

# Transport for London quarterly performance report

Quarter 3 2018/19

MAYOR OF LONDON



**TRANSPORT  
FOR LONDON**  
EVERY JOURNEY MATTERS

## About Transport for London (TfL)

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

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

We manage the city's red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London's public transport services, including the London Underground (LU), London Buses, the DLR, London Overground (LO), TfL Rail, London Trams, London River Services (LRS), London Dial-a-Ride, Victoria Coach Station (VCS), Santander Cycles and the Emirates Air Line (EAL). The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to 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 freezing TfL fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor's Transport Strategy; by doing so we can create a better city as London grows.

# Contents

---

4 Introduction

---

6 Business at a glance

---

8 Financial summary

---

10 Financial trends

---

12 Debt and cash

---

14 Passenger journeys

---

16 Underground

---

18 Elizabeth line

---

---

20 Buses

---

22 Streets

---

24 Rail

---

26 Other operations

---

28 Commercial Development

---

30 Major Projects

---

33 Appendices

---

---

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 2018 was published in July 2018.

---

# Introduction

This is the third Quarterly Performance Report of the year and covers the period to 8 December 2018.

The strong progress made in the first half of the year has continued and the net operating surplus is £220m better than budget.

Passenger income is £31m above budget with encouraging upside on the Underground offsetting weaker performance on buses and rail. The Underground is seeing income and passenger numbers above both the budget and last year. Friday 7 December also saw the busiest day ever on the Tube.

Other income continues to be marginally up on budget and significantly better than the prior year, due to higher rental receipts and road network compliance income together with some one-off items.

Operating costs are £189m lower than budget, with additional cost savings over and above those already reflected in the budget. The increase against last year reflects the preparations for the opening of the Elizabeth line.

Inflationary pressures across the business have been more than offset by year-on-year savings.

Key deliverables in the capital investment programme include the opening of the new Bloomberg entrance at Bank station and Victoria became our 75th station to go step-free.

On 10 December the Mayor of London, the GLA, and TfL confirmed a financing package with the Government to deliver the final stages of the Crossrail project and open the Elizabeth line to passengers as quickly as possible. The new Crossrail management team is working on a robust and deliverable schedule and the opening date will be announced in due course.

TfL faces some real financial challenges with the loss of the operating grant from central Government, a subdued national economy, and the delay to the opening of the Elizabeth line. However, as a result of our tight financial management, we are expecting the full year net cost of operations to be at least £250m lower than budget.

**Simon Kilonback**  
Chief Finance Officer

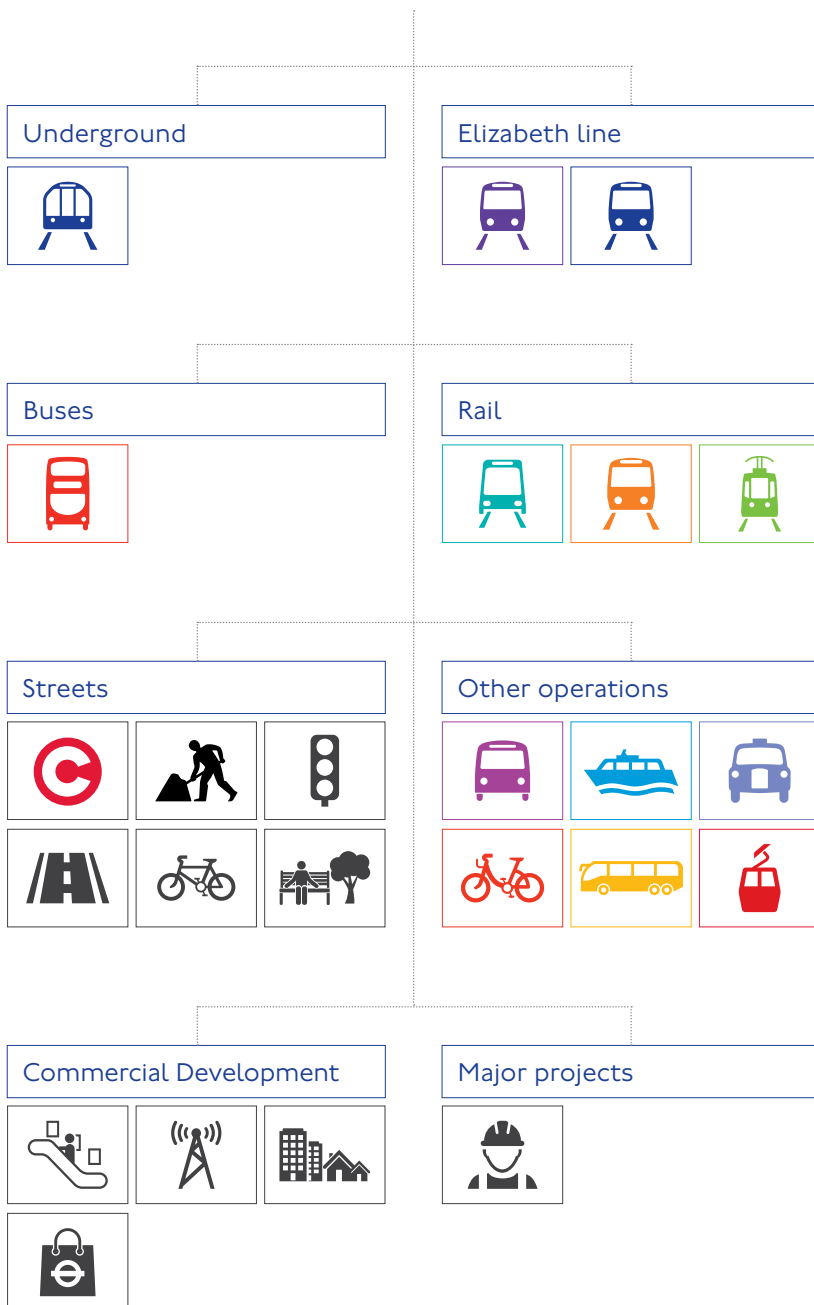
**Sarah Bradley**  
Group Financial Controller



# 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\*

**940** Trains on the TfL network



**580km**

TfL-operated highways



**680km**

TfL-operated Rail and Underground routes



**9,550**

Buses on the TfL network

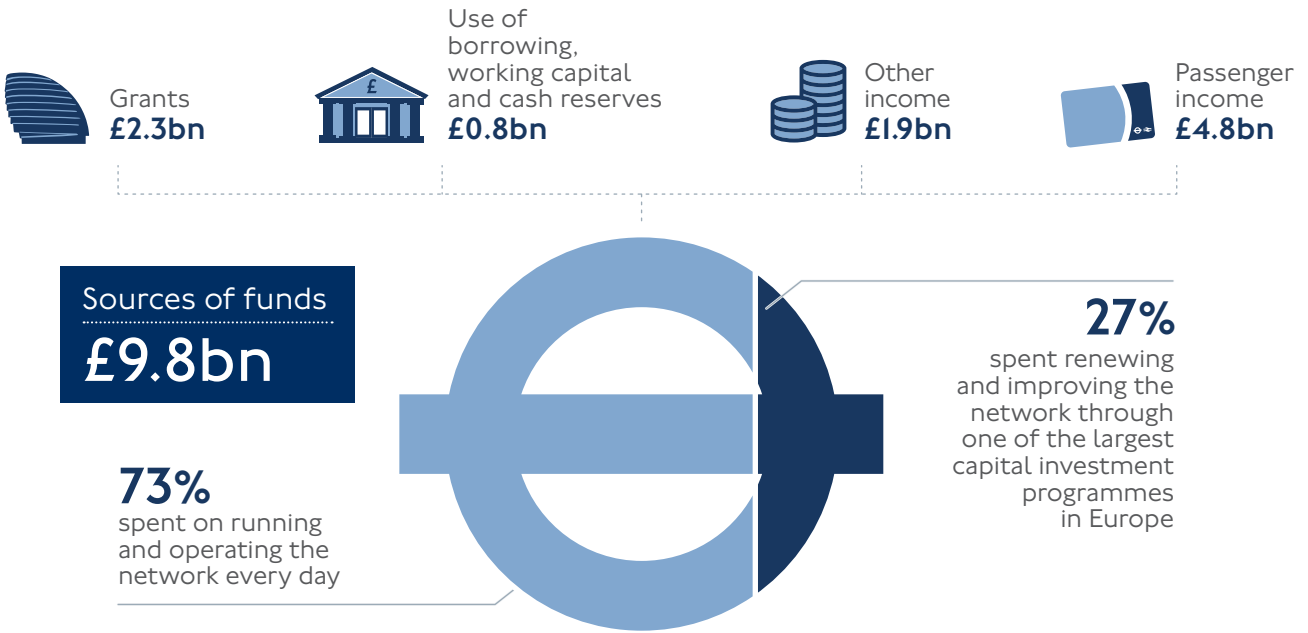


**6,350**

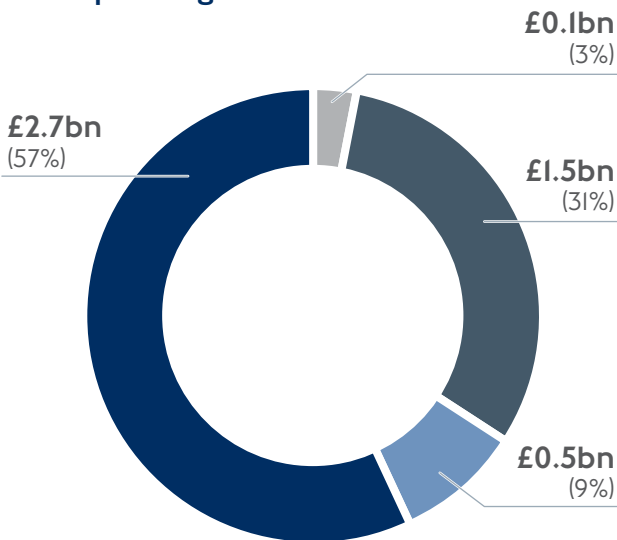
Traffic signals operated by TfL

\* Based on full year 2017/18

## Budget at a glance



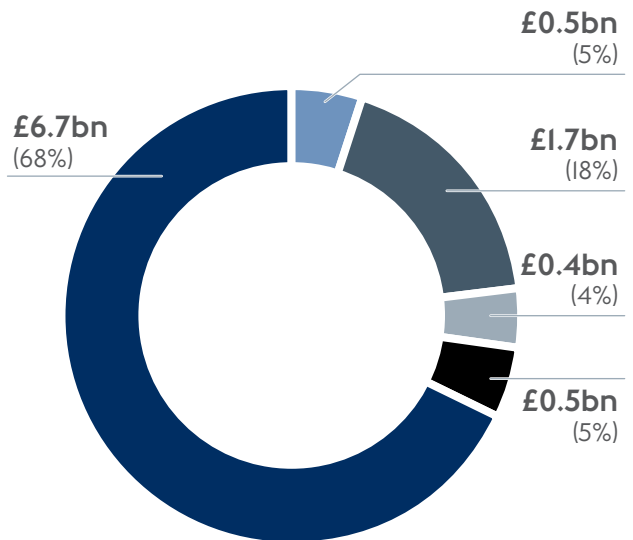
## Total passenger income



Total: **£4.8bn**

- Underground
- Rail
- Buses
- TfL Rail

## Total costs



Total: **£9.8bn**

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

# Financial summary

## Performance in the year to date

### Operating account

TfL Group (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	3,337	3,306	31	3,269	68
Other operating income	555	550	5	507	48
<b>Total operating income</b>	<b>3,892</b>	<b>3,856</b>	<b>36</b>	<b>3,776</b>	<b>116</b>
General Grant	-	-	-	158	(158)
Business Rates Retention	644	644	-	581	63
Other revenue grants	42	47	(5)	53	(11)
<b>Total income</b>	<b>4,578</b>	<b>4,547</b>	<b>31</b>	<b>4,568</b>	<b>10</b>
Operating cost	(4,208)	(4,397)	189	(4,192)	(16)
<b>Net operating surplus</b>	<b>370</b>	<b>150</b>	<b>220</b>	<b>376</b>	<b>(6)</b>
Capital renewals	(260)	(343)	83	(367)	107
<b>Net cost of operations before financing</b>	<b>110</b>	<b>(193)</b>	<b>303</b>	<b>9</b>	<b>101</b>
Net financing costs	(310)	(328)	18	(292)	(18)
<b>Net cost of operations</b>	<b>(200)</b>	<b>(521)</b>	<b>321</b>	<b>(283)</b>	<b>83</b>

### Capital account

TfL Group (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
New capital investment	(976)	(1,193)	217	(907)	(69)
Crossrail	(1,009)	(473)	(536)	(1,034)	25
<b>Total capital expenditure</b>	<b>(1,985)</b>	<b>(1,666)</b>	<b>(319)</b>	<b>(1,941)</b>	<b>(44)</b>
<b>Financed by:</b>					
Investment grant	664	664	-	653	11
Third-party contributions	29	41	(12)	66	(37)
Property and asset receipts	5	19	(14)	20	(15)
Borrowing	669	831	(162)	300	369
Crossrail funding sources	345	198	147	93	252
Other capital grants	127	170	(43)	126	1
<b>Total</b>	<b>1,839</b>	<b>1,923</b>	<b>(84)</b>	<b>1,258</b>	<b>581</b>
<b>Net capital account</b>	<b>(146)</b>	<b>257</b>	<b>(403)</b>	<b>(683)</b>	<b>537</b>



## Cash flow summary

TfL Group (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Net cost of operations	(200)	(521)	321	(283)	83
Net capital account	(146)	257	(403)	(683)	537
Working capital movements	(310)	(244)	(66)	1,142	(1,452)
<b>Increase/(decrease) in cash balances</b>	<b>(656)</b>	<b>(508)</b>	<b>(148)</b>	<b>176</b>	<b>(832)</b>

## Passenger journey analysis

TfL Group (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Number of passenger journeys (millions)	2,786	2,795	(9)	2,806	(20)
Average yield per passenger journey (£)	1.20	1.18	0.02	1.17	0.03
Operating cost per journey (£)	(1.51)	(1.57)	0.06	(1.49)	(0.02)

The year-to-date net operating surplus is £220m better than budget, while the net cost of operations is £321m lower, both reflecting the solid progress made towards reducing our annual operating deficit.

Total income is £31m higher than budget, largely owing to London Underground continuing to perform well. Friday 7 December saw the busiest day ever on the Tube, with 5.03m passengers.

The reduction to General Grant of £158m in the year to date is offset through favourability in operating income and an increase in Business Rates Retention, owing primarily to the receipt of £75m relating to GLA funding commitments deferred from previous years.

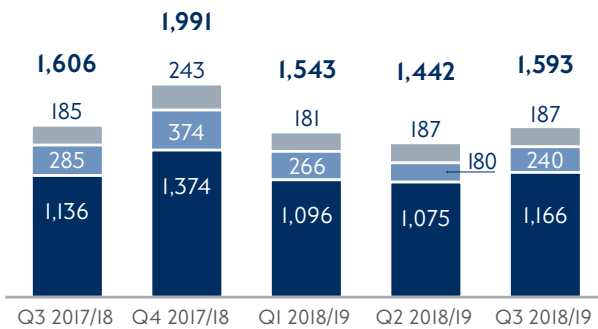
Year-to-date operating costs are £189m lower than budget. £137m of this is from additional savings, with our modernisation programme successfully delivering cost savings across all areas of the business. A further £52m will be incurred later this year and in subsequent years.

New capital investment is £217m lower than budget. £143m is forecast to be spent in future years on projects such as the Emergency Services Network, London Underground stations and Healthy Streets.

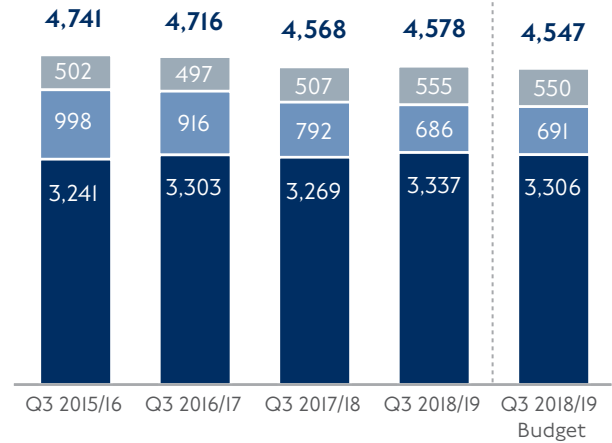
Crossrail funding sources are higher than budget following the receipt of £150m from the DfT. This additional funding has partly offset the increased Crossrail expenditure, which has contributed to our cash balances decreasing by £148m more than budget.

# Financial trends

## Total income\* Quarterly (£m)



## Year to date (£m)



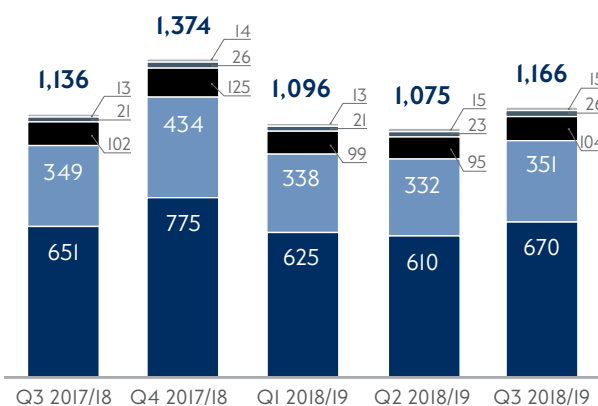
- Passenger income
- Grants
- Other income

Total income £31m above budget

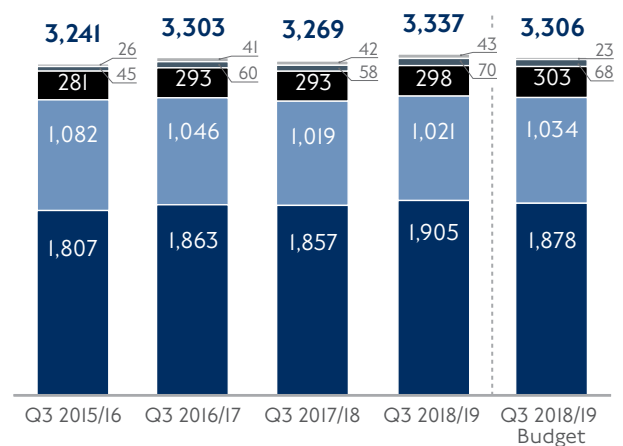
0.2% ▲ year on year

Total income is better than budget, largely owing to higher passenger income. This is a result of increased demand on London Underground, partially offset by lower income on buses and rail.

## Total passenger income\* Quarterly (£m)



## Year to date (£m)



- London Underground
- Buses
- Rail
- TfL Rail
- Other operations

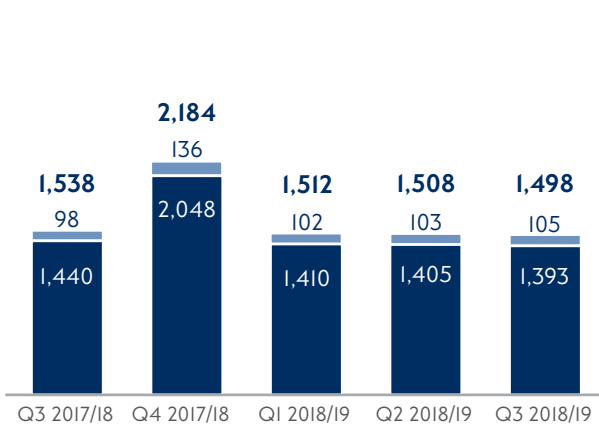
Passenger income £31m above budget

2% ▲ year on year

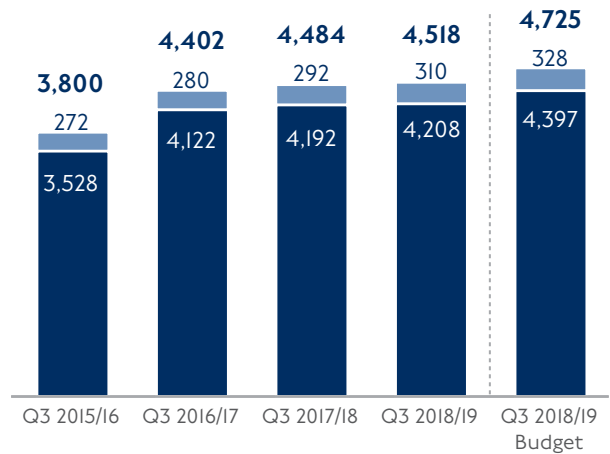
Passenger income continues to grow compared to 2017/18. Overall customer demand has increased for rail travel in London and the South East.

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

**Total cost\***  
Quarterly (£m)



Year to date (£m)



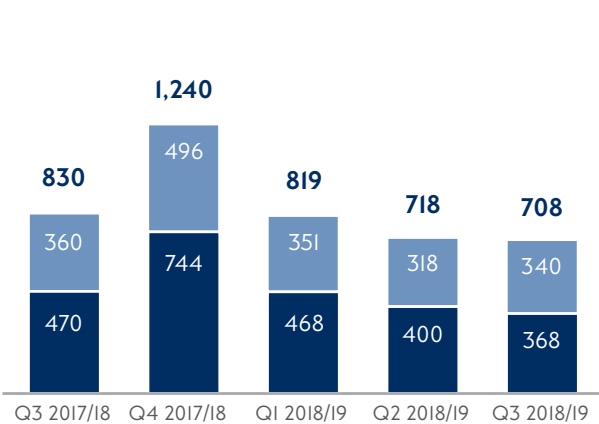
- Operating costs
- Net financing costs

**Operating costs**  
£189m below budget

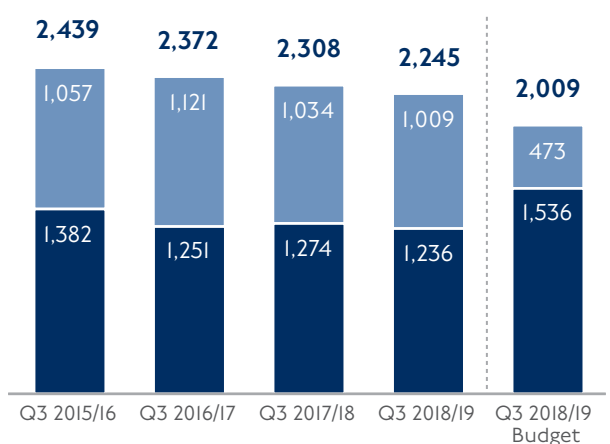
**0.4% ▲** year on year

Operating costs are lower than projected as all areas perform ahead of budget. The year-on-year increases are due to non like-for-like spend; our core operating costs are one per cent lower than last year.

**Total capital expenditure\***  
Quarterly (£m)



Year to date (£m)



- Capital investment and renewals
- Crossrail

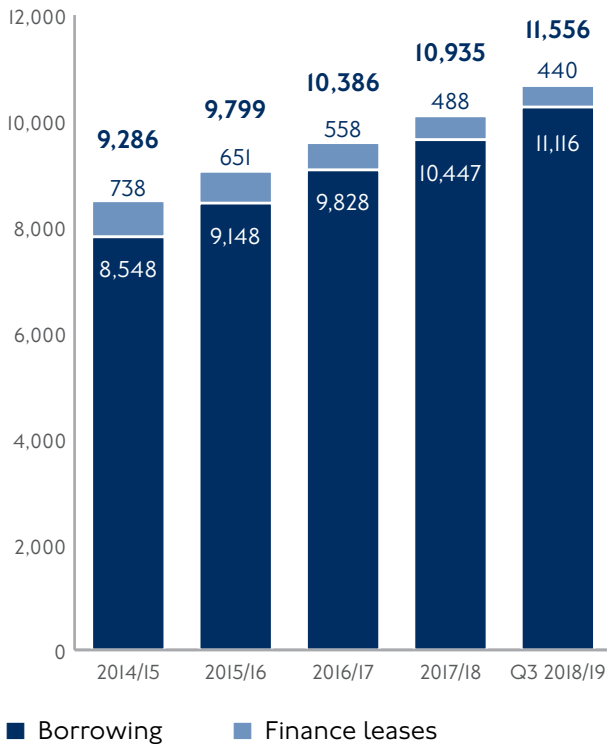
**£2.2bn year-to-date expenditure**

**3% ▼** year on year

Victoria became our 75th station to go step-free and the new Bloomberg entrance at Bank station for Waterloo & City line customers opened in the quarter. Work has also begun to transform Old Street roundabout.

# Debt and cash

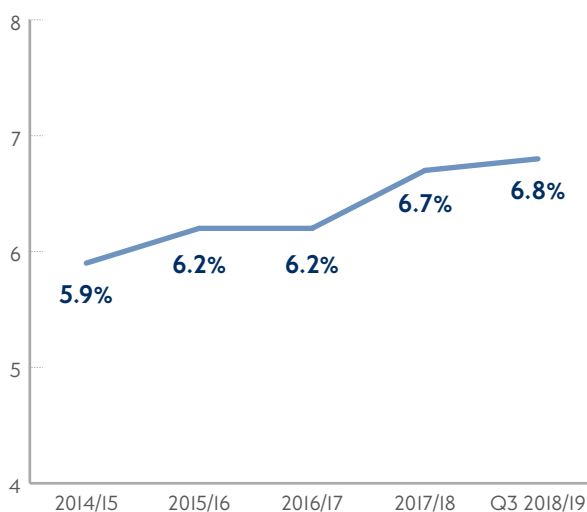
## Total value of debt (£m)



The incremental borrowing agreed with Government for 2018/19 is £800m. At the end of Quarter 3, £250m of long-term debt had been drawn down under facilities with Export Development Canada and the European Investment Bank, and £500m had been drawn from the Public Works Loans Board. These were partially offset by debt repayments of £41m and a reduction of £40m in our outstanding commercial paper balance.

The total nominal value of borrowing outstanding at the end of the quarter was £11,116m, of which £10,299m is long term.

## Financing costs (% of total income)\*



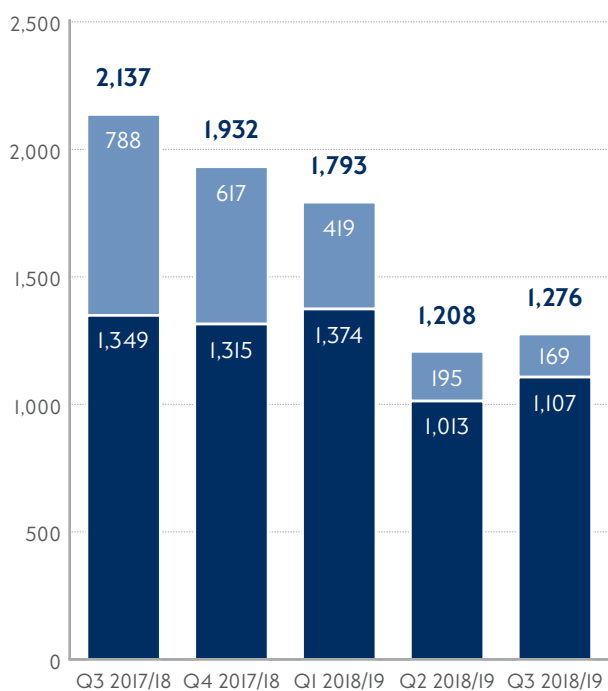
The ratio of financing costs to total income, including operating grants, helps TfL to monitor the affordability of its debt.

### Financing costs and income (£m)

Year to date	Q3 2018/19	Q3 Budget	Variance
Interest income	8	8	-
Financing costs	(285)	(305)	20
PFI interest payable	(33)	(31)	(2)

\* Financing costs include interest costs for borrowing and finance leases

## Cash balances (£m)



- TfL cash balances
- Crossrail cash balances

**£656m**      **34% ▼**  
 Decrease in cash over the year to date

## Cash balances

Cash balances have decreased by £656m over the year to date to stand at £1,276m at the end of Quarter 3. Of the total balance, £169m is ring-fenced to deliver the Crossrail project. In addition, we aim to hold a prudent minimum level of cash for TfL (excluding Crossrail) for exceptional circumstances as well as to retain a high credit rating, in line with our liquidity policy approved by the TfL Board. This level of cash reserves – currently around £550m – is driven by the size of our operating costs and the level of our debt.

We expect to continue to use our balances to fund the improvements outlined in our Business Plan and in our Budget.

## Credit ratings

We are rated by the three leading international rating agencies. As at the end of Quarter 3, our rating from Standard & Poor's was on CreditWatch negative. This has since been affirmed at AA- and the CreditWatch has been removed.

Credit ratings	
Moody's	Aa3 stable outlook
Standard & Poor's	AA- CreditWatch negative*
Fitch	AA- negative outlook

\* From 20 December 2018, our Standard & Poor's credit rating is AA- with negative outlook

# Passenger journeys

Year to date

2,786m total journeys    2,795m budget    2,806m prior year



London Underground

961m

1.3%▲  
budget

0.8%▲  
prior year



Buses

1,550m

1.4%▼  
budget

2.0%▼  
prior year



DLR

85m

1.3%▼  
budget

0.4%▲  
prior year



London Overground

132m

0.3%▼  
budget

0.8%▼  
prior year



London Trams

20m

0.5%▼  
budget

1.5%▼  
prior year



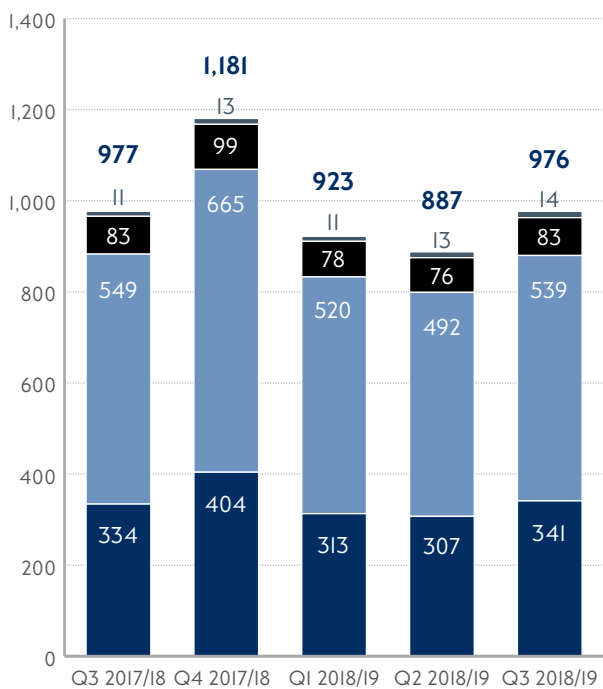
TfL Rail

38m

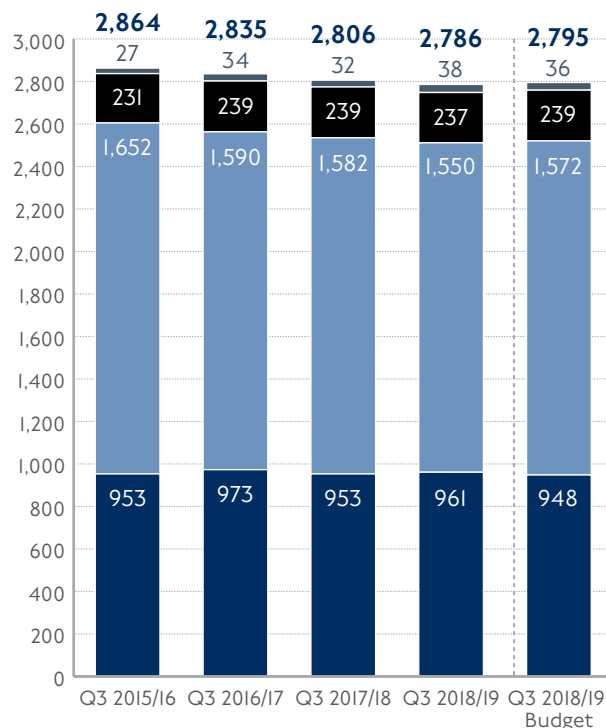
5.0%▲  
budget

18.8%▲  
prior year

### Quarterly (millions)\*



### Year to date with Budget (millions)



■ London Underground   
 ■ Buses   
 ■ Rail   
 ■ TfL Rail

London Underground passenger volumes were 13 million better than budget and eight million better than those in 2017/18 year to date, with customer journeys continuing to increase following the suppressed demand in the previous year. The first week of December was a record breaking week. Friday 7 December was the busiest day ever on the Tube, with just over five million journeys.

Bus passenger journeys were two per cent lower than both budget and prior year. Initial analysis shows a reduction mainly occurring in off-peak journeys (evening and weekends), and further analysis into the factors of the decline in fare-paying journeys is currently being carried out.

Rail passenger journeys are lower than budget, mainly owing to the late cancellation of four days' strike action on the DLR at the start of the year. Also, some delay in the introduction of new trains offering increased capacity has reduced London Overground volumes below budget.

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

# Underground

## London Underground

### Financial summary

London Underground has benefited from a trend of increasing passenger income coupled with a focus on continued savings.

London Underground (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	1,905	1,878	27	1,857	48
Other operating income	13	8	5	18	(5)
<b>Total operating income</b>	<b>1,918</b>	<b>1,886</b>	<b>32</b>	<b>1,875</b>	<b>43</b>
Direct operating cost	(1,398)	(1,452)	54	(1,436)	38
<b>Direct operating surplus</b>	<b>520</b>	<b>434</b>	<b>86</b>	<b>439</b>	<b>81</b>
Indirect operating cost	(180)	(206)	26	(197)	17
<b>Net operating surplus</b>	<b>340</b>	<b>228</b>	<b>112</b>	<b>242</b>	<b>98</b>
Capital renewals	(164)	(206)	42	(205)	41
New capital investment	(31)	(53)	22	(26)	(5)
<b>Total capital expenditure</b>	<b>(195)</b>	<b>(259)</b>	<b>64</b>	<b>(231)</b>	<b>36</b>

Passenger income is £27m higher than budget and £48m better than last year. This reflects a small improvement in customer demand compared with last year.

Direct operating costs are £54m lower than budget and £38m better than last year. This is due to our continual focus on making cost savings while maintaining a safe and reliable network with limited impact on frontline services.

Capital expenditure is £64m under budget for the year to date and £36m lower than last year. We have rescheduled £42m of capital renewals – including Victoria fleet works – to next year. In terms of new capital investment, we have re-profiled £22m of costs to next year – primarily station improvement works – as we review the design and procurement strategy to maximise value for money.



## Passenger journeys analysis

	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Number of passenger journeys (millions)	961	948	13	953	8
Average yield per passenger journey (£)	1.98	1.98	0.00	1.95	0.03
Operating cost per journey (£)	(1.64)	(1.75)	0.11	(1.71)	0.07

### Passenger journeys

Underlying demand is recovering from the downturn seen last year, despite three service strikes in Quarter 3. The first week of December was the busiest on record, with demand comfortably surpassing 30 million journeys in one week.

### Average yield per passenger journey

Passenger income per journey has increased compared with the equivalent period last year.

### Operating cost per journey

Operating cost per journey is below budget and last year. Savings have been delivered while maintaining a safe and reliable network.

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



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

# Elizabeth line

Currently operating as TfL Rail 

## Financial summary

The focus is on successfully introducing Elizabeth line services.

Elizabeth line (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	70	68	2	58	12
Other operating income	15	30	(15)	3	12
<b>Total operating income</b>	<b>85</b>	<b>98</b>	<b>(13)</b>	<b>61</b>	<b>24</b>
Direct operating cost	(135)	(166)	31	(76)	(59)
<b>Direct operating deficit</b>	<b>(50)</b>	<b>(68)</b>	<b>18</b>	<b>(15)</b>	<b>(35)</b>
Indirect operating cost	(6)	(6)	-	(6)	-
<b>Net operating deficit</b>	<b>(56)</b>	<b>(74)</b>	<b>18</b>	<b>(21)</b>	<b>(35)</b>
New capital investment	(247)	(273)	26	(217)	(30)
Crossrail construction cost	(1,009)	(473)	(536)	(1,034)	25
<b>Total capital expenditure</b>	<b>(1,256)</b>	<b>(746)</b>	<b>(510)</b>	<b>(1,251)</b>	<b>(5)</b>

An increase in passenger journeys, including the new Paddington to Heathrow service, resulted in a £2m increase in passenger income compared to budget and £12m compared to last year.

The £15m reduction in other operating income is mainly owing to delayed central operating section (COS) regulatory access income (offset in operating costs) as well as third-party income now expected to be received in future periods. The year-on-year increase of £12m relates to third-party contributions and higher ticket sales commission receivable.

Operating costs are £31m lower than budget owing to delayed COS regulatory access charges (offset in income), reduced COS costs and train maintenance savings. Direct costs are higher than last year as preparations are made for the opening of the Elizabeth line as well as additional costs for operating new services to Heathrow.

New capital investment is £26m lower than budget, mainly owing to the timing of rolling stock delivery and Old Oak Common Depot works.

## Passenger journeys analysis

	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Number of passenger journeys (millions)	38.1	36.3	1.8	32.1	6.0
Average yield per passenger journey (£)	1.84	1.87	(0.03)	1.81	0.03
Operating cost per journey (£)	(3.70)	(4.74)	1.04	(2.55)	(1.15)

### Passenger journeys

Passenger demand is five per cent higher than budget and 19 per cent higher than last year. Demand increase is as a result of new services from Paddington to Hayes & Harlington and Heathrow, which started in May 2018, as well as a reduction in the number of closures this year and the timing of Easter.

### Average yield per passenger journey

Passenger income per journey is 1.4 per cent lower than budget. However, it is an increase year on year of 1.6 per cent.

### Operating cost per journey

Operating cost per journey is 22 per cent lower than budget, mainly because of the cost savings associated with the delayed handover of the COS. The increase from last year is owing to additional costs as we prepare for the opening of the Elizabeth line.

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



Compares underlying year-to-date passenger journey numbers with those in the previous year. Not actuals – adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter. Planned closures are not adjusted for.

# Buses

## London Buses

### Financial summary

Reduced passenger income has contributed to the net operating deficit being £9m higher than budget. Total operating costs are broadly flat compared to the same quarter last year.

Buses (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	1,021	1,034	(13)	1,019	2
Other operating income	9	7	2	10	(1)
<b>Total operating income</b>	<b>1,030</b>	<b>1,041</b>	<b>(11)</b>	<b>1,029</b>	<b>1</b>
Direct operating cost	(1,455)	(1,454)	(1)	(1,452)	(3)
<b>Direct operating deficit</b>	<b>(425)</b>	<b>(413)</b>	<b>(12)</b>	<b>(423)</b>	<b>(2)</b>
Indirect operating cost	(19)	(22)	3	(23)	4
<b>Net operating deficit</b>	<b>(444)</b>	<b>(435)</b>	<b>(9)</b>	<b>(446)</b>	<b>2</b>
Capital renewals	(1)	(6)	5	(6)	5
New capital investment	(14)	(34)	20	(17)	3
<b>Total capital expenditure</b>	<b>(15)</b>	<b>(40)</b>	<b>25</b>	<b>(23)</b>	<b>8</b>

Lower bus passenger income is primarily due to fewer passenger journeys. Underlying year-on-year demand shows around a 1.7 per cent decline in the year to date with the reduction primarily occurring in off-peak travel.

Direct operating cost is slightly worse than budgeted and is marginally up year on year. We continue to almost offset the higher cost, owing to the annual contracted price inflation (2.4 per cent average) within the bus operators' contracts and the roll-out of cleaner buses.

Capital expenditure is lower as a result of a change in the way of accounting for the installation of enhanced catalytic converters, which reduce the emissions of buses so they meet the Euro VI standard, is reported.

## Passenger journeys analysis

	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Number of passenger journeys (millions)	1,550	1,572	(22)	1,582	(32)
Average yield per passenger journey (£)	0.66	0.66	-	0.64	0.02
Operating cost per journey (£)	(0.95)	(0.94)	(0.01)	(0.93)	(0.02)

### Passenger journeys

Total passenger journeys remain two per cent lower than budget and the previous year. On a normalised basis, passenger journeys were 1.7 per cent lower.

### Average yield per passenger journey

The average yield per passenger journey has increased by 2p compared to the same period last year. It remains as per the budget.

### Operating cost per journey

Operating cost per journey is two per cent higher than budget and last year, largely because of lower passenger journeys.

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



1.7% ▼



0.3% ▲



3.8% ▼

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

# Streets

## Transport for London Road Network (TLRN)



### Financial summary

Operating performance is ahead of budget as a result of improved income and reduced investment programme spend.

Streets (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	-	-	-	-	-
Other operating income	229	226	3	219	10
<b>Total operating income</b>	<b>229</b>	<b>226</b>	<b>3</b>	<b>219</b>	<b>10</b>
Direct operating cost	(321)	(336)	15	(338)	17
<b>Direct operating deficit</b>	<b>(92)</b>	<b>(110)</b>	<b>18</b>	<b>(119)</b>	<b>27</b>
Indirect operating cost	(46)	(50)	4	(47)	1
<b>Net operating deficit</b>	<b>(138)</b>	<b>(160)</b>	<b>22</b>	<b>(166)</b>	<b>28</b>
Capital renewals	(28)	(20)	(8)	(78)	50
New capital investment	(65)	(86)	21	(56)	(9)
<b>Total capital expenditure</b>	<b>(93)</b>	<b>(106)</b>	<b>13</b>	<b>(134)</b>	<b>41</b>

Income in Quarter 3 is up £3m against budget and £10m against 2017/18. Enforcement, compliance and cost recoveries account for the rise, more than offsetting reduced Congestion Charging income resulting from lower volumes of charge-paying vehicles entering the zone.

Operating costs are £15m better than budget, largely as a result of Westminster City Council's cancellation of the pedestrianisation of Oxford Street. There is a £17m improvement compared to last year primarily as a result of lower staff costs.

As previously announced, we have paused our programme of proactive capital renewals on highways assets, resulting in the drop compared to 2017/18. Total capital expenditure is running lower than budget, owing in part to the capital element of our Oxford Street scheme being cancelled.

## Volume analysis

	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Congestion Charge volumes (thousands)	9,015	11,255	(2,240)	10,987	(1,972)
Congestion Charge and enforcement income (£m)	164.5	163.8	0.7	162.6	1.9
Traffic volumes – all London (index)	97.1	-	-	95.9	1.2
Cycling growth in CCZ*	10.4%	7.6%	-	5.8%	-

### Cycling

A daily average of 573,646km, or around 188,000 journeys, was cycled in central London during Quarter 3. This is the highest level of cycling recorded since measurement began in 2014. Analysis shows that, during the quarter, levels of cycling increased on all Cycle Superhighway (CS) corridors, in particular on CS3 east to west along the Victoria Embankment and on CS6 north from Elephant and Castle to Kings Cross.

### Traffic flow

The pan-London traffic flow index stands at 97.1. This is 1.2 index points higher than the same quarter last year. This reflects an increase of 1.8 per cent in outer London, being offset by small drops in central and inner London. This continues the trend established in the first two quarters.

\* Cycling data is based on calendar quarters rather than financial quarters i.e. Q3 is July to September and is the latest available data. It is presented as a percentage change from the previous year

### Traffic flow (volume) year-on-year change



1.2%▲



0.2%▲



0.4%▼

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

# Rail

## DLR, London Overground and London Trams



### Financial summary

Passenger journeys year to date are lower than planned, however total operating income is higher than budget and the previous year.

Rail (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	298	303	(5)	293	5
Other operating income	22	11	11	5	17
<b>Total operating income</b>	<b>320</b>	<b>314</b>	<b>6</b>	<b>298</b>	<b>22</b>
Direct operating cost	(298)	(328)	30	(290)	(8)
<b>Direct operating surplus/(deficit)</b>	<b>22</b>	<b>(14)</b>	<b>36</b>	<b>8</b>	<b>14</b>
Indirect operating cost	(12)	(13)	1	(13)	1
<b>Net operating surplus/(deficit)</b>	<b>10</b>	<b>(27)</b>	<b>37</b>	<b>(5)</b>	<b>15</b>
Capital renewals	(16)	(32)	16	(18)	2
New capital investment	(23)	(35)	12	(23)	-
<b>Total capital expenditure</b>	<b>(39)</b>	<b>(67)</b>	<b>28</b>	<b>(41)</b>	<b>2</b>

Passenger income is £5m below budget, mainly owing to fewer passenger journeys on DLR and London Overground than planned.

Other income is £11m above budget owing to contractual payments from Bombardier to London Overground in relation to the delayed delivery of trains.

The direct operating surplus is £36m better than budgeted and £14m better than last year. The year to date variance to budget is driven by a one off credit of £9m and lower payments to Rail operators, as well as infrastructure maintenance savings.



## Passenger journeys analysis

	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
<b>London Overground</b>					
Number of passenger journeys (millions)	131.9	132.3	(0.4)	133.0	(1.1)
Average yield per passenger journey (£)	1.23	1.23	-	1.18	0.05
Operating cost per journey (£)	(1.46)	(1.64)	0.18	(1.36)	(0.10)
<b>DLR</b>					
Number of passenger journeys (millions)	85.3	86.4	(1.1)	84.9	0.4
Average yield per passenger journey (£)	1.40	1.43	(0.03)	1.41	(0.01)
Operating cost per journey (£)	(1.04)	(1.10)	0.06	(1.11)	0.07
<b>London Trams</b>					
Number of passenger journeys (millions)	20.2	20.3	(0.1)	20.5	(0.3)
Average yield per passenger journey (£)	0.82	0.84	(0.02)	0.83	(0.01)
Operating cost per journey (£)	(1.18)	(1.19)	0.01	(1.15)	(0.03)

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



1.1% ▼



0.2% ▼



1.9% ▲

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

# Other operations

London Dial-a-Ride, London River Services, London Taxi and Private Hire, Santander Cycles, Victoria Coach Station, Emirates Air Line and others      

## Financial summary

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

Other operations (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	43	23	20	42	1
Other operating income	87	91	(4)	83	4
<b>Total operating income</b>	<b>130</b>	<b>114</b>	<b>16</b>	<b>125</b>	<b>5</b>
Direct operating cost	(166)	(169)	3	(145)	(21)
<b>Direct operating deficit</b>	<b>(36)</b>	<b>(55)</b>	<b>19</b>	<b>(20)</b>	<b>(16)</b>
Indirect operating cost	(27)	(31)	4	(29)	2
<b>Net operating deficit</b>	<b>(63)</b>	<b>(86)</b>	<b>23</b>	<b>(49)</b>	<b>(14)</b>
Capital renewals	(34)	(54)	20	(45)	11
New capital investment	(57)	(125)	68	(40)	(17)
<b>Total capital expenditure</b>	<b>(91)</b>	<b>(179)</b>	<b>88</b>	<b>(85)</b>	<b>(6)</b>

Passenger income variance is largely a result of the accounting treatment for Oyster deposits.

The capital renewals underspend is driven by in-year re-profiling of the cycle hire payment system, The payment terminals for Santander Cycles have been upgraded, enabling contactless payment for the first time, which will make hiring quicker for customers.

New capital investment is lower than budget, following the re-profiling of the Emergency Services Network project while discussions continue with the Home Office to agree scope and timings. There have also been changes to the spend profile for the Ultra Low Emission Zone.

## Volume analysis

	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
<b>Santander Cycles</b>					
Number of hires (millions)	8.3	8.3	-	8.0	0.3
Average income per hire (£)	1.18	1.18	-	0.90	0.28
Operating cost per hire (£)	(2.07)	(2.33)	0.26	(2.35)	0.28
<b>Victoria Coach Station</b>					
Number of coach departures (thousands)	157.1	167.1	(10.0)	167.1	(10.0)
Average income per departure (£)	35.73	38.45	(2.72)	24.99	10.74
Operating cost per departure (£)	(36.52)	(34.81)	(1.71)	(32.34)	(4.18)
<b>London River Services</b>					
Number of passenger journeys (millions)	7.8	7.7	0.1	8.0	(0.2)
Average income per journey (£)	0.27	0.30	(0.03)	0.21	0.06
Operating cost per journey (£)	(1.53)	(1.46)	(0.07)	(1.17)	(0.36)
<b>London Dial-a-Ride</b>					
Number of passenger journeys (thousands)	710.4	709.0	1.4	737.2	(26.8)
Operating cost per trip (£)	(46.69)	(48.03)	1.34	(48.36)	1.67
<b>Taxi and Private Hire</b>					
Number of private hire vehicle drivers	108,072	-	-	115,070	(6,998)
Taxi drivers	23,422	-	-	24,055	(633)
Total income (£m)	23.1	27.7	(4.6)	18.0	5.1
Total costs (£m)*	(23.2)	(24.3)	1.1	(22.7)	(0.5)
<b>Emirates Air Line</b>					
Number of passenger journeys (thousands)	1,119.1	1,334.7	(215.6)	1,162.7	(43.6)
Average income per journey (£)	4.05	4.41	(0.36)	3.98	0.07
Operating cost per journey (£)	(2.06)	(2.23)	0.17	(2.33)	0.27

\* Operating costs exclude depreciation and the management fee, which are also charged to the licence fee

# Commercial Development

Property development, commercial property, media, telecoms and facilities 

## Financial summary

The net operating surplus is higher than budget and the previous year as a result of significantly reduced cost and increased property income.

Commercial Development (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	-	-	-	-	-
Other operating income	180	177	3	169	11
<b>Total operating income</b>	<b>180</b>	<b>177</b>	<b>3</b>	<b>169</b>	<b>11</b>
Direct operating cost	(99)	(120)	21	(101)	2
<b>Direct operating surplus</b>	<b>81</b>	<b>57</b>	<b>24</b>	<b>68</b>	<b>13</b>
Indirect operating cost	(9)	(10)	1	(10)	1
<b>Net operating surplus</b>	<b>72</b>	<b>47</b>	<b>25</b>	<b>58</b>	<b>14</b>
New capital investment	(59)	(99)	40	(39)	(20)
Property receipts	5	19	(14)	20	(15)
Crossrail over site development	120	101	19	-	120
<b>Net capital account</b>	<b>66</b>	<b>21</b>	<b>45</b>	<b>(19)</b>	<b>85</b>

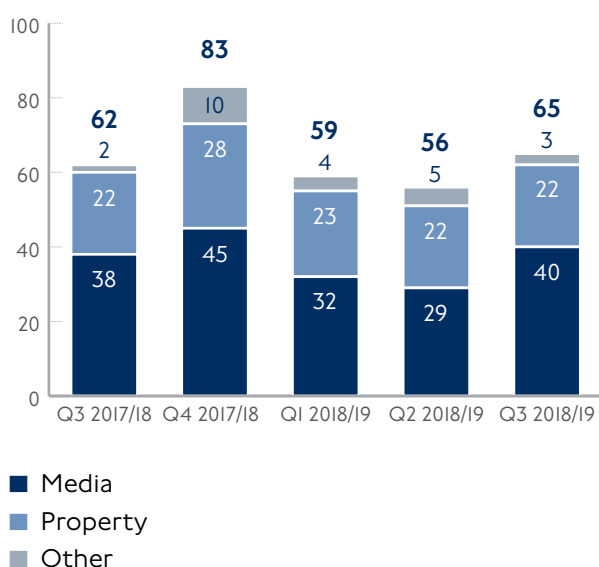
Operating income is higher than budget and the previous year owing to higher back-dated rents and the sub-let of head office buildings. Media income is also outperforming last year.

Operating expenditure is considerably lower than budget as office maintenance costs have been controlled, projects re-profiled, and unbudgeted rates refunds and other credits/write backs received.

New capital investment is significantly lower than budget as a result of the re-profiling of digital media assets roll-out, along with a slower start on property investments and re-profiled head office building works.

Crossrail receipts are higher as we have generated £90m in sales from assets on Hanover Square and Oxford Street, in excess of target. This performance is mitigating adverse movements in other Crossrail funding sources, keeping overall funding in line with the plan.

## Media, property and other income (£m)\* Quarterly



Income has increased by £3m over Quarter 3 last year.

This increase has been driven by improved performance in media on the Underground.

Property income is growing overall. There has been no change quarterly year on year, owing to billing variability.

Other income has increased year on year owing to the sub-let of head office buildings.

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

## Delivering homes on our land

We were given the go ahead to build 350 homes, 50 per cent of which will be affordable, on our 1.8 acre site at Blackhorse Road. Construction is expected to start in summer 2019, and will create up to 300 jobs and local apprenticeships.

We also started consulting with the local communities in Colindale and Harrow-on-the-Hill. In Harrow our redevelopment will provide around 600 homes, 35 per cent of which will be affordable. In Colindale, our proposals for the modernisation of Colindale Tube station would deliver a completely new

station building with an enlarged ticket hall and up to 350 homes (50 per cent affordable).

## Commercial partnerships

We continued our collaboration with Adidas and launched another range of TfL-inspired trainers. Ten new designs were introduced, including four different styles of trainer celebrating the identity of the new Elizabeth line and six pairs paying tribute to the London Underground network. These latest designs are another fantastic example of how we can raise revenue through external partnerships and commercial collaborations.

# Major Projects

## Financial summary

Major Projects is responsible for our largest and most complex projects. It comprises line upgrades, Deep Tube Upgrade, network extensions and major stations.

Major Projects (£m)	Q3 YTD 2018/19	Budget YTD 2018/19	Variance	Q3 YTD 2017/18	Variance
Passenger income	-	-	-	-	-
Other operating income	-	-	-	-	-
<b>Total operating income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Direct operating cost	(12)	(7)	(5)	(4)	(8)
<b>Direct operating deficit</b>	<b>(12)</b>	<b>(7)</b>	<b>(5)</b>	<b>(4)</b>	<b>(8)</b>
Indirect operating cost	(25)	(27)	2	(25)	-
<b>Net operating deficit</b>	<b>(37)</b>	<b>(34)</b>	<b>(3)</b>	<b>(29)</b>	<b>(8)</b>
Capital renewals	(17)	(25)	8	(15)	(2)
New capital investment	(480)	(488)	8	(489)	9
<b>Total capital expenditure</b>	<b>(497)</b>	<b>(513)</b>	<b>16</b>	<b>(504)</b>	<b>7</b>

### Four Lines Modernisation

The new automatic train control signalling system will allow more frequent and reliable services. Trains running in automatic mode have now been tested between Hammersmith and Monument/Stepney Green, and the installation of line-side signalling is on schedule.

### Deep Tube Upgrade

This project will deliver new trains and signalling to modernise the Bakerloo, Central, Piccadilly and Waterloo & City lines. The rolling stock contract for the Piccadilly line trains has now been awarded to Siemens.

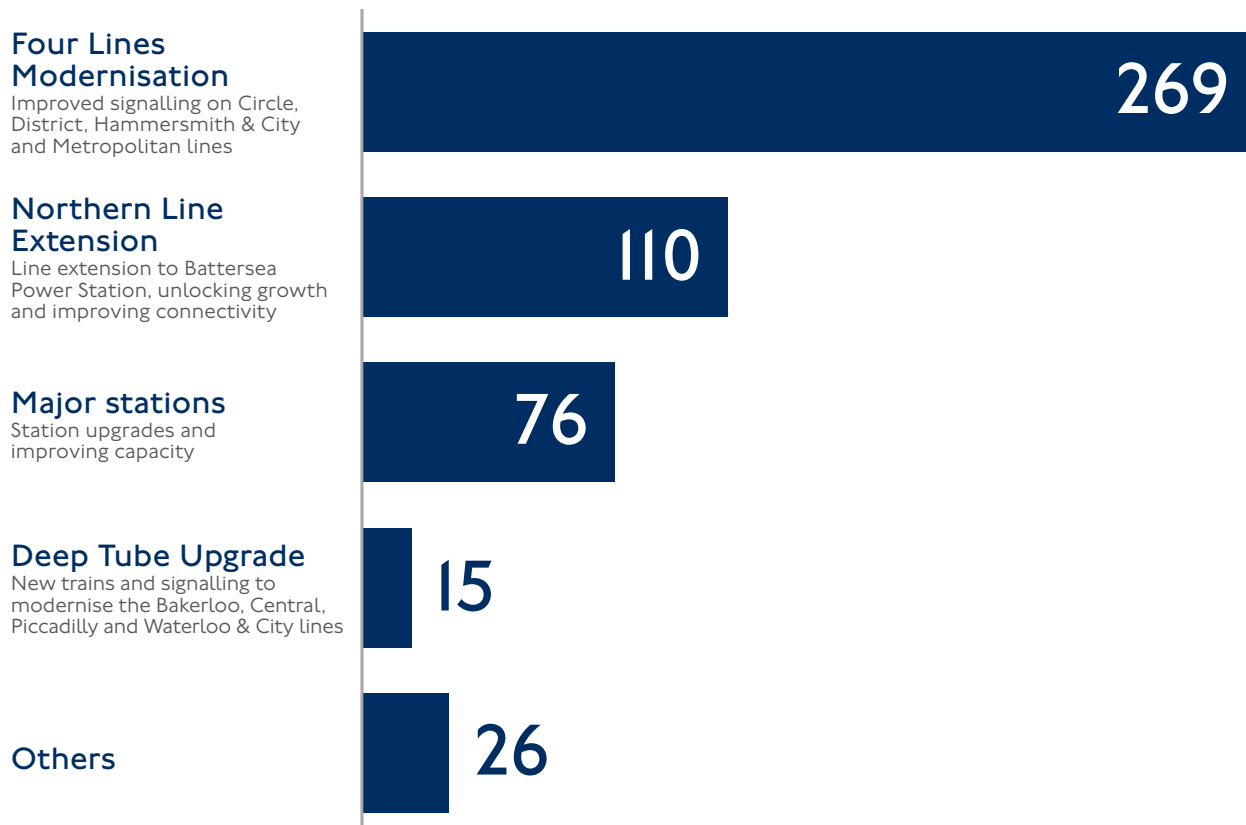
### Northern Line Extension

This will provide a twin-tunnelled extension from Kennington to a new terminus at Battersea Power Station, via a new station at Nine Elms. Platform construction at Nine Elms station has been completed, as has the track installation at Battersea.

### Major stations

Victoria and Tottenham Court Road stations are substantially complete and open to our customers. At Bank station, the new Bloomberg entrance for the Waterloo & City line opened to customers on 30 November and had its formal opening on 12 December 2018.

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



### Silvertown Tunnel

Silvertown Tunnel will tackle the significant issues of traffic congestion and unreliability at Blackwall Tunnel, and the effect these have on travel, the environment, the economy and growth across the wider South East region.

Clarification meetings have been held with the two bidders to respond to queries and the first stage technical submissions have been evaluated by our engineering specialists.

### Barking Riverside Extension

This is a new rail link to serve the 10,800 new homes that are planned for the Barking Riverside development area. Installation of overhead line equipment and switching works are planned for December 2018, and train services are planned to start in 2021.

We awarded a contract for the works to a joint venture of Morgan Sindall Construction & Infrastructure and VolkerFitzpatrick (MSVF) at the end of December 2018.





# Appendices

## TfL Group balance sheet

Balance sheet (£m)	8 Dec 2018	Q3 Budget	Variance	31 March 2018	Variance
Intangible assets	89	122	(33)	118	(29)
Property, plant and equipment	40,917	40,595	322	39,274	1,643
Investment property	537	537	-	537	-
Investment in associate entities	297	325	(28)	319	(22)
Long-term derivatives	17	12	5	12	5
Long-term finance lease receivables	33	49	(16)	17	16
Long-term debtors	77	25	52	28	49
<b>Non-current assets</b>	<b>41,967</b>	<b>41,665</b>	<b>302</b>	<b>40,305</b>	<b>1,662</b>
Stocks	65	64	1	64	1
Short-term debtors	614	481	133	561	53
Assets held for sale	83	83	-	83	-
Short-term derivatives	4	6	(2)	6	(2)
Short-term finance lease receivables	15	13	2	8	7
Cash and short-term investments	1,276	1,424	(148)	1,932	(656)
<b>Current assets</b>	<b>2,057</b>	<b>2,071</b>	<b>(14)</b>	<b>2,654</b>	<b>(597)</b>
Short-term creditors	(2,255)	(2,143)	(112)	(2,348)	93
Short-term derivatives	(6)	-	(6)	(2)	(4)
Short-term borrowings	(816)	(846)	30	(846)	30
Short-term finance lease liabilities	(73)	(61)	(12)	(70)	(3)
Short-term provisions	(345)	(226)	(119)	(334)	(11)
<b>Current liabilities</b>	<b>(3,495)</b>	<b>(3,276)</b>	<b>(219)</b>	<b>(3,600)</b>	<b>105</b>
Long-term creditors	(63)	(71)	8	(66)	3
Long-term borrowings	(10,269)	(10,401)	132	(9,570)	(699)
Long-term finance lease liabilities	(367)	(379)	12	(418)	51
Long-term derivatives	(42)	(52)	10	(52)	10
Long-term provisions	(79)	(75)	(4)	(84)	5
Pension provision	(4,704)	(4,707)	3	(4,707)	3
<b>Long-term liabilities</b>	<b>(15,524)</b>	<b>(15,685)</b>	<b>161</b>	<b>(14,897)</b>	<b>(627)</b>
<b>Total net assets</b>	<b>25,005</b>	<b>24,775</b>	<b>230</b>	<b>24,462</b>	<b>543</b>
<b>Capital and reserves</b>					
Usable reserves	1,295	1,152	143	1,790	(495)
Unusable reserves	23,710	23,623	87	22,672	1,038
<b>Total capital employed</b>	<b>25,005</b>	<b>24,775</b>	<b>230</b>	<b>24,462</b>	<b>543</b>

# Headcount

## Full-time equivalents (FTEs) including non-permanent labour (NPL)

	31 March 2018 Actual	YTD net (leavers)/joiners	End of Q3 Actual
Underground	18,851	(284)	18,567
Elizabeth line	238	30	268
Buses	578	(112)	466
Rail	285	(7)	278
Streets	1,518	(197)	1,321
Other operations	1,400	(51)	1,393
Professional services*	3,850	(58)	3,749
Commercial Development	298	10	308
Crossrail	651	(129)	522
Major Projects	786	(179)	607
<b>Total</b>	<b>28,455</b>	<b>(977)</b>	<b>27,479</b>

We have embarked on a major programme of change, becoming leaner through merging functions, reducing management layers, broadening roles and increasing areas of control. As a result, headcount levels are down by 977 in the year and there has been a high level of movement across directorates as new teams and reporting lines are formed.

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

## NPL

Our overall use of NPL has fallen by 231 during the year to date.

It is important that we continue to make use of the flexibility offered by NPL, 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.

Date	Reduction since December 2015			
	Number of NPL	Weekly cost (£)	Number of NPL	Weekly saving (£)
15 December 2015	3,092	5,249,002		
31 March 2017	1,742	2,544,009	(1,350)	(2,704,993)
31 March 2018	1,422	1,874,029	(1,670)	(3,374,973)
8 December 2018	1,191	1,671,902	(1,901)	(3,577,100)

The above table shows the cost reduction made from actions taken to reduce NPL. The weekly cost assumes a working day of seven hours, five days a week.

## NPL by length of service

Length of service	31 March 2018 Actual	YTD net (leavers)/joiners	End of Q3 Actual
0-6 months	280	37	317
6-12 months	355	(164)	191
1-2 years	259	22	281
2-3 years	237	1	238
3-5 years	174	(70)	104
5+ years	117	(57)	60
<b>Total</b>	<b>1,422</b>	<b>(231)</b>	<b>1,191</b>

There are still 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 as much as possible.

January 2019

[tfl.gov.uk](http://tfl.gov.uk)

PUB18\_079 QPR\_Q3