivalent roles is 26,432 at the end of Q2, 243 higher than at the start of the year.

When the pandemic began in March 2020, we established a recruitment freeze for all non-critical vacancies. This is now unsustainable as we recover from the pandemic, and we are starting to recruit again in the areas of greatest need.

London Underground headcount has increased, driven by the recruitment of customer service assistants and train

operators to support the Northern Line Extension, Elizabeth line and the Four Lines Modernisation upgrade.

The Buses, streets and other operations figure has fallen, driven by the exit programme for Dial-a-Ride.

Major projects headcount has increased, mainly driven by 30 new apprentices joining the Project Management Office, in addition to increases in construction site and project manager roles, as project activities start to resume.

The increase in Professional services includes 65 new graduates/apprentices plus recruitment within Technology and Data, Business Services and HR as activity restarts following the easing of pandemic restrictions.

* Professional Services comprises functions within TfL including Legal, Finance, Human Resources, Ticketing, Procurement, and Customers, Communication & Technology, where services are provided on a shared basis across all TfL divisions.

Non-permanent labour

It is important that we continue to make use of the flexibility offered by non-permanent labour, particularly through this time of change and temporary peaks in demand,

such as in recruitment resulting from our transformation programme. It is equally important that we do not limit our ability to hire talent in areas where skills are scarce.

Reduction since December 2015

Date	Number of non-permanent labour	Weekly cost (£)	Reduction in non-permanent labour since December 2015	Weekly saving (£)
15 December 2015	3,092	5,249,002		
31 March 2019	1,192	1,688,494	1,900	3,560,709
31 March 2020	1,327	1,527,251	1,765	3,721,751
31 March 2021	991	1,462,911	2,101	3,786,091
18 September 2021	1,238	2,010,896	1,854	3,238,107

The weekly cost assumes seven hours a day and five days a week worked.

Non-permanent labour by length of service

Length of service	31 March 2021 Actual	Year-to-date net (leavers)/joiners	End of Q2 Actual
0-6 months	262	167	429
6-12 months	85	113	198
1-2 years	307	(110)	197
2-3 years	109	71	180
3-5 years	110	11	121
5+ years	118	(5)	113
Total	991	247	1,238

We still have a large number of non-permanent contractors who have been working at TfL for more than two years. Many of these are working on large

construction projects, but we continue to seek to reduce reliance on these resources to the extent that is possible.

Appendices

Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q2 2021/22 Year to date Actual		
	Gross income	Q2 2021/22 Year to date Actual Gross expenditure	Net income/ (expenditure)
Operating segment			
Underground	595	(1,083)	(488)
Elizabeth line	46	(199)	(153)
Buses, streets and other operations	778	(1,342)	(564)
Rail	125	(224)	(99)
Other segments	64	(43)	21
Corporate overhead	91	(89)	2
Net operating deficit before financing and renewals	1,699	(2,980)	(1,281)
Depreciation and amortisation			(619)
Less IFRS 16 lease payments included in operating deficit			166
Central items			3
Net cost of services			(1,731)
Other net operating expenditure			11
Financing and investment income			7
Financing and investment expenditure			(203)
Grant income			2,586
Surplus on the provision of services before tax			670
Taxation income			-
Surplus on the provision of services after tax			670
Movement in fair value of derivative financial instruments			-
Total Group Comprehensive Income and Expenditure			670

Detailed reconciliation of net cost of operations per the Operating Account to the Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q2 Year to date Actual 2021/22	
Net surplus of operations after extraordinary grant		149
Adjustments between management and statutory reports:		
Add amounts included in the CI&E Statement not reported in the Operating Account		
Depreciation and amortisation	(619)	
Gain on disposal of fixed assets and investment properties	20	
Interest payable on lease and PFI liabilities	(30)	
Amounts capitalised into qualifying assets	37	
Capital grant income	708	
		116
Less amounts included in the Operating Account but excluded from the CI&E Statement		
Cash payments under PFI and lease arrangements	166	
Capital renewals	203	
		369
Amounts subject to differing account treatment between the Operating Account and the CI&E Statement		
Other net financing expenditure accounting differences (including IAS 19 pension interest)	(4)	
Central items	40	
		36
Total surplus after tax per the CI&E Statement		670

About TfL

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

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

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport and making more stations step

free, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, the Ultra Low Emission Zone scheme and more environmentally friendly bus fleets are helping to tackle London's toxic air.

During the coronavirus pandemic we have taken a huge range of measures to ensure the safety of the public. This includes enhanced cleaning using hospital-grade cleaning substances that kill viruses and bacteria on contact, alongside regular cleaning of touch points, such as poles and doors, and introducing more than 1,000 hand sanitiser points across the public transport network.

Working with London's boroughs we have also introduced Streetspace for London, a temporary infrastructure programme providing wider pavements and cycle lanes so people can walk and cycle safely and maintain social distancing.

At the same time, we are constructing many of London's most significant infrastructure projects, using transport to unlock much needed economic growth. We are working with partners on major projects like the extension of the Northern line to Battersea, Barking Riverside and the Bank station upgrade.

Working with Government, we are in the final phases of completing the Elizabeth line which, when open, will add 10 per cent to central London's rail capacity. Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

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

We are constantly working to improve the city for everyone. This means using data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day. None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services.

By working together, we can create a better city as London recovers from the pandemic and moves forward.

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