Transport for London quarterly performance report

Quarter 1 2023/24
(1 April – 24 June 2023)

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Contents

The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's draft audited Statement of Accounts for the year ending 31 March 2023 was published in July 2023.

Journeys are now at 89 per cent of pre-pandemic levels

Introduction

Our 2023 TfL Business Plan set out our strategy for rebuilding our finances, improving efficiency and helping to secure our future. The 2023/24 Budget built on this, demonstrating how we will become operationally financially sustainable this year.

This report covers our financial performance for the first quarter, 1 April 2023 to 24 June 2023. The results are measured against the Budget approved by the TfL Board in March 2023.

We have delivered a strong set of results that show we are successfully delivering our strategy. We are actively growing passenger demand, creating new sources of revenue to reduce our reliance on fares income, delivering recurring savings and growing an operating surplus based on our own sources of income.

We continue to work with Government to agree a long-term settlement to fully fund our capital programme.

At the end of Quarter 1, we have made an operating surplus of £79m, which is £6m better than Budget. We are, therefore, on track to deliver financial sustainability this year and be the strong, green heartbeat for London.

We continue to see recovery in passenger journeys, with growth of more than seven per cent in Quarter 1 against a target of six per cent year-on-year growth over the full year, on top of the 31 per cent increase in 2022/23. At the end of Quarter 1, passenger journeys are at 89 per cent of pre-pandemic levels, up from 85 per cent at the end of 2022/23.

Operating costs are two per cent lower than Budget, mainly from contingency we have not yet used. We are holding down like-for-like operating costs in real terms, which have risen five per cent against year-on-year inflation of 11.4 per cent. We remain committed to delivering almost £230m of savings this year.

Capital renewals are higher than Budget, with work ahead of schedule. We are aiming to deliver almost £740m of renewals this year, an increase of £110m on 2022/23. Capital enhancements have slipped by £41m compared to Budget. We are monitoring this closely with the aim of coming closer to Budget by year end.

Cash balances remain broadly in line with Budget and below £1.2bn, as required under the conditions of the funding agreement.

Our most significant risk remains the lack of certainty around capital funding. On 26 July, we were disappointed to be informed by Government that no inflation funding would be available for TfL. We are now working through the implications of this for our 2023/24 Budget.

While there is no certainty on capital funding for 2024/25, we're pleased that discussions have now started with Government officials.

Patrick Doig
Acting 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

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 IFS Cloud Cable Car

Rail
DLR, London Overground and London Trams

Property development
Our commercial and residential estate and building portfolio operating as TTL Properties Limited (TTLP)

Facts and figures

981 trains on our network

580km of highway that we operate

761km of Rail and London Underground routes

8,700 buses on our network

6,400 traffic signal sites that we operate

2023/24 Budget at a glance

Grants £2.3bn

Government capital funding £0.7bn

Other income £2.2bn

Passenger income £5.2bn

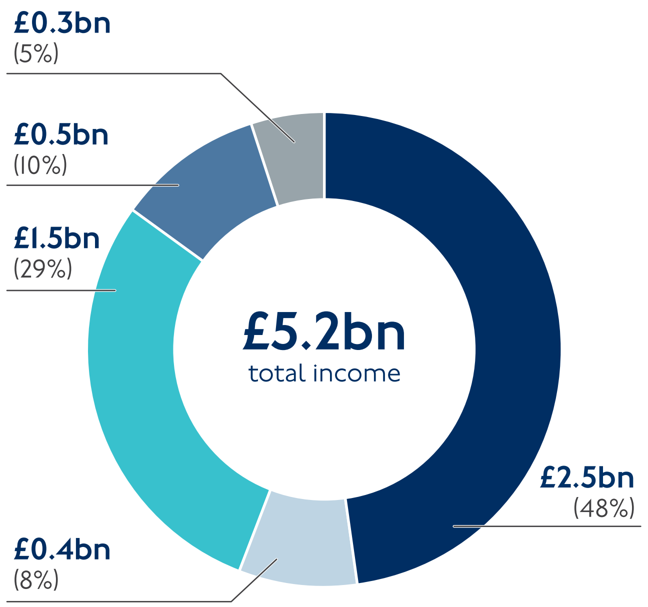
Crossrail funding £0.1bn

Sources of funds **£10.5bn**

86% spent on running and operating the network every day

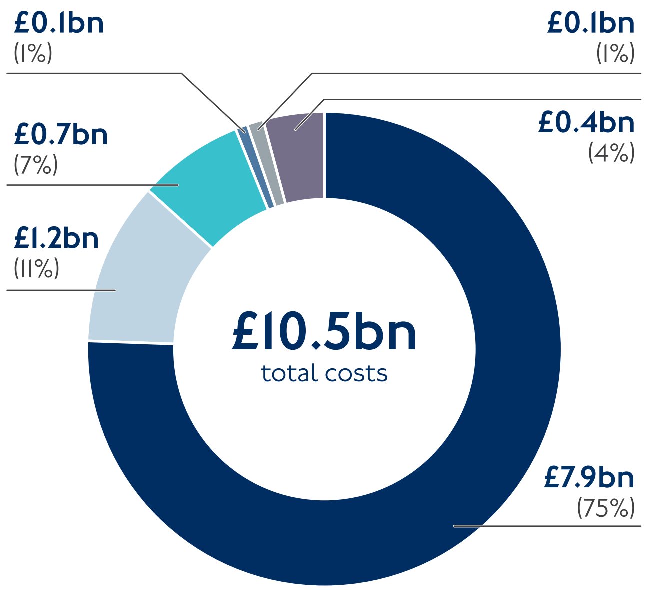
14% spent on renewing and improving the network through one of the largest capital investment programmes in Europe

Total passenger income



- London Underground
- Rail
- Buses
- Elizabeth line
- DfT revenue top up

Total costs



- Operating cost
- New capital investment
- Capital renewals
- Crossrail
- TTLP capital investment
- Net interest costs

Financial summary

Our performance in the year to date

Income statement

TfL Group (£m)	Q1 2023/24	Q1 Budget	Variance	Q1 2022/23	Variance
Passenger income	1,183	1,192	(9)	1,006	177
Other operating income	326	331	(5)	353	(27)
Business rates retention	442	442	-	512	(70)
Other revenue grants	56	58	(2)	211	(155)
Revenue	**2,007**	**2,023**	**(16)**	**2,082**	**(75)**
Operating cost	(1,678)	(1,711)	33	(1,633)	(45)
Operating surplus before interest and renewals	**329**	**312**	**17**	**449**	**(120)**
Capital renewals	(151)	(143)	(8)	(124)	(27)
Net interest costs	(99)	(96)	(3)	(101)	2
Operating surplus	**79**	**73**	**6**	**224**	**(145)**

Capital expenditure

TfL Group (£m)	Q1 2023/24	Q1 Budget	Variance	Q1 2022/23	Variance
Capital renewals	(151)	(143)	(8)	(124)	(27)
New capital investment	(208)	(249)	41	(169)	(39)
Total TfL capital expenditure	**(359)**	**(392)**	**33**	**(293)**	**(66)**
Crossrail	(18)	(32)	14	(70)	52
TTLP	(30)	(27)	(3)	(6)	(24)
Total capital expenditure	**(407)**	**(451)**	**44**	**(369)**	**(38)**

Cash flow statement

TfL Group (£m)	Q1 2023/24	Q1 Budget	Variance	Q1 2022/23	Variance
Operating surplus before interest and renewals	**329**	**312**	**17**	**449**	**(120)**
Less TTLP, LTIG and LTM*	(21)	(4)	(17)	(10)	(11)
Net cash generated by TfL operating activities	**308**	**308**	**-**	**439**	**(131)**
Cash flows from investing activities					
Capital renewals	(151)	(143)	(8)	(124)	(27)
New capital investment	(208)	(249)	41	(169)	(39)
Ring-fenced capital funding	178	179	(1)	21	157
Working capital movements	(57)	36	(93)	(68)	11
Net cash utilised by investing activities	**(238)**	**(177)**	**(61)**	**(340)**	**102**
Free cash flow	**70**	**131**	**(61)**	**99**	**(29)**
Cash flows from financing activities					
Net interest paid	(99)	(96)	(3)	(101)	2
Existing debt maturing	(55)	(55)	-	(80)	25
New long-term debt issued	-	20	(20)	-	-
Short-term borrowing net change	44	-	44	43	1
Net cash generated from financing activities	**(110)**	**(131)**	**21**	**(138)**	**28**
Net decrease in cash	**(40)**	**-**	**(40)**	**(39)**	**(1)**

* TTL Properties Limited (TTLP), London Transport Insurance (Guernsey) Limited (LTIG) and London Transport Museum (LTM)

Our year-to-date results for Quarter 1 show that we are on track to deliver this year's Budget, with revenue and operating costs within two per cent of Budget. Total revenue is lower than last year due to the reduction in support grant required this year from the Government as we continue to rebuild our passenger income.

As expected, our operating costs have increased compared with last year. However, at three per cent higher, they are still below-inflation rises, demonstrating our commitment to reducing the costs within our control.

Passenger journeys have increased across all modes compared to last year with more than 100 million more journeys than Quarter 1 2022/23. More than a quarter of the increase in journey numbers is due to the full running of the Elizabeth line where passengers can now travel directly from Shenfield and east London to Heathrow airport.

The increase in passenger demand has flowed through to a £177m increase in income compared with last year. We are largely in line with Budget as the higher income has resulted in a lower revenue top up required from the Government this quarter.

Other operating income is lower than last year, primarily due to a decrease in income from road-user charging of £26m as compliance rates increase. Although we are largely in line with Budget, there is a range of uncertainty around compliance levels for the London-wide ULEZ, which comes into operation on 29 August, as well as underlying Congestion Charge volumes and payment rates.

Total TfL capital expenditure (excluding Crossrail construction and TTL Properties Limited) is £66m higher than last year, with increased spend in projects including DLR rolling stock (£33m), the Piccadilly line upgrade (£13m) and improving air quality and the environment through London's streets (£17m).

TfL cash balances, excluding balances committed to Crossrail construction, London Transport Museum, London Transport Insurance (Guernsey) Limited and TTL Properties Limited, are £1,197m at the end of Quarter 1, broadly in line with Budget, with working capital offset by short-term borrowing and lower capital spend.

The full running of the Elizabeth line has increased journey numbers

TfL Group balance sheet

TfL Group (£m)	24 June 2023	31 March 2023	Movement
Intangible assets	246	257	(11)
Property, plant and equipment	44,761	44,589	172
Right-of-use assets	1,936	1,954	(18)
Investment property	1,586	1,575	11
Investment in joint ventures and associated undertakings	248	247	1
Derivative financial instruments	34	26	8
Finance lease receivables	9	9	-
Retirement benefit surplus	1,631	1,631	-
Debtors	58	60	(2)
Long-term assets	**50,509**	**50,348**	**161**
Inventories	86	79	7
Debtors	612	673	(61)
Assets held for sale	55	54	1
Derivative financial instruments	4	2	2
Finance lease receivables	4	5	(1)
Cash and investments	1,374	1,402	(28)
Current assets	**2,135**	**2,215**	**(80)**
Creditors	(2,009)	(2,106)	97
Borrowings	(794)	(694)	(100)
Right-of-use lease liabilities	(303)	(300)	(3)
PFI liabilities	(15)	(14)	(1)
Other financing liabilities	(7)	(7)	-
Derivative financial instruments	(7)	(3)	(4)
Provisions	(107)	(126)	19
Current liabilities	**(3,242)**	**(3,250)**	**8**

TfL Group (£m)	24 June 2023	31 March 2023	Movement
Creditors	(86)	(87)	1
Borrowings	(12,107)	(12,217)	110
Right-of-use lease liabilities	(1,912)	(1,916)	4
PFI liabilities	(73)	(77)	4
Other financing liabilities	(114)	(115)	1
Derivative financial instruments	(9)	(10)	1
Deferred tax liabilities	(370)	(370)	-
Provisions	(51)	(50)	(1)
Retirement benefit obligation	(87)	(88)	1
Long-term liabilities	**(14,809)**	**(14,930)**	**121**
Net assets	**34,593**	**34,383**	**210**
Reserves			
Usable reserves	396	394	2
Unusable reserves	34,197	33,989	208
Total reserves	**34,593**	**34,383**	**210**

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

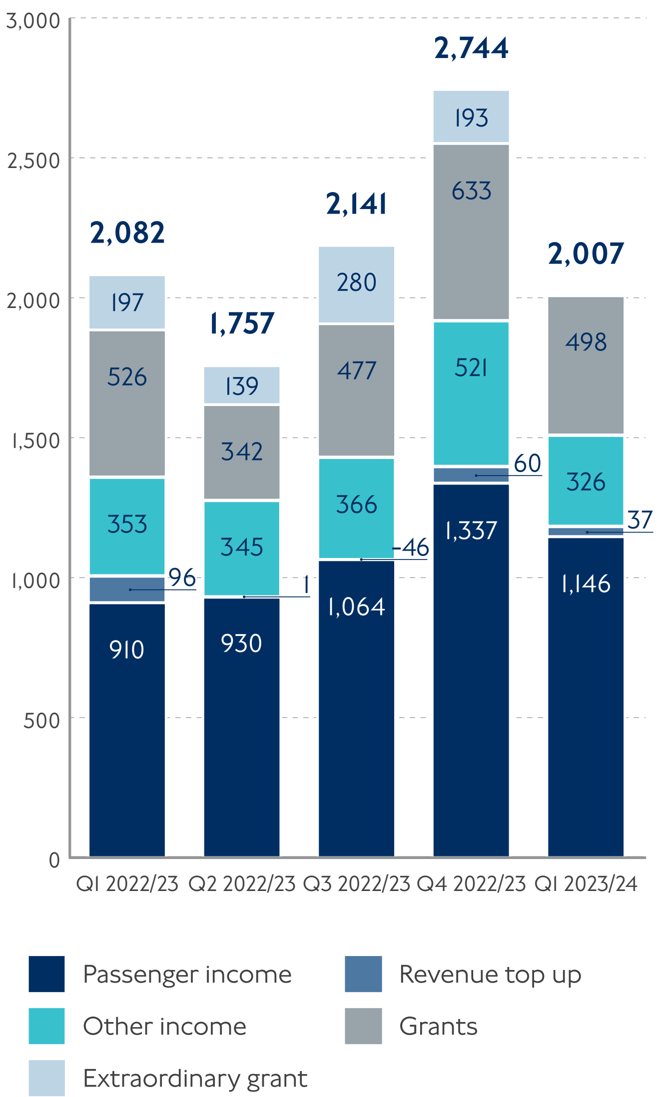
- Long-term assets: £161m increase, largely driven by capital expenditure on the Piccadilly line upgrade, DLR rolling stock replacement and Healthy Streets
- Current assets: £80m decrease, reflecting a decrease in VAT debtors and cash
- Long-term liabilities: £121m decrease, mainly due to the movement between long- and short-term borrowings

Financial trends

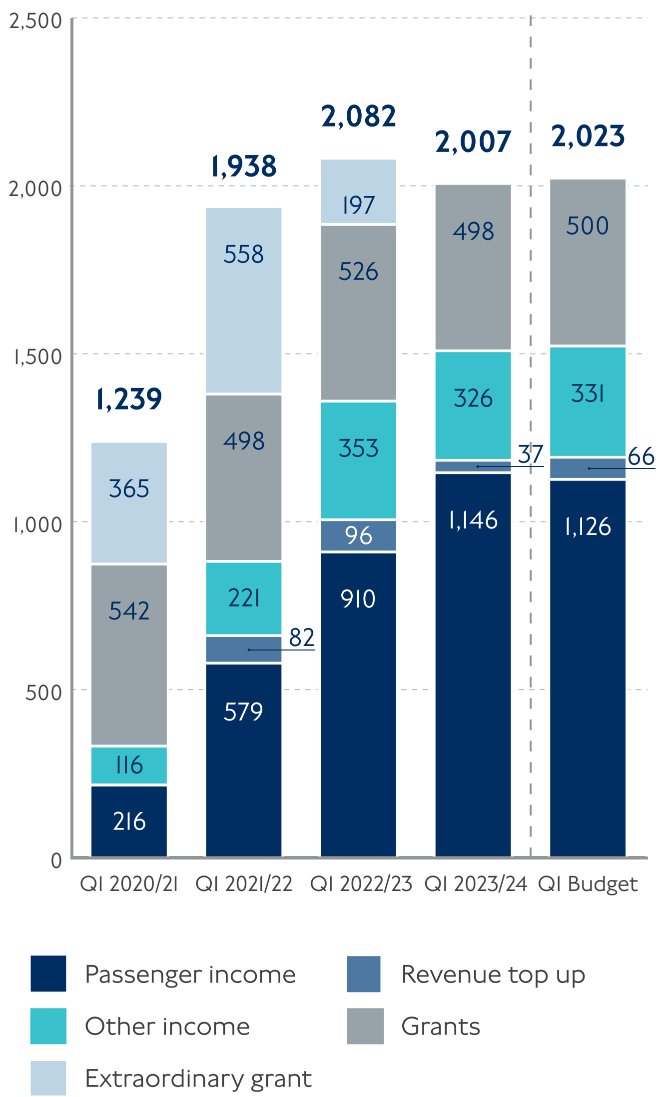
Our overall trends in the short and long term

Total revenue (including extraordinary grant from Government)

Quarterly (£m)*

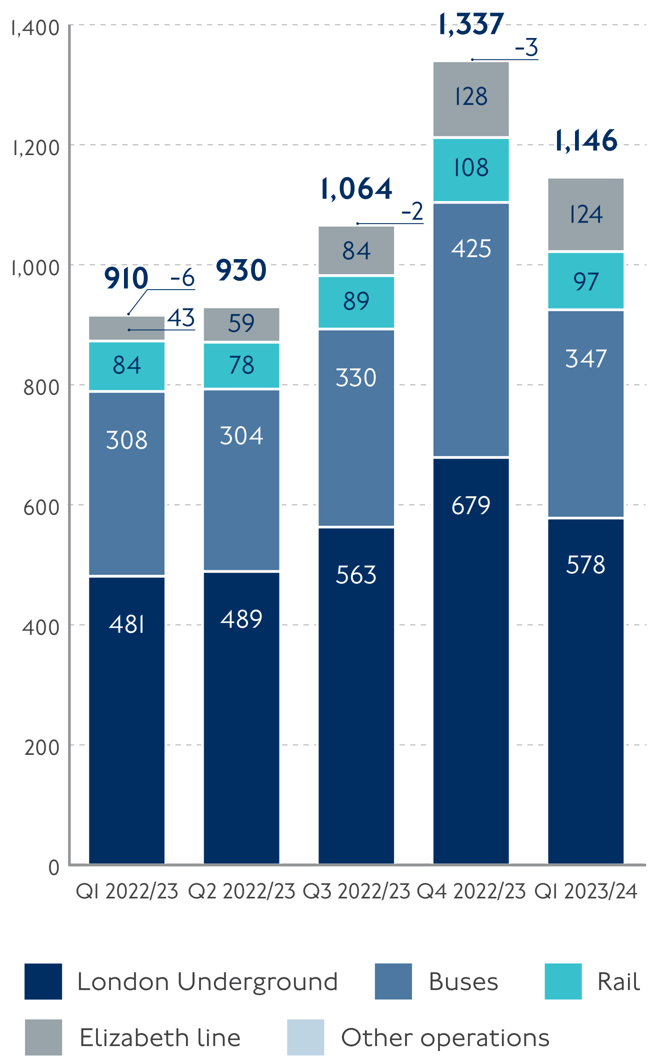


Year to date (£m)

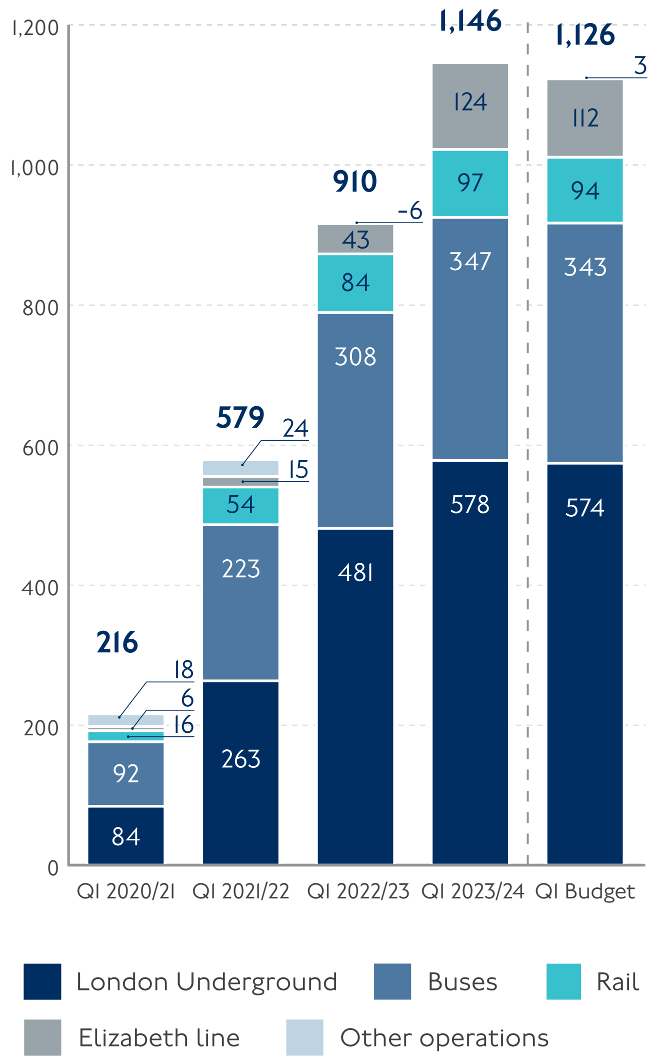


Total passenger income

Quarterly (£m)*



Year to date (£m)



Year-to-date total revenue £16m below Budget

4%▼ year on year

Total revenue is £75m lower than last year and £16m below Budget. Passenger income has increased by £236m since Quarter 1 2022/23 partly through new Elizabeth line services. This is offset by lower grant income now that we are no longer receiving extraordinary grant from the Government and timing in the receipt of the business rates retention.

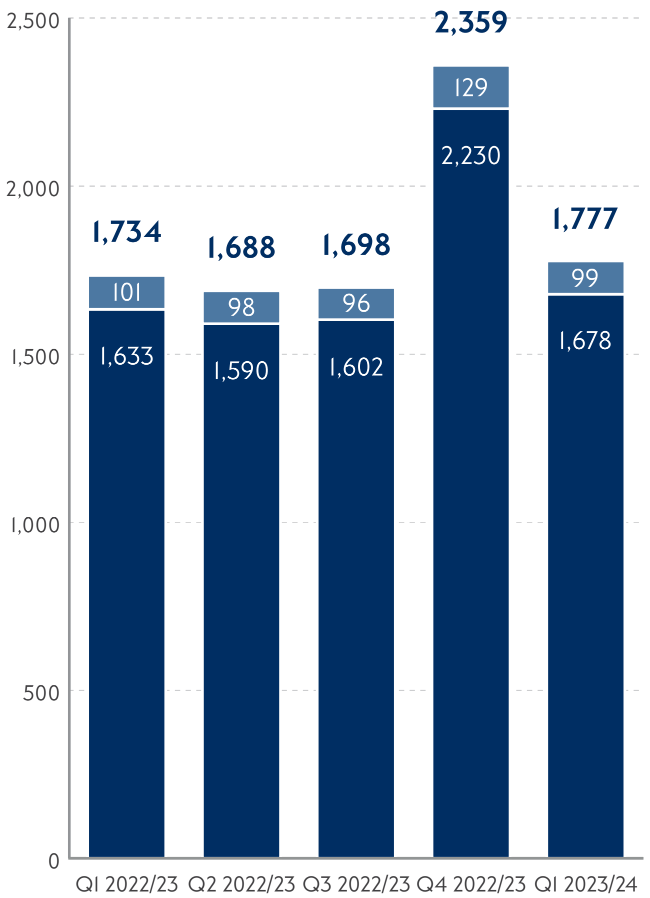
Year-to-date passenger income £20m above Budget

26%▲ year on year

Passenger income has been showing strong performance in Quarter 1 and is £20m favourable to Budget. Income has increased by 26 per cent year-on-year, as demand continues to grow, and is in line with full-year expectations, which has resulted in a lower revenue top-up required from the Government than budgeted this quarter.

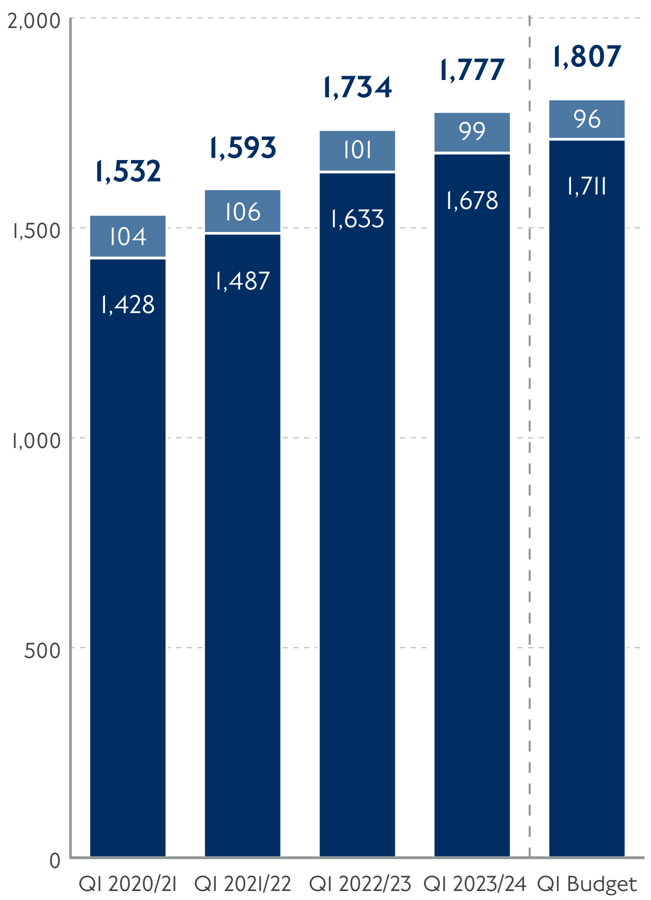
* Quarter 4 is longer than quarters 1 to 3 (15 weeks and six days vs 12 weeks)

Total cost
Quarterly (£m)*



Operating costs Net interest costs

Year to date (£m)



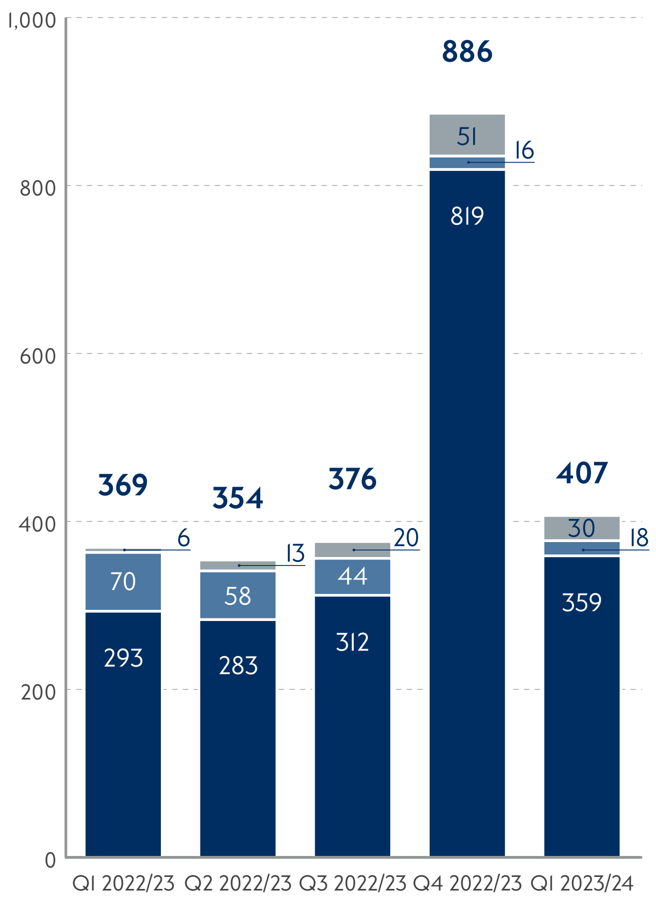
Operating costs Net interest costs

Year-to-date operating costs £33m below Budget

2%▲ year on year

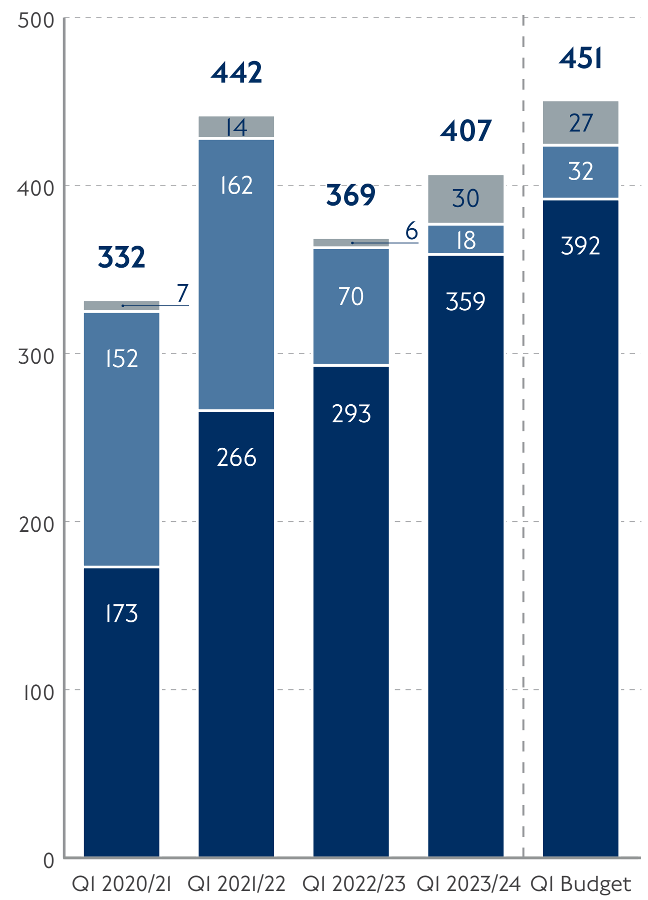
Operating costs are £33m lower than Budget. However, we are seeing some pressures on bus operators' costs through improved performance as well as timing differences in delivering savings. These have been offset by central contingency (held to mitigate key risks on bus performance and the London-wide ULEZ compliance and volume assumptions), one-offs and other smaller savings.

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



Capital investment and renewals Crossrail TTLP capital investment

Year to date (£m)



Capital investment and renewals Crossrail TTLP capital investment

Total capital expenditure £44m below Budget

10%▲ year on year

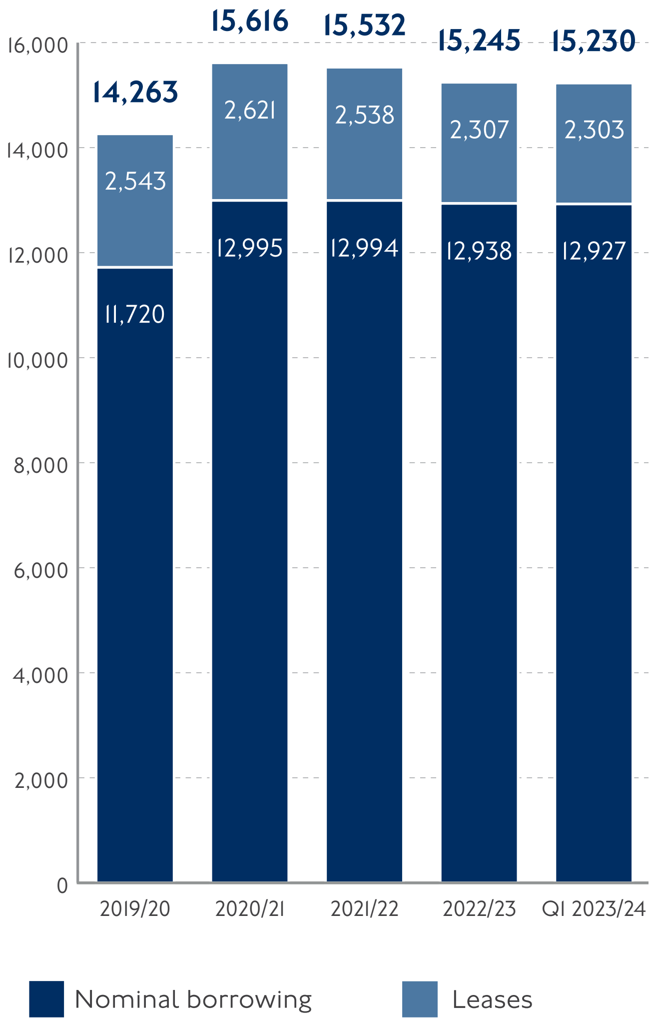
Total capital expenditure is lower than Budget, driven by underspend in capital enhancements due to project rephasing. This has been partially offset by the strong renewals deliverability in the London Underground programme, which is ahead of target. However, we are still in line with the new available funding target.

* Quarter 4 is longer than quarters 1 to 3 (15 weeks and six days vs 12 weeks)

Debt and cash

Our borrowing and cash balances

Total debt (£m)



Borrowing update

Our outstanding debt decreased slightly during Quarter 1. This was primarily driven by a repayment under our facility with the Department for Transport for the purposes of Crossrail, partially offset by a small amount of new borrowing to ensure sufficient liquidity during the quarter.

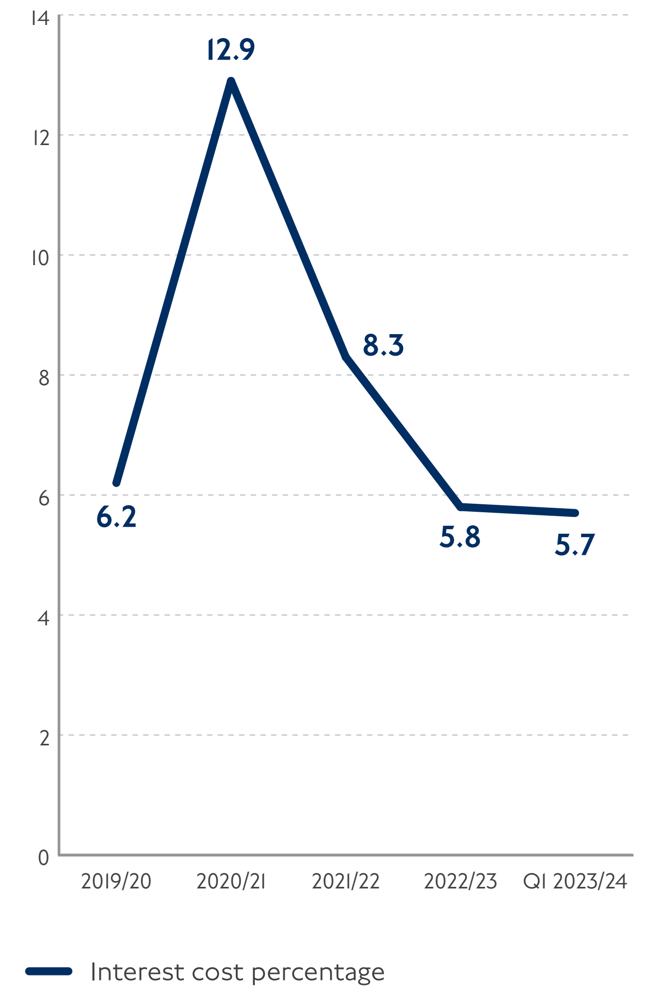
Credit ratings

We are rated by three leading international credit rating agencies. On 25 May 2023, S&P Global Ratings affirmed our credit ratings at the existing level of A+/A-1 and revised our outlook from stable to positive. There have been no other changes to our credit ratings during Quarter 1.

Credit ratings at the end of Q1

Agency	Long-term rating	Short-term rating
Moody's	Baa1 stable outlook	P-2
S&P Global Ratings	A+ positive outlook	A-1
Fitch Ratings	AA- negative outlook	F1+

Interest costs (% of total revenue)*



Interest costs (£m)

Q1 2023/24	(112)
2022/23	(455)
2021/22	(442)
2020/21	(446)
2019/20	(429)

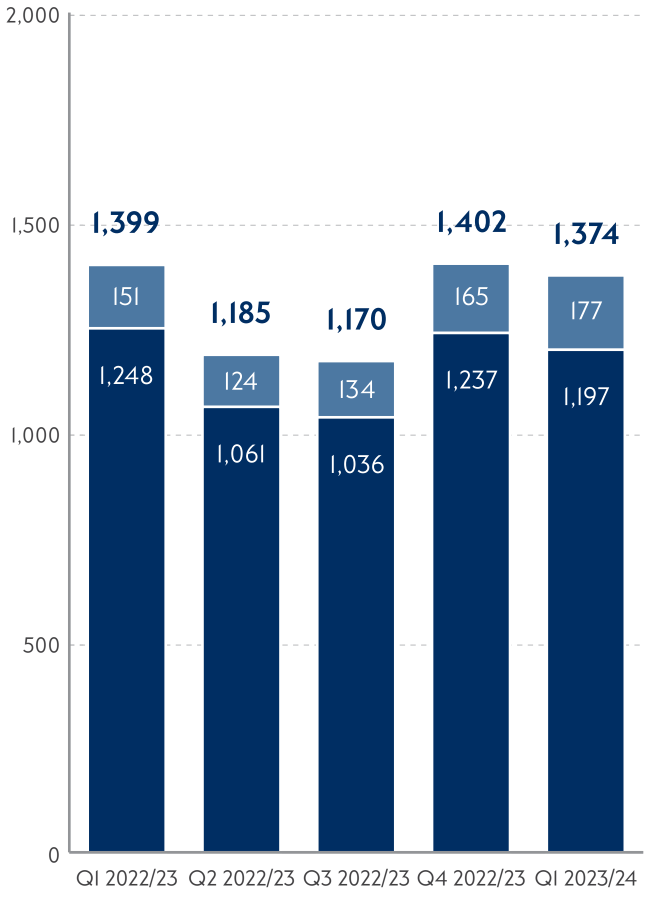
The ratio of interest costs to total revenue (excluding extraordinary grant) helps us to monitor the affordability of our debt. The ratio has been decreasing since 2020/21. This is because our total revenue improved significantly as we came out of the coronavirus pandemic, while the majority of our debt remains at fixed interest rates.

Interest costs and income (£m)

Year to date	Q1 2023/24	Q1 Budget	variance
Interest income	13	12	1
Interest costs	(112)	(109)	(3)

* Interest costs include interest costs for borrowing and other financing liabilities

Cash balances (£m)



TfL cash balances

Crossrail project, London Transport Museum, London Transport Insurance (Guernsey) and TTL Properties Limited cash balances

Cash balances at the end of Quarter 1 were £1,374m. Of the total cash balance, £177m was held for the Crossrail project, London Transport Museum (LTM), London Transport Insurance (Guernsey) Limited (LTIG) and TTL Properties Limited (TTLP).

We continue to balance the requirements of our liquidity policy and the latest funding settlement letter with the Government by aiming to have, on average, up to or around £1.2bn of cash and liquid investments held by the TfL Group (excluding specified subsidiaries Crossrail Limited, LTIG, LTM and TTLP).

TfL cash balances fluctuate and as a result of the funding settlement condition they may sometimes fall below £1.2bn. However, the funding settlement protects TfL from passenger demand risks.

Preserving liquidity by maintaining a minimum cash balance is crucial to our financial resilience. Statutory restrictions around prudent borrowing constrains 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 provide 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, 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 that 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 shows the importance of an appropriate level of cash to ensure we can meet our liabilities.

Tube journey numbers are up by six per cent year on year

Passenger journeys

Our performance based on passenger numbers

Q1 year to date: 2023/24

820m	811m	717m
total journeys	Budget	2022/23

London Underground

271m — 5%▲ Budget — 19%▲ Year-on-year

London Buses

433m — 1%▼ Budget — 5%▲ Year-on-year

DLR

24m — 9%▲ Budget — 11%▲ Year-on-year

London Overground

43m — 5%▲ Budget — 27%▲ Year-on-year

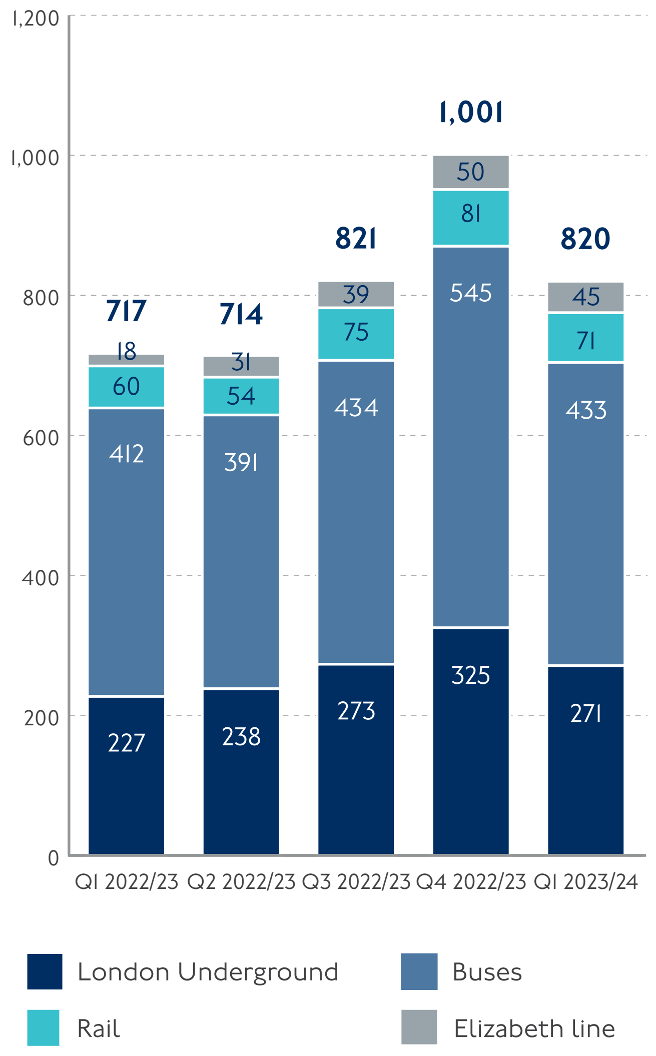
London Trams

5m — 8%▼ Budget — 7%▼ Year-on-year

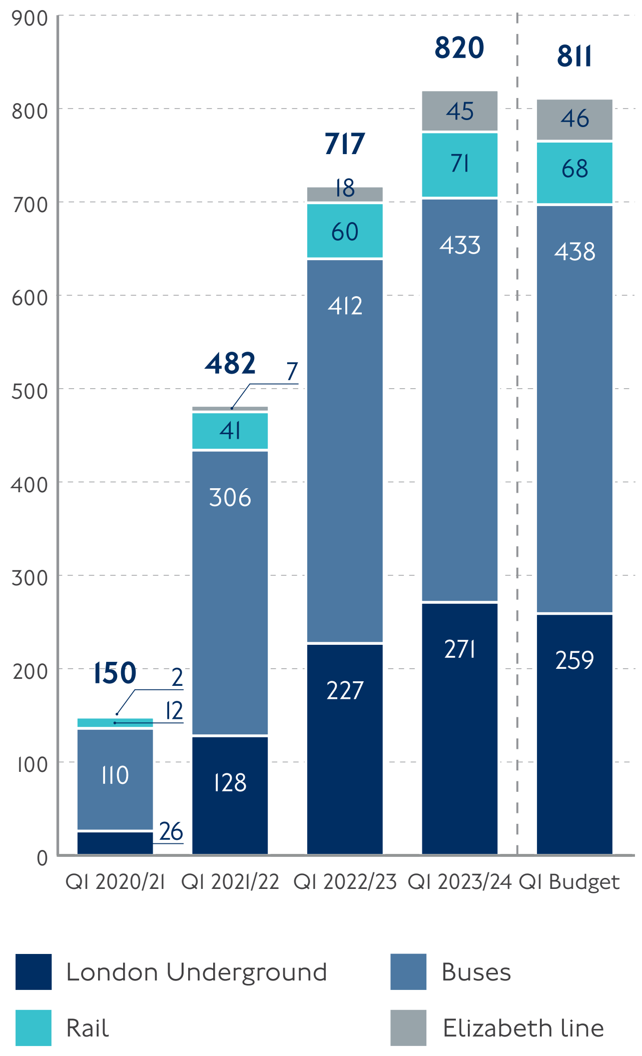
Elizabeth line

45m — 2%▼ Budget — 150%▲ Year-on-year

Quarterly (millions)*



Year to date with Budget (millions)



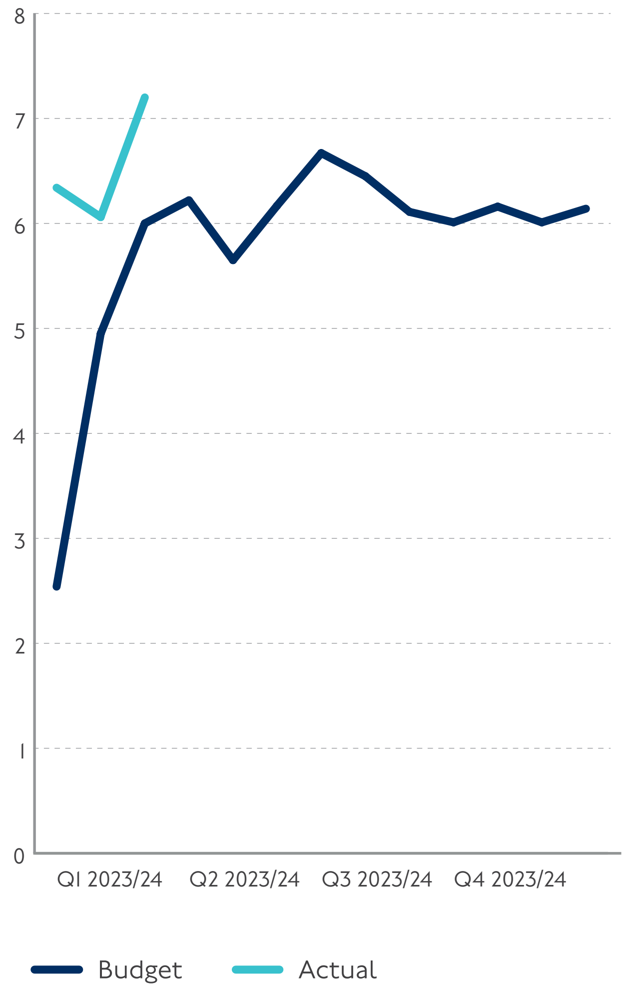
Passenger journeys across the network continue to grow. The network saw 820 million journeys this quarter, compared with 717 million journeys in the same quarter last year. In 2023/24 we have budgeted for six per cent underlying year-on-year growth in demand.

We have seen strong growth demand across London Underground and Rail, but Bus and Tram demand has remained below Budget. The rise in journey numbers is a combination of the increase resulting from our economic recovery and the Elizabeth line, which opened a year ago.

* Q4 is longer than quarters 1 to 3 (15 weeks and six days vs 12 weeks)

Passenger journeys continue to increase across all our modes

Passenger journeys cumulative year-on-year growth (%)
(TfL)



At the end of the quarter TfL year-to-date growth is in line with full-year expectations, largely due to strong growth in London Underground and Rail.

Passenger journeys are up
7%
year-on-year

Underground

Customers now have 4G and 5G mobile coverage at Camden Town station

Financial summary

Underground (£m)	Q1 2023/24	Q1 Budget	Variance	Q1 2022/23	Variance
Passenger income	578	574	4	481	97
Other operating income	7	6	1	7	-
Revenue	**585**	**580**	**5**	**488**	**97**
Operating cost	(509)	(492)	(17)	(502)	(7)
Net contribution	**76**	**88**	**(12)**	**(14)**	**90**
Indirect operating cost	(109)	(104)	(5)	(93)	(16)
Net interest cost	(65)	(63)	(2)	(65)	-
Capital renewals	(92)	(75)	(17)	(75)	(17)
Operating deficit	**(190)**	**(154)**	**(36)**	**(247)**	**57**
New capital investment	(97)	(116)	19	(116)	19

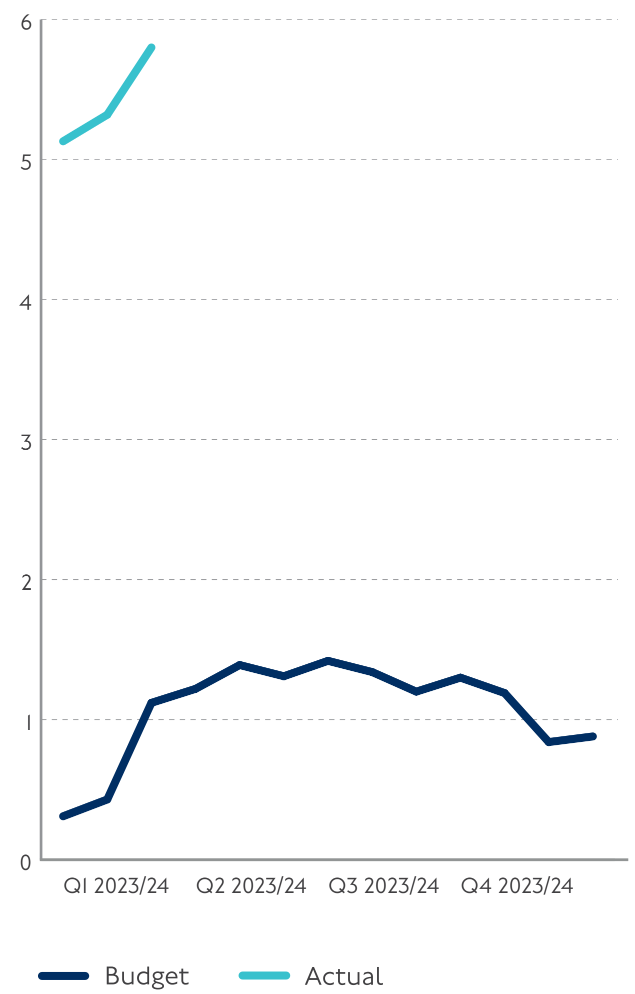
Passenger income is £4m higher than Budget. Underground journeys are higher than expected as the assumed impact of the new Elizabeth line services has been less than expected.

Direct operating costs are £17m higher than Budget, largely owing to the timing of costs and increased maintenance cost being partially offset by favourable staff and cleaning costs.

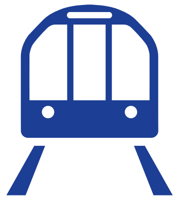
Capital renewals are higher than anticipated due to higher levels of delivery than usual at this time of year, offset by new capital investment which is £19m lower than Budget. This underspend includes the release of a provision on the Bank congestion relief project and slippage across the Piccadilly line upgrade.

Passenger journeys cumulative year-on-year growth (%)

Underground



Tube journeys made on the network have risen by 44 million compared to this time last year and are 12 million higher than Budget.



Tube journeys are up
6%
year-on-year

Elizabeth line

Full peak Elizabeth line timetable introduced as railway celebrates remarkable success in its first year

Financial summary

Elizabeth line (£m)	Q1 2023/24	Q1 Budget	Variance	Q1 2022/23	Variance
Passenger income	124	112	12	43	81
Other operating income	2	2	-	2	-
Revenue	**126**	**114**	**12**	**45**	**81**
Operating cost	(96)	(98)	2	(101)	5
Net contribution	**30**	**16**	**14**	**(56)**	**86**
Indirect operating cost	(4)	(6)	2	(5)	1
Net interest cost	(20)	(19)	(1)	(20)	-
Capital renewals	(2)	(2)	-	-	(2)
Operating surplus/(deficit)	**4**	**(11)**	**15**	**(81)**	**85**
New capital investment	-	(2)	2	(1)	1
Crossrail construction costs	(18)	(32)	14	(70)	52
Total capital expenditure	**(18)**	**(34)**	**16**	**(71)**	**53**

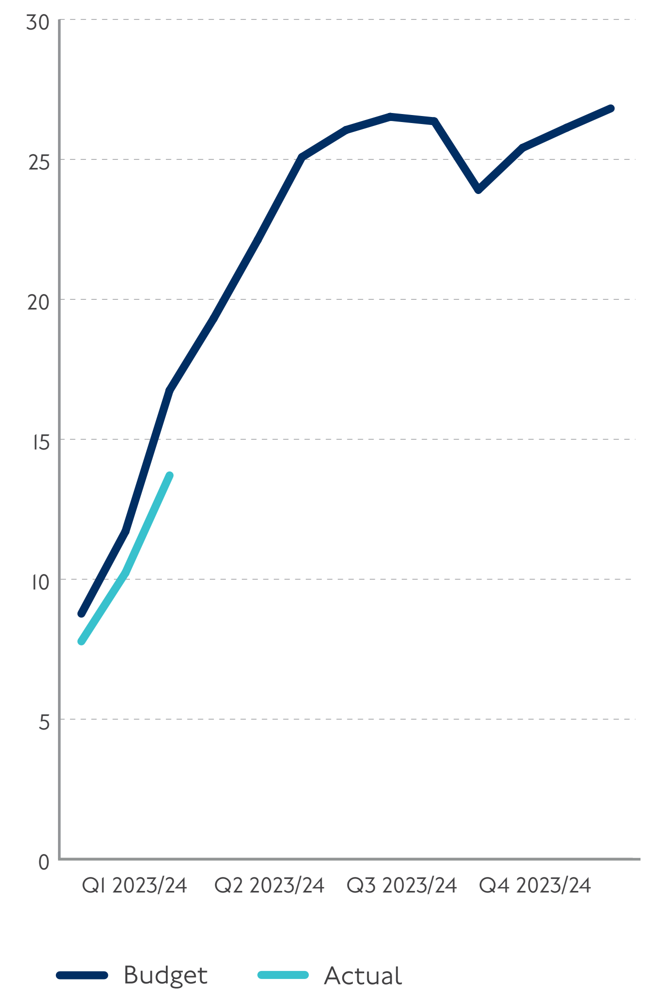
Passenger income is £12m better than Budget, due to the inclusion of some income which related to 2022/23.

Operating costs are £2m lower than Budget. Higher maintenance and operations costs have been offset by savings in rolling stock performance credits, concession costs and staff costs.

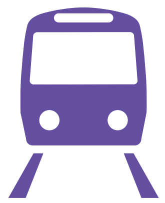
The Elizabeth line's full peak timetable began on Monday 22 May 2023. The introduction marked the final milestone of the Crossrail project, allowing higher frequencies, greater connectivity and faster journey times. Frequencies on the line have now been increased to up to 24 trains per hour between Paddington and Whitechapel at peak time – a train roughly every two and a half minutes. There are more frequent services to and from Heathrow, with trains from Shenfield in the east now going all the way to Heathrow Terminal 5 all day.

Passenger journeys cumulative year-on-year growth (%)

Elizabeth line



More than 45 million journeys were made on the Elizabeth line this quarter. The Elizabeth line has already become one of the most used railways and with the opening of the through operation, even more people are now able to benefit from it, as it continues to support the economic growth.



Elizabeth line journeys are up

14%

year-on-year

Buses, Streets and other operations

New priority seating to be installed on TfL buses, improving journeys for customers who need a seat while using public transport

Financial summary

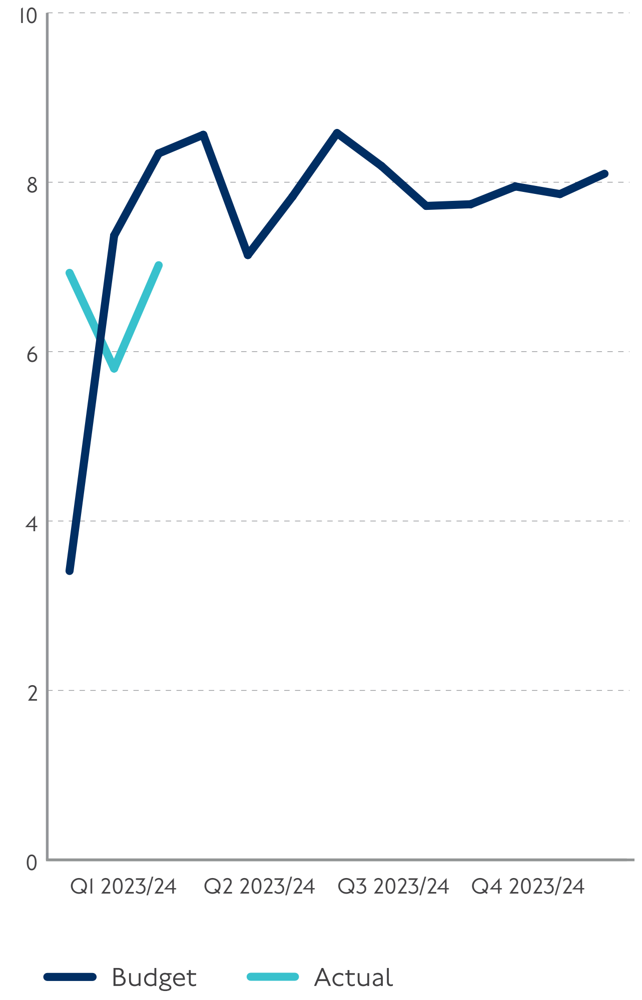
Buses, Streets and other operations (£m)	Q1 2023/24	Q1 Budget	Variance	Q1 2022/23	Variance
Passenger income	350	346	4	310	40
Other operating income	232	238	(6)	259	(27)
Revenue	**582**	**584**	**(2)**	**569**	**13**
Operating cost	(747)	(759)	12	(716)	(31)
Net contribution	**(165)**	**(175)**	**10**	**(147)**	**(18)**
Indirect operating cost	(19)	(16)	(3)	(19)	-
Net interest cost	(6)	(6)	-	(6)	-
Capital renewals	(33)	(39)	6	(34)	1
Operating deficit	**(223)**	**(236)**	**13**	**(206)**	**(17)**
New capital investment	(51)	(66)	15	(28)	(23)

Total revenue is £2m lower than Budget. Higher bus passenger income owing to a higher number of fare-paying passenger journeys is offset by lower income following the slower-than-budgeted rollout of deployable enforcement cameras (DEC).

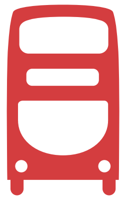
Operating costs are £12m lower than Budget. A timing increase, related to network management costs and DEC bad debt following the slower rollout, are offset by higher bus contract costs due to improved performance.

Passenger journeys cumulative year-on-year growth (%)

Buses



Bus demand in Quarter 1 totalled 433 million journeys, an increase of 21 million in comparison with the same quarter last year.



Bus journeys are up
7%
year-on-year

Volume analysis

	Q1 2023/24	Q1 Budget	Variance	Q1 2022/23	Variance
Congestion Charge volumes (thousands)	3,905	3,701	204	3,977	(72)
Congestion Charge and enforcement income (£m)	78.6	80.1	(1.5)	84.4	(5.8)
ULEZ volumes (thousands)	2,556	2,493	63.0	3,462	(906)
ULEZ charge and enforcement income (£m)	98.6	94.5	4.1	123.6	(25.0)

Cycling

There were just over two million hires in Quarter 1, a decrease of 1,132,865 hires (34 per cent) compared to the same quarter last year. The reduction is largely due to poor weather, a fall in casual hiring and increased competition from other operators.

The quarter saw 54,000 e-bike hires, the busiest period since their introduction last year.

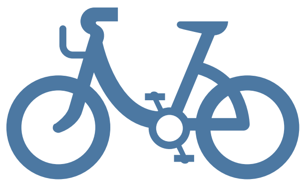
Traffic flow

Traffic flows across London are 0.7 per cent lower than they were last year. Flows are up by 3.1 per cent from last quarter – 89.4 per cent compared to 86.3 per cent in the previous quarter.

Fleet of

12,000

cycles of which 600 are e-bikes, based at more than 800 docking stations



Traffic flow (volume) year-on-year change

0.7%▼

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

Volume analysis

	Q1 2023/24	Q1 2022/23	Variance
Santander Cycles			
Number of hires (millions)	2.2	3.3	(1.1)
Victoria Coach Station			
Number of coach departures (thousands)	47.8	39.5	8.3
London River Services			
Number of passenger journeys (millions)	2.5	2.3	0.2
London Dial-a-Ride			
Number of passenger journeys (thousands)	127.7	112.6	15.1
Taxi and Private Hire			
Number of private hire vehicle drivers	105,602	98,195	7,407
Taxi drivers	18,090	19,109	(1,019)
IFS Cloud Cable Car			
Number of passenger journeys (thousands)	401.3	393.4	7.9

Rail

DLR passengers to see quicker, easier and more frequent journeys as services are boosted across the network

Financial summary

Rail (£m)	Q1 2023/4	Q1 Budget	Variance	Q1 2022/23	Variance
Passenger income	97	94	3	84	13
Other operating income	2	3	(1)	4	(2)
Revenue	**99**	**97**	**2**	**88**	**11**
Operating cost	(128)	(129)	1	(126)	(2)
Net contribution	**(29)**	**(32)**	**3**	**(38)**	**9**
Indirect operating cost	(6)	(6)	-	(6)	-
Net interest cost	(8)	(8)	-	(8)	-
Capital renewals	(11)	(13)	2	(10)	(1)
Operating deficit	**(54)**	**(59)**	**5**	**(62)**	**8**
New capital investment	(56)	(55)	(1)	(20)	(36)

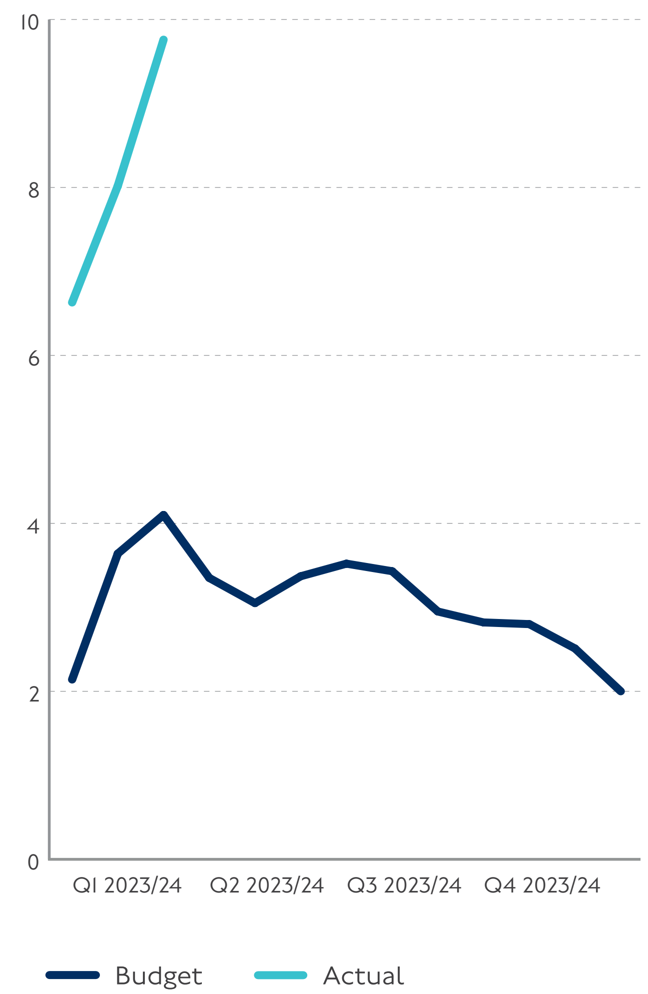
Passenger income is £3m higher than Budget. DLR journeys are higher than expected as the assumed impact of the new Elizabeth line services has been less than expected.

Further DLR timetable changes were introduced from Monday 15 May, enabling customers to benefit from quicker, easier and more comfortable journeys across the DLR network.

The new timetable will mean more frequent services on all routes, especially at peak times, where services will run half an hour longer on all routes in both the morning and evening. The new timetable will also benefit people travelling around east London, with better connections to the Elizabeth line at Canary Wharf, Custom House and Stratford.

Passenger journeys cumulative year-on-year growth (%)

Rail



Demand on Rail, including London Overground, DLR and Trams, is three million higher than Budget and up on the same quarter last year, showing rising demand on the network.

Rail journeys are up
10%
year-on-year

DLR journeys are up
7%
year-on -year

London Overground journeys are up
13%
year-on-year

London Tram journeys are up
2%
year-on-year

Property development

We are creating a commercial office portfolio that will generate vital revenue to help reduce TfL's reliance on fares income

Financial summary

Property development (£m)	QI 2023/24	QI Budget	Variance	QI 2022/23	Variance
Other operating income	23	I8	5	20	3
Direct operating cost	(3)	(I4)	II	(I0)	7
Net contribution	**20**	**4**	**I6**	**I0**	**I0**
Indirect operating cost	(2)	(2)	-	(2)	-
Operating surplus	**I8**	**2**	**I6**	**8**	**I0**
New capital investment	(30)	(27)	(3)	(6)	(24)
Property receipts	8	I	7	3	5
Net capital expenditure	**(22)**	**(26)**	**4**	**(3)**	**(I9)**

Other operating income is £5m higher than Budget due to the receipt of an unbudgeted dividend from one of our joint venture developments, plus additional property income from backdated rent reviews and turnover-based rents.

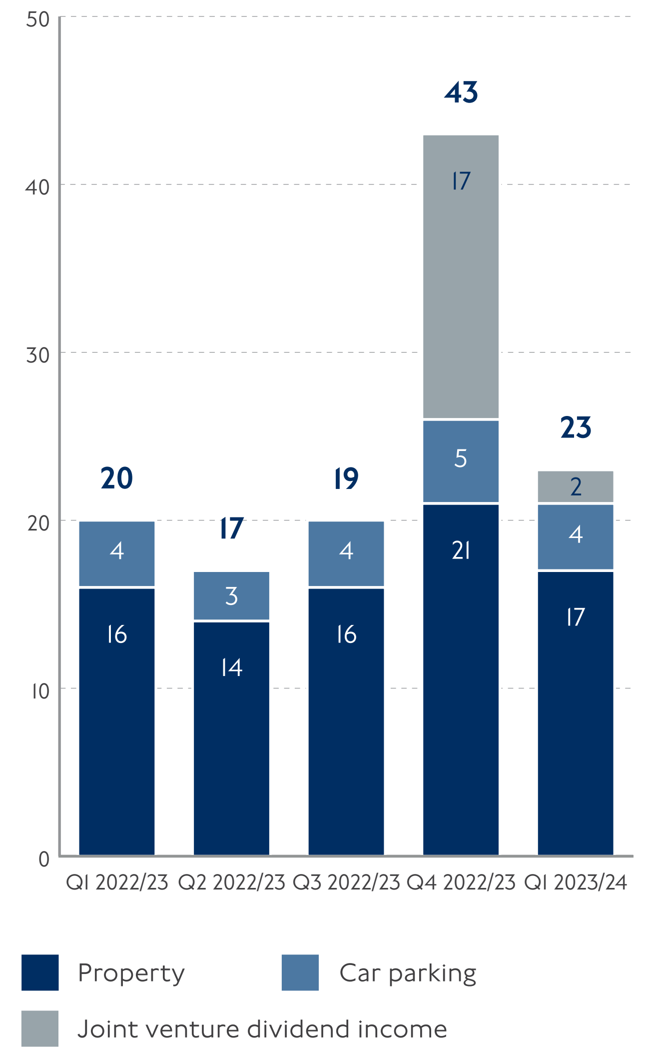
Operating costs are £IIm lower than Budget, mainly driven by the release of a bad-debt provision due to the settlement of a long-running dispute with a tenant resulting in them paying their overdue invoices.

New capital investment is £3m higher than Budget. This is mainly due to the completion of a £20m land swap with London Borough of Southwark which was originally forecast to complete in March 2023. This is partially offset by delays to a number of projects due to planning issues as a result of updated regulations.

Property receipts are £7m higher than Budget, mainly due to the completion of the land swap with London Borough of Southwark, in which we sold the land for £3m. We also had receipts for the disposal of three residential sites completed earlier than budgeted. This was partially offset by one budgeted disposal now forecast for Quarter 2.

Property income (£m)

Quarterly*



* Q4 is longer than quarters I to 3 (I5 weeks and six days vs I2 weeks)

Construction work continues for some 3,000 homes on sites across London. Working together with Ballymore we also shared our updated plans for revitalising Edgware town centre, with the local community and stakeholders. We are looking to deliver high-quality new homes and improved retail space as part of a reinvigorated town centre, alongside other benefits for the local community. Sustainability has been considered as a key part of the designs. From a new electrified bus garage to cycling and walking improvements, these designs will help to encourage sustainable travel and make Edgware and London an even better place for people to live, work and travel in.

In Quarter I we also signed the joint venture contract with Helical to deliver high-quality office space at an initial three central London locations. With more people returning to London to work following the pandemic, we want to invest in many of central London's best-connected places to create a portfolio of enjoyable, healthy, innovative and highly sustainable offices. This new joint venture complements our wider property development programme.

We also gained planning permission for a temporary market at Seven Sisters in Quarter I and began construction work to deliver this. We are keen that Seven Sisters market traders are able to operate safely again as soon as possible, and these works will enable them to start reopening their businesses to the public by the end of the year.

Capital expenditure

Order placed for an additional 11 new state-of-the-art DLR trains – a total of 54 new trains will be introduced from 2024

Financial summary

Capital expenditure (£m)	Q1 2023/24	Q1 Budget 2023/24	Variance	Q1 2022/23	Variance
Piccadilly line upgrade	(63)	(71)	8	(50)	(13)
DLR rolling stock replacement (including the DLR Housing infrastructure Fund)	(52)	(57)	5	(19)	(33)
Four Lines Modernisation	(24)	(23)	(1)	(30)	6
Other	(2)	4	(6)	(2)	-
Rolling stock and signalling replacement	**(141)**	**(147)**	**6**	**(101)**	**(40)**
Air quality and environment	(24)	(29)	5	(7)	(17)
Healthy Streets	(23)	(26)	3	(15)	(8)
Bank congestion relief	3	(4)	7	(20)	23
Silvertown Tunnel	(3)	(4)	1	(3)	-
Elephant & Castle station capacity	(3)	(3)	-	(3)	-
Other enhancements	(17)	(36)	19	(20)	3
Total new capital investment	**(208)**	**(249)**	**41**	**(169)**	**(39)**
Renewals	(151)	(143)	(8)	(124)	(27)
Crossrail project	(18)	(32)	14	(70)	52
TTLP	(30)	(27)	(3)	(6)	(24)
Total capital expenditure	**(407)**	**(451)**	**44**	**(369)**	**(38)**

Total TfL new capital investment, excluding Crossrail construction and TTLP, was £208m in Quarter 1, which is £41m lower than Budget. The underspend is driven by the release of a provision on the Bank congestion relief project, and slippage across the Piccadilly line upgrade, DLR rolling stock replacement and other projects.

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

Piccadilly line rolling stock

In April our train manufacturer Siemens achieved two major milestones: completing the paintwork for the first driving motor car and the trial fitment of the mask to the front of the train. This keeps us on target for the first train to be fully formed and ready to start testing.

Direct current boards were energised at Sudbury Hill substation and the direct current cable connection to South Harrow sidings was commissioned. This work was critical in enabling the sidings for the May 2023 timetable change.

In May we successfully brought all roads at South Harrow sidings into use. These roads can stable both existing and new Piccadilly line trains. This is key to enabling the introduction of the new Piccadilly line trains for testing in 2024 and into passenger service from 2025.

Silvertown Tunnel

The tunnel-boring machine (TBM) reached the rotation chamber in Greenwich on 15 February, completing the tunnelling of the first bore. Following a complex but successful rotation, it started the final leg of its journey on 23 May and is due to complete its drive at the end of July, ahead of plan. This is a significant achievement for the programme as it represents successful completion of a complex TBM manoeuvre and is the first time this technique has been used in the UK.

The new walking and cycling bridge across the A102, the southern approach road for both the new Silvertown Tunnel and the Blackwall Tunnel, was opened to the public on 20 June. This replaces the existing 1960s footbridge with a new, fully accessible bridge built to modern design standards with improved lighting. The bridge will provide a safe and easily accessible crossing for people walking and cycling, including those using cargo bikes, on the Greenwich Peninsula, and will accommodate future neighbouring development proposals. Demolition and removal of the old bridge will be completed in early August.

DLR rolling stock and systems integration
Manufacture of the new rolling stock in Spain is continuing to plan, with 19 trains completed. Main line testing is underway, with a number of successful elements already complete. Snagging and modifications for both delivered trains have been completed within the depot, and an order for 11 additional trains has been placed. We are testing the new signalling software on the DLR network with the existing fleet in preparation for the new trains to enter service in early 2024.

At Beckton, critical works to complete the northern sidings works are underway with possessions to bring the sidings into use planned for summer 2023. Following the award of the contract for the maintenance facility building and southern sidings, our contractor has now fully mobilised, including key subcontracts, and begun significant enabling works. New site office accommodation has been delivered and lifted into place.

Following the award of the design and build for the second entrance at Blackwall, intrusive surveys have been undertaken and detailed design is underway. The first power resilience contract has been awarded and design is underway.

Bank station upgrade
Since opening the new entrance on Cannon Street in February, the project continues to progress through snagging, close-out works and finalising the assurance and handover process. The works to reinstate Arthur Street await further negotiations with the City of London Corporation on the terms of a lease agreement to allow the backfill of the Arthur Street shaft to begin. Further works associated with the junction modifications between Arthur Street and both King William Street and Upper Thames Street continue to progress through design.

New DLR trains are being introduced in 2024

Headcount

Our people provide a vital service for London

Full-time equivalents (FTE), including non-permanent labour (NPL)

	31 March 2023 Actual	YTD net (leavers)/ joiners	24 June 2023 Actual
Underground	16,286	(174)	16,112
Elizabeth line	369	2	371
Buses, Streets and other operations	2,406	45	2,451
Rail	281	10	291
Property development	218	19	237
Capital directorate	2,518	38	2,556
Professional services*	4,823	38	4,861
TfL total	**26,900**	**(22)**	**26,879**
Crossrail	143	(35)	108
Total	**27,043**	**(57)**	**26,987**

Total staff levels are almost exactly in line with pre-pandemic levels and are very slightly down from the end of 2022/23.

Permanent employee numbers are more than 500 lower than before the pandemic and are nearly 200 down from the end of 2021/22.

The reduction of 174 FTE in Underground is mainly owing to higher attrition than expected leading to continued delays to planned recruitment within customer services.

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

Non-permanent labour

Agency and NPL staff have increased by nearly 500 since the end of 2019/20, but remain significantly lower than 2015/16 levels. Non-permanent labour offers flexibility, particularly through time of change and temporary peaks in demand.

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 2022	1,422	1,995,652	1,670	3,253,350
31 March 2023	1,833	3,006,721	1,259	2,242,281
24 June 2023	1,888	3,119,190	1,207	2,129,812

Non-permanent labour by length of service

Length of service	31 March 2023 Actual	Year-to-date net (leavers)/joiners	24 June 2023 Actual
0-6 months	520	11	531
6-12 months	353	(16)	337
1-2 years	440	3	443
2-3 years	144	69	213
3-5 years	223	(15)	208
5+ years	153	3	156
Total	**1,833**	**55**	**1,888**

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 this is possible.

Appendix

Quarter 1 forecast

TfL Group (£m)	Full year forecast 2023/24	Full year Budget 2023/24	Variance	Full year 2022/23	Variance
Passenger income	5,239	5,239	-	4,353	886
Other operating income	1,665	1,699	(34)	1,585	80
Business rates retention	1,914	1,913	1	1,819	95
Other revenue grants	277	278	(1)	967	(690)
Revenue	**9,095**	**9,129**	**(34)**	**8,724**	**371**
Operating cost	(7,868)	(7,888)	20	(7,055)	(813)
Operating surplus before interest and renewals	**1,227**	**1,241**	**(14)**	**1,669**	**(442)**
Capital renewals	(736)	(745)	9	(624)	(112)
Net interest costs	(420)	(417)	(3)	(424)	4
Operating surplus	**71**	**79**	**(8)**	**621**	**(550)**

Capital expenditure

TfL Group (£m)	Full year forecast 2023/24	Full year Budget 2023/24	Variance	Full year 2022/23	Variance
Capital renewals	(736)	(745)	9	(624)	(112)
New capital investment	(1,163)	(1,202)	39	(1,082)	(81)
Total TfL capital expenditure	**(1,899)**	**(1,947)**	**48**	**(1,706)**	**(193)**
Crossrail	(79)	(80)	1	(188)	109
TTLP	(112)	(145)	33	(90)	(22)
Total capital expenditure	**(2,090)**	**(2,172)**	**82**	**(1,984)**	**(108)**

Quarter 1 forecast

Our latest forecast, produced before the inflation funding announcement, confirms we will make an operating surplus this year, achieving our goal of being financially sustainable. Our operating surplus is forecast to be £71m, £8m lower than the 2023/24 Budget.

Revenue is forecast to be £34m lower than Budget, driven by the slower-than-expected rollout of deployable enforcement cameras and resulting enforcement income, as well as lower cycle-hire income.

Operating costs are expected to be £20m lower than Budget. This is due to the release of bad-debt provision (£11m) in Quarter 1 and some smaller savings, including lower staff costs.

We expect some cost pressures to continue over the year, including higher bus operator costs from increased mileage. These have been partly mitigated through lower bus performance payments, due to a slight dip in reliability. We also expect some additional costs from London-wide ULEZ operations, which we will mitigate from central contingency.

Capital renewals are expected to end the year £9m below Budget and in line with the funding available from the Department for Transport (£736m). New capital investment is forecast to catch up slightly over the remaining quarters, landing £39m lower than Budget.

Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q1 2023/24 Year to date Actual		
	Gross income	Gross expenditure	Net income/ (expenditure)
Operating segment			
Underground	585	(618)	(33)
Elizabeth line	126	(100)	26
Buses, streets and other operations	582	(766)	(184)
Rail	99	(134)	(35)
Property development	23	(5)	18
Corporate overhead	58	(55)	3
Net operating deficit before interest and renewals	**1,473**	**(1,678)**	**(205)**
Depreciation and amortisation			(306)
Less IFRS 16 lease payments included in operating deficit			80
Central items			13
Net cost of services			**(420)**
Other net operating expenditure			7
Financing and investment income			18
Financing and investment expenditure			(137)
Grant income			736
Surplus on provision of services before tax			**205**
Taxation income			-
Surplus on provision of services after tax			**205**
Movement in fair value of derivative financial instruments			-
Total group comprehensive income and expenditure			**205**

Detailed reconciliation of the operating surplus per the management accounts to the CI&E Statement

(£m)	Q1 2023/24 Year to date Actual	
Operating surplus		**79**
Adjustments between management and statutory reports:		
Add amounts included in the CI&E Statement not reported in the management accounts income statement		
Depreciation and amortisation	(306)	
Gain on disposal of fixed assets and investment properties	7	
Interest payable on lease and PFI liabilities	(21)	
Capital grant income	366	
Other net operating expenditure	14	
		60
Less amounts included in the management accounts income statement but excluded from the CI&E Statement		
Cash payments under PFI and lease arrangements	80	
Capital renewals	151	
		231
Amounts subject to differing account treatment between the management accounts and the CI&E Statement		
Grant income	(165)	
		(165)
Group surplus after tax per the CI&E Statement		**205**

Performance against the GLA Budget

The Budget approved by the TfL Board in March 2023 supersedes its submission into the GLA Budget process. It offers latest trends and information in more detail. The following tables set out the key differences against the Mayor's Budget approved by the London Assembly on 23 February 2023.

GLA objective analysis

	Q1 2023/24 year to date			Full year 2023/24		
TfL Group (£m)	**Actual**	**GLA Budget**	**Variance**	**TfL Budget**	**GLA Budget**	**Variance**
Income						
Passenger income	(1,183)	(1,192)	9	(5,239)	(5,239)	-
Congestion Charge, LEZ and ULEZ income	(190)	(184)	(6)	(1,017)	(1,028)	11
Other income	(129)	(134)	5	(651)	(609)	(42)
Third-party contributions	(7)	(6)	(1)	(32)	(31)	(1)
Sub-total income	**(1,509)**	**(1,516)**	**7**	**(6,939)**	**(6,907)**	**(32)**
Operating costs						
London Underground	412	403	9	1,743	1,754	(11)
Bus, roads, compliance and policing	697	718	(21)	3,126	3,181	(55)
Contracted rail and sponsored services	136	141	(5)	576	607	(31)
Elizabeth line	96	100	(4)	538	549	(11)
Congestion Charge, LEZ and ULEZ income	98	94	4	518	534	(16)
Other	239	318	(79)	1,387	1,217	170
Sub-total operating costs	**1,678**	**1,774**	**(96)**	**7,888**	**7,842**	**46**
Net operating income and expenditure	**169**	**258**	**(89)**	**949**	**935**	**14**
Other						
Debt servicing	99	96	3	417	415	2
Revenue resources used to support capital investment	259	199	60	816	690	126
Net service income and expenditure	**527**	**553**	**(26)**	**2,182**	**2,040**	**142**
Transfer to/(from) reserves	(29)	10	(39)	10	156	(146)

	Q1 2023/24 year to date			Full year 2023/24		
TfL Group (£m)	**Actual**	**GLA Budget**	**Variance**	**TfL Budget**	**GLA Budget**	**Variance**
Financing requirement	**498**	**563**	**(65)**	**2,192**	**2,196**	**(4)**
Specific grants	-	-	-	8	8	-
GLA contribution	20	25	(5)	93	92	1
Retained business rates	442	504	(62)	1,991	1,991	-
Services grant	-	-	-	-	5	(5)
Collection fund deficit	-	-	-	(78)	(78)	-
Council tax requirement	**36**	**35**	**1**	**178**	**178**	**-**

Capital account

	Q1 2023/24 year to date			Full year 2023/24		
TfL Group (£m)	**Actual**	**GLA Budget**	**Variance**	**TfL Budget**	**GLA Budget**	**Variance**
Crossrail	18	30	(12)	80	48	32
TfL new capital investment	208	298	(90)	1,202	1,292	(90)
TTLP	30	32	(2)	145	229	(84)
Renewals	151	150	1	745	725	20
Total capital expenditure	**407**	**510**	**(103)**	**2,172**	**2,294**	**(122)**
Financed by						
Capital receipts	8	57	(49)	68	250	(182)
Capital grants and third-party contributions	178	380	(202)	784	887	(103)
Borrowing	(9)	-	(9)	191	125	66
Crossrail funding sources	30	95	(65)	99	73	26
Revenue contributions	200	(22)	222	1,030	959	71
Total funding	**407**	**510**	**(103)**	**2,172**	**2,294**	**(122)**

GLA subjective analysis

TfL Group (£m)	Q1 2023/24 year to date Actual	Q1 2023/24 year to date GLA Budget	Q1 2023/24 year to date Variance	Full year 2023/24 TfL Budget	Full year 2023/24 GLA Budget	Full year 2023/24 Variance
Passenger income	(1,183)	(1,192)	9	(5,239)	(5,239)	-
Congestion Charge, LEZ and ULEZ income	(190)	(184)	(5)	(1,017)	(1,028)	12
Advertising income	(32)	(31)	(1)	(139)	(137)	(3)
Property income	(20)	(19)	(0)	(82)	(83)	1
Other income	(84)	(90)	6	(462)	(420)	(42)
Total income	**(1,509)**	**(1,516)**	**7**	**(6,939)**	**(6,907)**	**(32)**
Employee expenses	519	530	(11)	2,405	2,265	140
Property, utilities, cleaning and security	129	142	(13)	595	614	(19)
Bus contract payments	484	495	(11)	2,153	2,183	(30)
Other contracted services costs	186	183	3	843	860	(17)
Traction current	59	66	(7)	261	289	(28)
Maintenance	117	120	(3)	498	536	(39)
Legal and professional fees	31	30	0	131	132	(1)
Technology costs	45	40	5	170	166	4
Bad-debt provisioning	77	81	(4)	466	458	8
Investment programme	48	54	(6)	237	225	12
Staff recharges	(84)	(85)	1	(406)	(372)	(35)
Other operating costs	67	118	(51)	536	486	49
Total operating costs	**1,678**	**1,774**	**(96)**	**7,888**	**7,842**	**46**

TfL Group (£m)	Q1 2023/24 year to date Actual	Q1 2023/24 year to date GLA Budget	Q1 2023/24 year to date Variance	Full year 2023/24 TfL Budget	Full year 2023/24 GLA Budget	Full year 2023/24 Variance
Debt servicing	99	96	3	417	415	2
Revenue resources used to support capital investment	259	199	60	816	690	126
Total gross expenditure	**2,037**	**2,073**	**(37)**	**9,121**	**8,948**	**172**
Net service income and expenditure	**528**	**557**	**(29)**	**2,182**	**2,041**	**142**
Transfer to/(from) reserves	(30)	7	(37)	10	155	(145)
Financing requirement	**498**	**564**	**(66)**	**2,192**	**2,196**	**(4)**
Specific grants	-	-	-	8	8	-
GLA contribution	20	25	(5)	93	92	1
Retained business rates	442	504	(62)	1,991	1,991	-
Services grant	-	-	-	-	5	(5)
Collection fund deficit	-	-	-	(78)	(78)	-
Council tax requirement	**36**	**35**	**1**	**178**	**178**	**-**

About us

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 safety, 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, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the IFS Cloud Cable Car.

We manage the city's red route strategic roads and are responsible for the maintenance, management and operation of more than 6,000 sets of traffic lights across the capital. The London boroughs are responsible for all the remaining roads within their boundaries. The experience, reliability and accessibility of our services are fundamental to Londoners' quality of life. Safety remains our number one priority and we continue to work tirelessly to improve safety across the network for both colleagues and customers.

Our vision is to be a strong, green heartbeat for London. We are investing in green infrastructure, improving walking and cycling, reducing carbon emissions, and making the city's air cleaner. The Ultra Low Emission Zone, and fleets of increasingly environmentally friendly and zero-emission buses, are helping to tackle London's toxic air. We are also improving public transport options, particularly in outer London, to ensure that more people can choose public transport or active travel over using their vehicles.

That is why we are introducing the outer London Superloop bus network, providing express bus routes circling the entire capital, connecting outer London town centres, railway stations, hospitals and transport hubs.

We have constructed many of London's most significant infrastructure projects in recent years, using transport to unlock economic growth and improve connectivity. This includes major projects like the extension of the Northern line to Battersea Power Station and Nine Elms in south London, as well as the completion of the London Overground extension to Barking Riverside and the Bank station upgrade.

The Elizabeth line, which opened in 2022, has quickly become one of the country's most popular railways, adding 10 per cent to central London's rail capacity and supporting new jobs, homes and economic 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 information, data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible and safe 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 are creating brighter journeys and a better city.

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