



Transport for London quarterly performance report

Quarter 3 2021/22
(19 September 2021 – 11 December 2021)

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

Introduction

We continue to perform better than budget despite an uncertain outlook caused by the pandemic and a lack of long-term funding

TfL and London are slowly recovering together, as hospitality venues remain open and we keep the capital moving. We are committed to operating a clean and reliable network to provide customers with the confidence that it is safe to use our services.

Our Q3 report reflects TfL's financial performance from 1 April 2021 to 31 December 2021, and is measured against the Revised Budget, which was approved by the Board on 28 July 2021. Based on our year-to-date results, we are performing better than budget and our cash balances are broadly stable with the support of Government funding. The deficit on our day-to-day cost of operations (before Government funding) is £1,507m, which is 13 per cent better than budget, and nearly £1bn lower than last year.

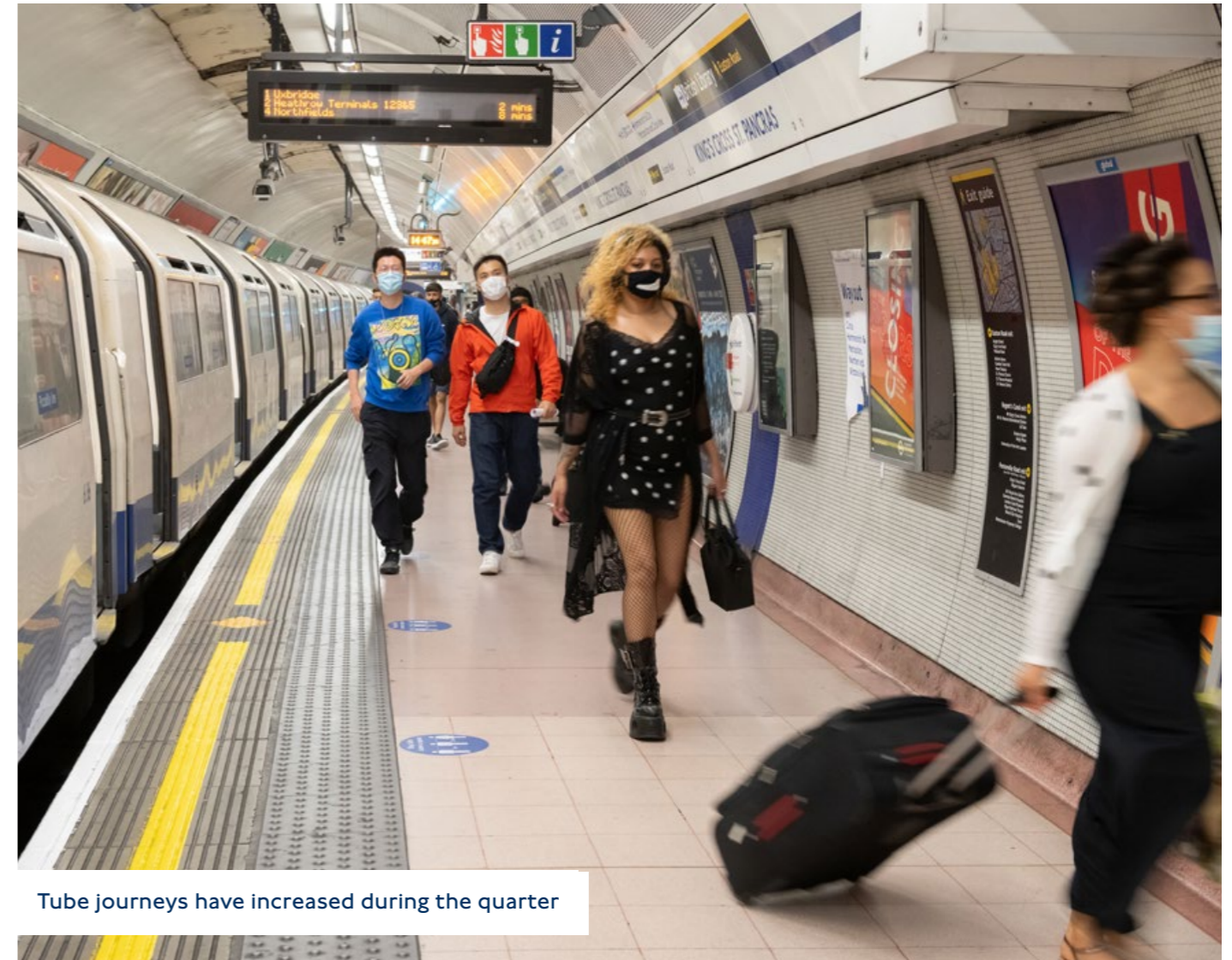
Passenger journeys showed promising growth up to Q2; however, demand has plateaued throughout Q3. Total TfL journeys at the end of Q3 are 68 per cent of pre-pandemic levels, only two per cent higher than at the end of Q2. Passenger income is 84 per cent higher than last year, but eight per cent down on budget, mainly due to lower Tube journeys. We receive top-up funding (up to an agreed level) for reductions in passenger revenue as per the Government funding agreement. As at the end of Q3, we have received £1,544m through Government funding and financing support in this financial year.

Operating costs are £280m less than budget due to efficiencies, lower staff costs, lower Elizabeth line running costs,

the release of contingencies held to mitigate high-risk uncertainties, and the timing of provisions. Capital expenditure (including renewals and new capital investment) is 18 per cent below last year's Q3 position, but £257m lower than budget. This is partially due to the short-term and stop-start nature of funding agreements, which has not allowed us to plan sufficiently and enter multi-year commitments. Consequently, this has created a backlog of work, leading to additional resource and cost pressures for TfL.

A key highlight from Q3 has been the successful expansion of ULEZ on 25 October 2021 to cover all areas within the North and South Circular Roads, making it 18 times the size of the central zone. Londoners across the city can benefit from cleaner and healthier air as we continue actions to reduce pollution and help fight climate change. However, ULEZ income is lower than we had anticipated due to higher compliance.

TfL has received short-term funding deals from the Government since May 2020 due to the pandemic. The 1 June 2021 funding agreement expired at the end of Q3 on 31 December 2021. Another short-term agreement was then reached to provide revenue top-up funding (up to an agreed level) until 18 February 2022. Despite this new agreement, our cash balances (excluding balances committed to Crossrail construction) are expected to decline significantly by the end of the financial year, without further support. We must therefore secure a long-term funding



Tube journeys have increased during the quarter

package to stabilise our cash flows, plan effectively and successfully deliver projects that will enable London to thrive.

Despite the future remaining uncertain, it is essential that London has an efficient and reliable transport system to support wider economic recovery. A massive

thank you to all TfL staff for the brilliant work that has gone into running our services and ensuring that customers can travel safely.

Simon Kilonback
Chief Finance Officer

Business at a glance

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

How we report on our business

Underground

London Underground

Elizabeth line

Currently operating as TfL Rail

Buses, streets and other operations

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

Rail

DLR, London Overground and London Trams

Major projects

Responsible for our largest and most complex projects

Property development

Our commercial and residential estate and building portfolio

Media

Advertising estate and digital marketing infrastructure

Facts and figures

988 trains on our network



580km

of highway that we operate



761km

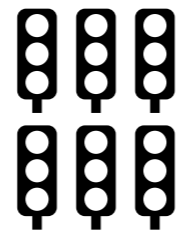
of Rail and London Underground routes



9,100 buses on our network

6,400

traffic signals that we operate



2021/22 Revised Budget at a glance

Grants **£2.0bn**

Government Support **£1.9bn**

Other income **£1.4bn**

Passenger income **£3.5bn**

Crossrail funding **£0.7bn**

Cash reserve movements **£0.3bn**

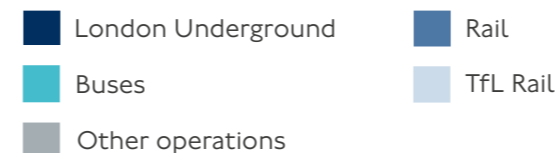
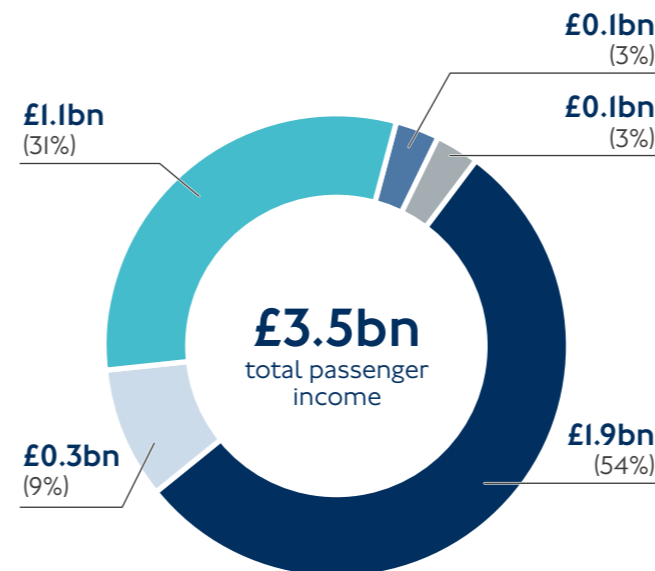
Sources of funds **£9.8bn**

83% spent on running and operating the network every day

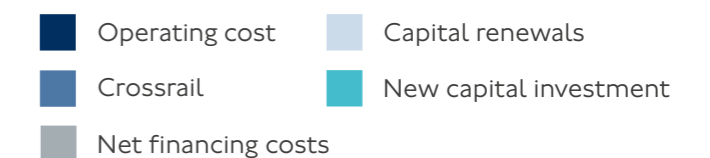
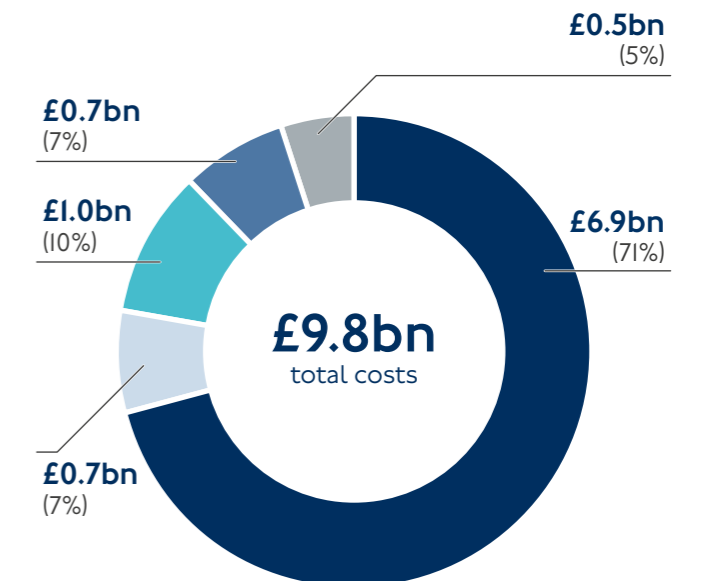


17% spent on renewing and improving the network through one of the largest capital investment programmes in Europe

Total passenger income



Total costs



Financial summary

Our performance in the year to date

Operating account

TfL Group (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Passenger income	2,126	2,308	(182)	1,157	969
Other operating income	741	731	10	522	219
Total operating income	2,867	3,039	(172)	1,679	1,188
Business Rates Retention	656	660	(4)	659	(3)
Council tax precept	36	36	-	4	32
Other revenue grants	15	11	4	76	(61)
Total income	3,574	3,746	(172)	2,418	1,156
Operating cost	(4,462)	(4,742)	280	(4,414)	(48)
Net operating deficit	(888)	(996)	108	(1,996)	1,108
Net financing costs	(309)	(313)	4	(307)	(2)
Net cost of operations before renewals	(1,197)	(1,309)	112	(2,303)	1,106
Capital renewals	(310)	(429)	119	(202)	(108)
Net cost of operations	(1,507)	(1,738)	231	(2,505)	998
Extraordinary grant	1,544	1,348	196	1,497	47
Net surplus/(cost) of operations after extraordinary grant	37	(390)	427	(1,008)	1,045

Q2 saw increases in journeys across the TfL network following the coronavirus vaccine roll-out and the easing of Government restrictions. This growth has not continued during Q3, which has seen journeys remain broadly flat. The first week of the quarter, in mid-September, saw growth, with overall journeys increasing from 65 per cent of pre-pandemic levels to 68 per cent, with journeys averaging 69 per cent over the rest of the quarter. In the first week, Tube journeys increased from 59 per cent to 64 per cent of pre-pandemic

levels, while bus journeys increased from 68 per cent to 70 per cent. Tube journeys averaged 65 per cent over the quarter, while bus journeys averaged 72 per cent.

In the year to date, total TfL journeys were 1,689 million, 121 million lower than Revised Budget. Quarter-on-quarter growth saw an increase of 141 million journeys, with passenger income up from £671m in Q2 to £876m in Q3. Year-to-date passenger income is £2,126m, £182m lower than budget, but almost double that of last year. The variance to budget is mainly driven by

Capital account

TfL Group (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
New capital investment	(536)	(674)	138	(513)	(23)
Crossrail	(438)	(504)	66	(522)	84
Total capital expenditure	(974)	(1,178)	204	(1,035)	61
Financed by:					
Investment grant	633	686	(53)	619	14
Property and asset receipts	51	140	(89)	8	43
Borrowing (TfL)	1	1	-	507	(506)
Borrowing (Crossrail)	74	74	-	473	(399)
Crossrail funding sources	400	445	(45)	68	332
Other capital grants	26	47	(21)	100	(74)
Total	1,185	1,393	(208)	1,775	(590)
Net capital account	211	215	(4)	740	(529)

lower Tube journeys, with income £194m lower than expected – this is partly offset by higher bus income, which has seen a slight increase in ticket yield.

In the year to date, the net cost of operations before Government support – our day-to-day operating deficit, including capital renewals to keep the network in a good state of repair – was £1,507m, £231m better than budget. Other operating income was £10m higher than budget, driven by higher Congestion Charge income and favourability in

advertising and property income, offset by lower ULEZ expansion income, where compliance levels have been much higher than expected. Operating costs are £280m lower than budget; core costs are £85m better, owing to efficiencies, lower staff costs, and lower Tube traction costs. Exceptional costs are £170m lower than budget, as a result of central contingency held to mitigate high-risk uncertainties, and timing of provisions. Capital renewals costs are £119m lower than expected. Compared to last year, the deficit is almost £1bn better, driven by higher passenger

income (£969m better) and higher operating income (£219m better), offset by reductions in Government furlough grant and higher capital renewals.

Total capital expenditure (including capital renewals and new capital investment) is £846m in the year to date, £257m lower than budget. The variance to budget is a result of project slippage and deferrals, partly driven by the short-term and stop-start nature of current funding agreements.

TfL cash balances (excluding balances committed to Crossrail construction) are £1,623m at the end of the quarter, £106m lower than Q2. TfL's cash position has stabilised following funding agreements with Government, although we expect this to reduce significantly by year end. The 1 June funding agreement expired on 11 December 2021, with a new agreement now finalised covering the period to 18 February 2022. The new agreement provides revenue top-up (up to an agreed limit) during this period and will help mitigate future income risk.

Since the end of Q3, passenger journeys reduced, following the spread of the coronavirus omicron variant and the introduction of the Government's Plan B, including guidance to work from home where possible. Journeys went down to 60 per cent of pre-pandemic levels in the week before Christmas, reaching 43 per cent in the subsequent week, but have since rebounded, reaching 68 per cent of pre-pandemic levels during the first week of January.

Cash flow summary

TfL Group (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Net cost of operations	37	(390)	427	(1,008)	1,045
Net capital account	211	215	(4)	740	(529)
Working capital movements	(247)	62	(309)	(129)	(118)
Increase/(decrease) in cash balances	1	(113)	114	(397)	398

TfL Group balance sheet

TfL Group (£m)	11 December 2021	31 March 2021	Movement
Intangible assets	133	149	(16)
Property, plant and equipment	43,832	43,094	738
Right-of-use assets	2,249	2,330	(81)
Investment property	1,459	1,459	-
Investment in joint ventures and associated undertakings	214	208	6
Long-term finance lease receivables	26	29	(3)
Long-term debtors	71	52	19
Long-term assets	47,984	47,321	663
Inventories	60	52	8
Short-term debtors	559	495	64
Assets held for sale	95	95	-
Short-term derivative financial instruments	1	6	(5)
Short-term finance lease receivables	15	15	-
Cash and short-term investments	1,730	1,729	1
Current assets	2,460	2,392	68
Short-term creditors	(1,915)	(2,079)	164
Short-term borrowings	(1,572)	(1,198)	(374)
Short-term right-of-use lease liabilities	(324)	(329)	5
Short-term PFI lease liabilities	(10)	(10)	-
Other short-term financing liabilities	(6)	(6)	-
Short-term derivative financial instruments	(10)	(12)	2
Short-term provisions	(95)	(109)	14
Current liabilities	(3,932)	(3,743)	(189)

TfL Group (£m)	11 December 2021	31 March 2021	Movement
Long-term creditors	(75)	(57)	(18)
Long-term borrowings	(11,471)	(11,770)	299
Long-term right-of-use lease liabilities	(2,150)	(2,180)	30
Long-term PFI lease liabilities	(94)	(102)	8
Other long-term financing liabilities	(124)	(128)	4
Long-term derivative financial instruments	(37)	(47)	10
Long-term deferred tax liabilities	(234)	(234)	-
Long-term provisions	(64)	(61)	(3)
Retirement benefit obligation	(5,600)	(5,603)	3
Long-term liabilities	(19,849)	(20,182)	333
Net assets	26,663	25,788	875
Reserves			
Usable reserves	(1,039)	(887)	(152)
Unusable reserves	(25,624)	(24,901)	(723)
Total reserves	(26,663)	(25,788)	(875)

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

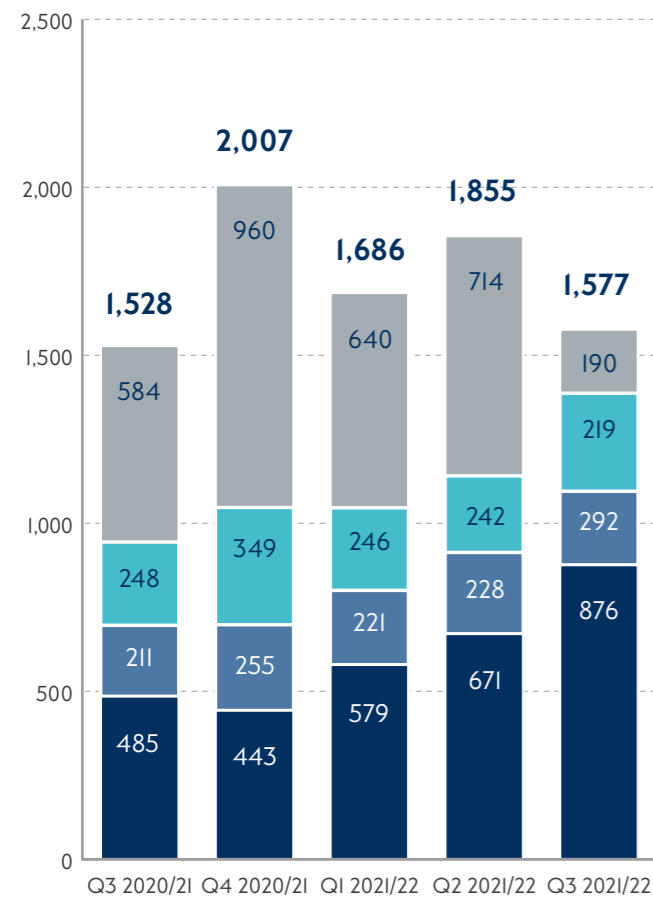
- Long-term assets: £663m increase – largely driven by expenditure on the Crossrail project, plus additions to signalling infrastructure and operational property on London Underground
- Current assets: £68m increase – increase in short-term debtors of £64m, reflecting pre-payments made in relation to the DLR rolling stock construction project and business rates
- Current liabilities: £189m increase – mainly due to the reclassification of borrowings from long- to short-term, partially offset by a reduction in short-term creditors, reflecting the release of accruals for grant funding as well as capital accruals relating to the Deep Tube upgrade and ULEZ expansion
- Long-term liabilities: £333m decrease – mainly due to the movement between long- and short-term borrowings

Financial trends

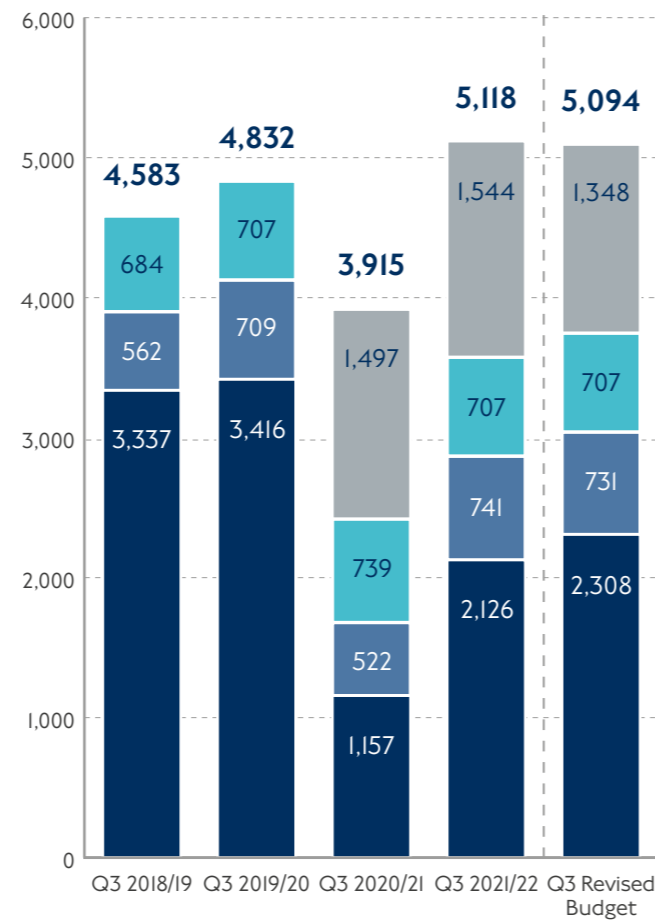
Our overall trends in the short and long term

Total income (including extraordinary grant from Government)

Quarterly (£m)*



Year to date (£m)

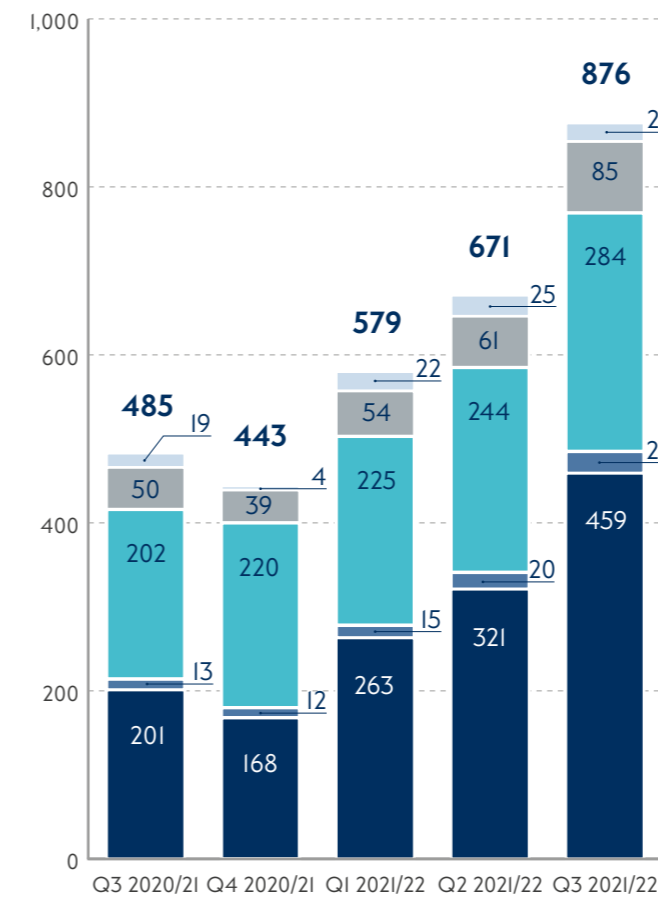


■ Passenger income
 ■ Other income
■ Grants
 ■ Extraordinary grant

■ Passenger income
 ■ Other income
■ Grants
 ■ Extraordinary grant

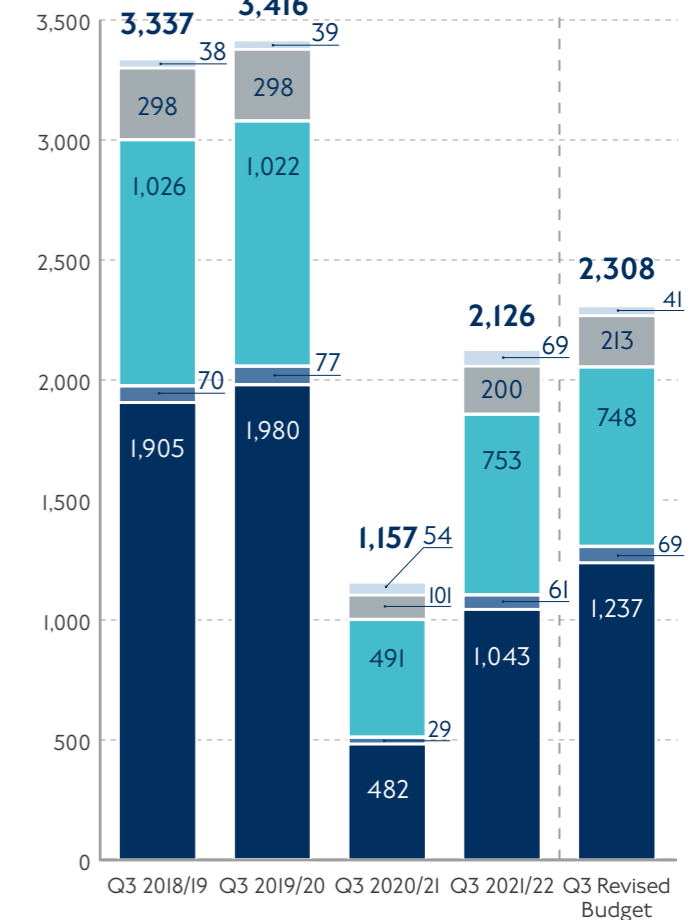
Total passenger income

Quarterly (£m)*



■ London Underground
 ■ TfL Rail
■ Buses
 ■ Rail
 ■ Other

Year to date (£m)



■ London Underground
 ■ TfL Rail
■ Buses
 ■ Rail
 ■ Other

Year-to-date total income
£24m above budget

31% ▲ year on year

The extraordinary grant funding has offset the lower-than-expected passenger income, bringing the overall total income to £24m above budget. Passenger income is currently up to 71 per cent of pre-pandemic levels although we expect this to reduce again following Government guidance to work from home.

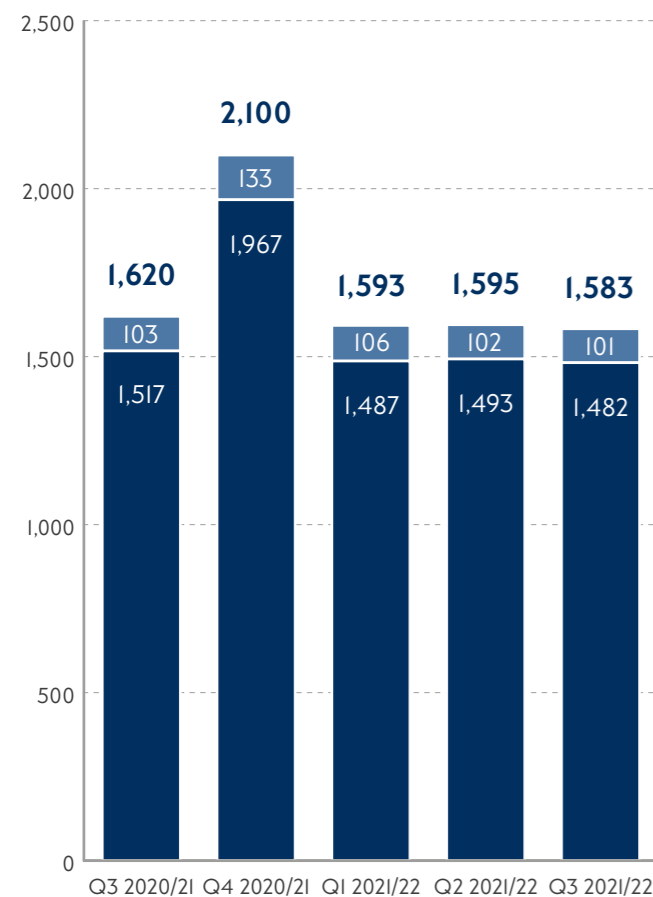
Year-to-date passenger income
£182m below budget

84% ▲ year on year

We have seen a large rise in passenger income this quarter, more than double the increase between Q1 and Q2, as customers return to the network. The year-to-date total is £1bn up on last year but more than £1bn down on our pre-pandemic income, demonstrating the continuing need for Government support.

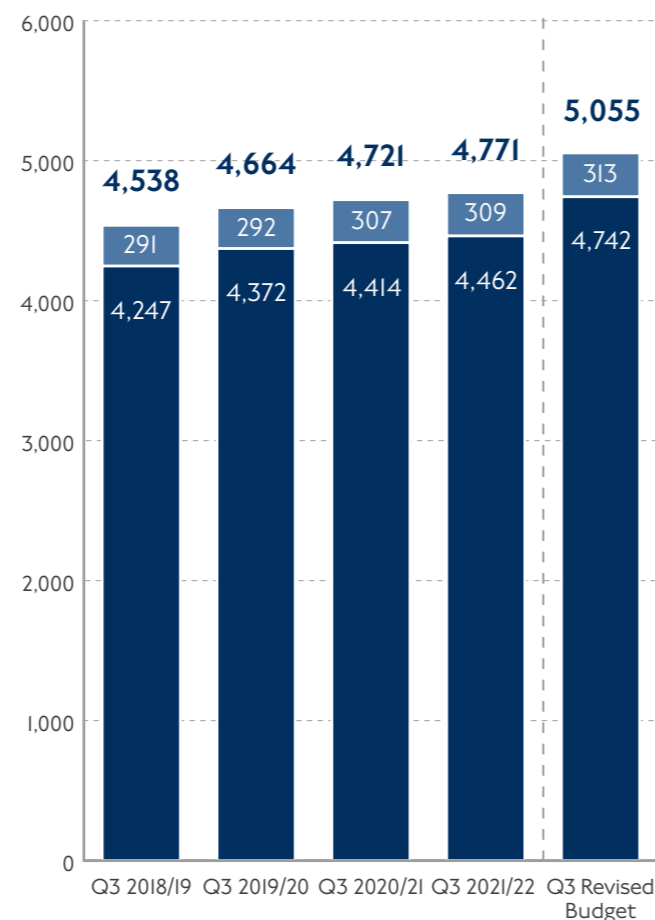
* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Total cost
Quarterly (£m)*



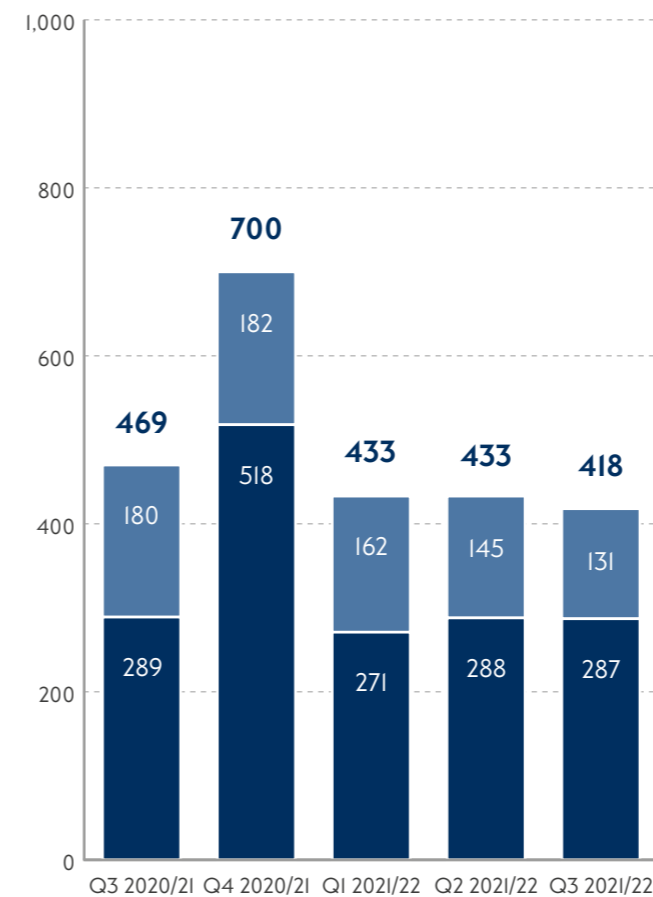
Operating costs Net financing costs

Year to date (£m)



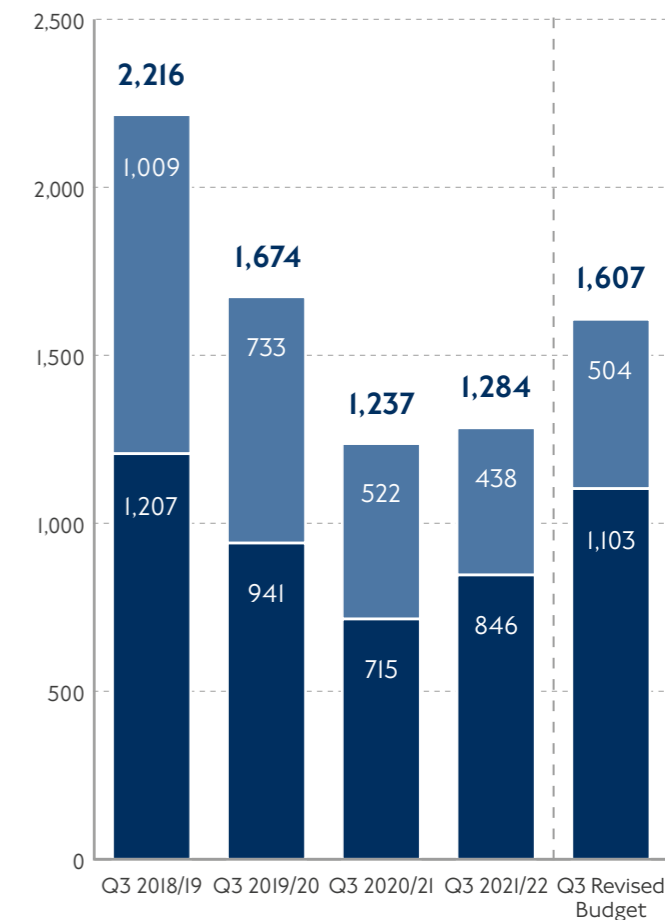
Operating costs Net financing costs

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



Capital investment and renewals Crossrail

Year to date (£m)



Capital investment and renewals Crossrail

Year-to-date operating costs £280m below budget

1% ▲ year on year

Operating costs have remained stable across the three quarters of the year, with only a one per cent increase year on year, showing our commitment to reducing our core costs where possible. The rephasing of centrally held contingencies accounts for the majority of the variance against budget.

Year-to-date capital expenditure £323m below budget

4% ▲ year on year

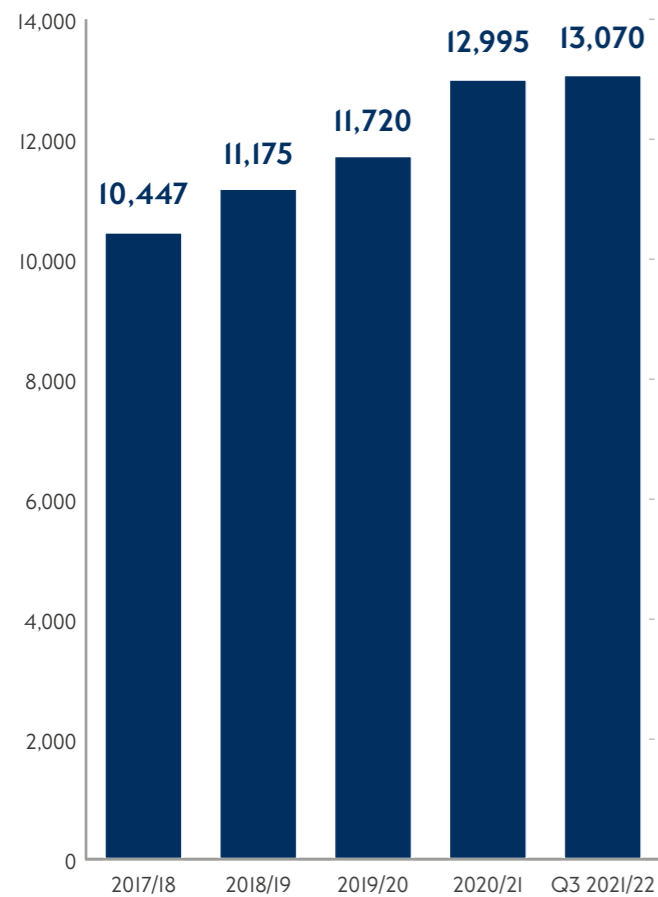
Capital investment and renewals are lower than budget, largely as a result of project slippage and deferrals, partly driven by the short-term and stop-start nature of the current funding agreements and increased spend controls.

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

Debt and cash

Our borrowing and cash balances

Total nominal borrowing (£m)



■ Borrowing

Borrowing update

There was no change to the level of our outstanding borrowing during Q3, in line with our 2021/22 Revised Budget. We refinanced an existing variable rate Public Works Loan Board loan in the quarter, reducing the interest rate payable on this borrowing.

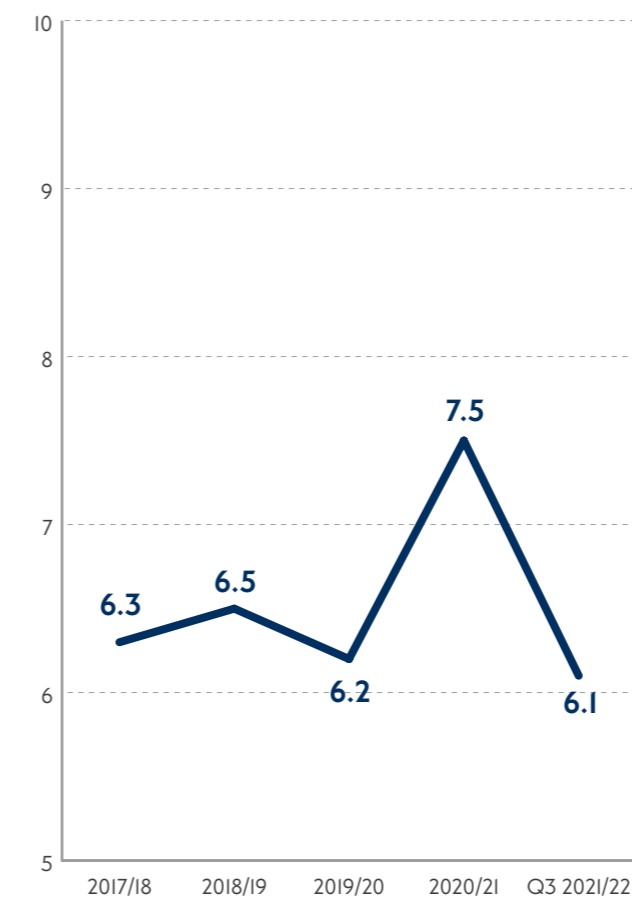
Credit ratings

We are rated by three leading international credit rating agencies. There were no changes to our credit ratings during Q3 and the latest ratings are shown in the table below.

Credit ratings as at the end of Q3

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

Financing costs (% of total income)*



— Financing costs percentage

Financing costs (£m)

Q3 2021/22	(311)
2020/21	(446)
2019/20	(429)
2018/19	(439)
2017/18	(412)

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

Financing costs and income (£m)

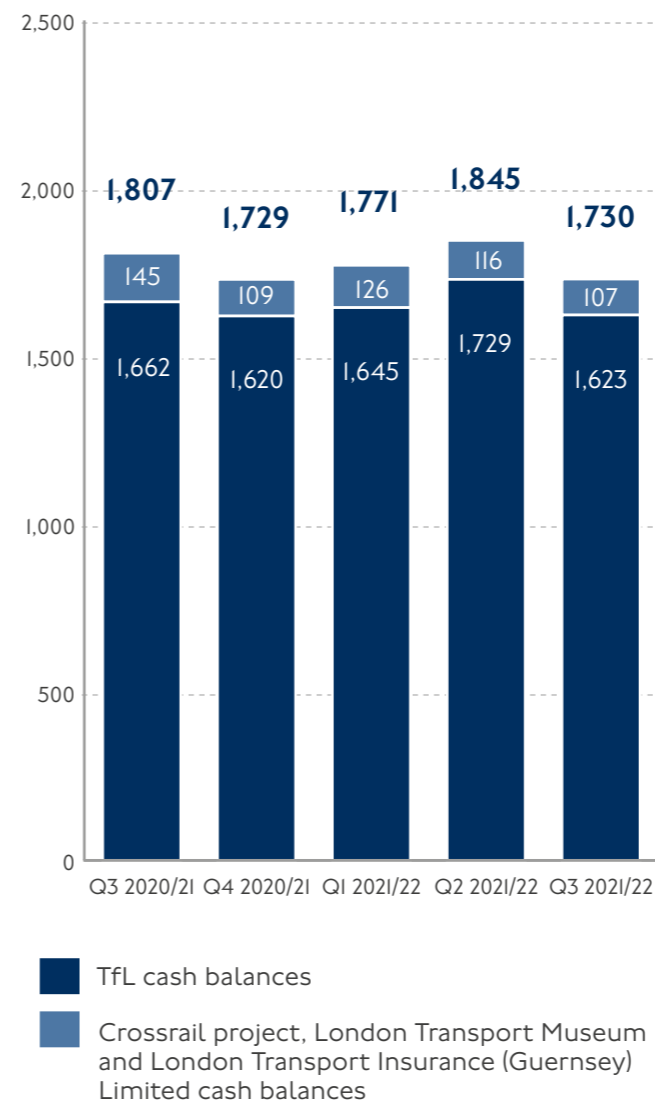
Year to date	Q3 2021/22	Q3 Revised Budget	Variance
Interest income	1	2	(1)
Financing costs	(311)	(315)	4

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



Passenger income is higher than last year, but down on budget

Cash balances (£m)



Cash balances at the end of Q3 were £1,730m. Of the total cash balance, £107m was held for the Crossrail project, London Transport Museum and London Transport Insurance (Guernsey) Limited. Our cash position reflects £4.6bn of funding and financing received from the Government as part of the

extraordinary financing and funding packages since the start of the coronavirus pandemic.

Our liquidity policy requires us to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure, which is currently around £1.2bn. Our cash reserves remained above this minimum level during Q3. The extraordinary funding and financing packages agreed with the Government have also assumed that we will retain usable cash reserves, which is cash and liquid investments held by the TfL Group (excluding specified subsidiaries Crossrail Limited, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited), of £1.2bn.

Preserving liquidity by maintaining a minimum cash balance of £1.2bn is crucial to our financial resilience. Statutory restrictions around prudent borrowing constrain our ability to access funding and financing from external sources to preserve our liquidity. Therefore, our cash reserves ensure we can deal with a range of short- and longer-term uncertainties, and 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 assets, cash is the only truly liquid element. While our long-term assets outweigh our short-term liabilities, the former is mainly property, plant and equipment. This is largely fixed infrastructure or specialist assets, which would not be convertible into cash, even over a longer-term horizon, to meet our long-term liabilities when they fall due. The balance sheet structure highlights the importance of holding an appropriate level of cash to ensure we can meet our liabilities as required.

Passenger journeys

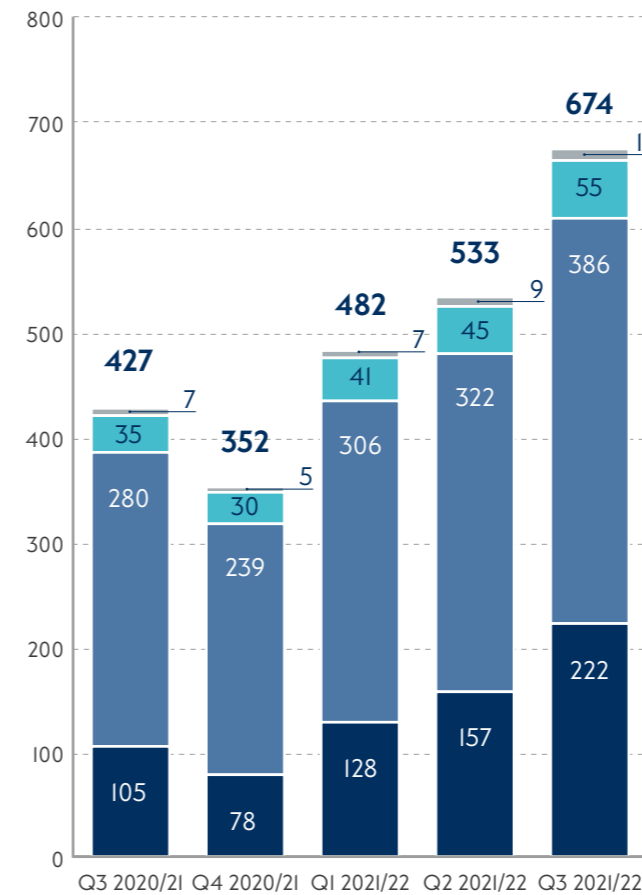
Our performance based on passenger numbers

At the end of Q3:

1,689m total journeys
1,810m Revised Budget
2,787m pre-pandemic baseline (2018/19)

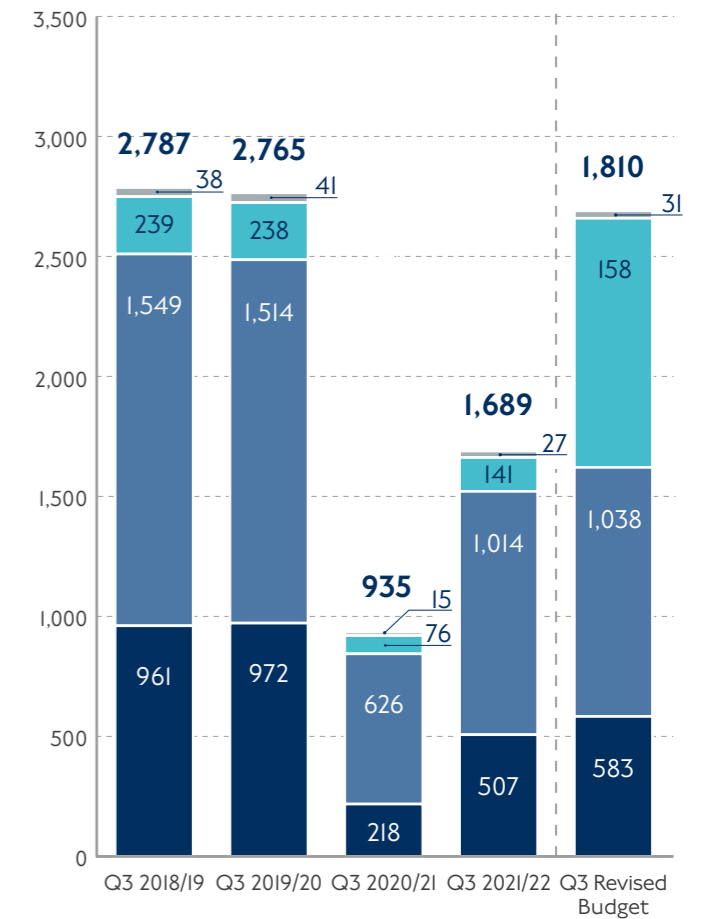
	London Underground	507m	13.1%▼ Revised Budget	62% of pre-pandemic baseline
	London Buses	1,014m	2.3%▼ Revised Budget	72% of pre-pandemic baseline
	DLR	54m	6.5%▼ Revised Budget	71% of pre-pandemic baseline
	London Overground	75m	13.9%▼ Revised Budget	59% of pre-pandemic baseline
	London Trams	13m	5.6%▼ Revised Budget	66% of pre-pandemic baseline
	TfL Rail	27m	13.8%▼ Revised Budget	53% of pre-pandemic baseline

Passenger journeys (millions) Quarterly*



Legend: London Underground (dark blue), Buses (medium blue), Rail (light blue), TfL Rail (grey)

Passenger journeys with budget (millions) Year to date



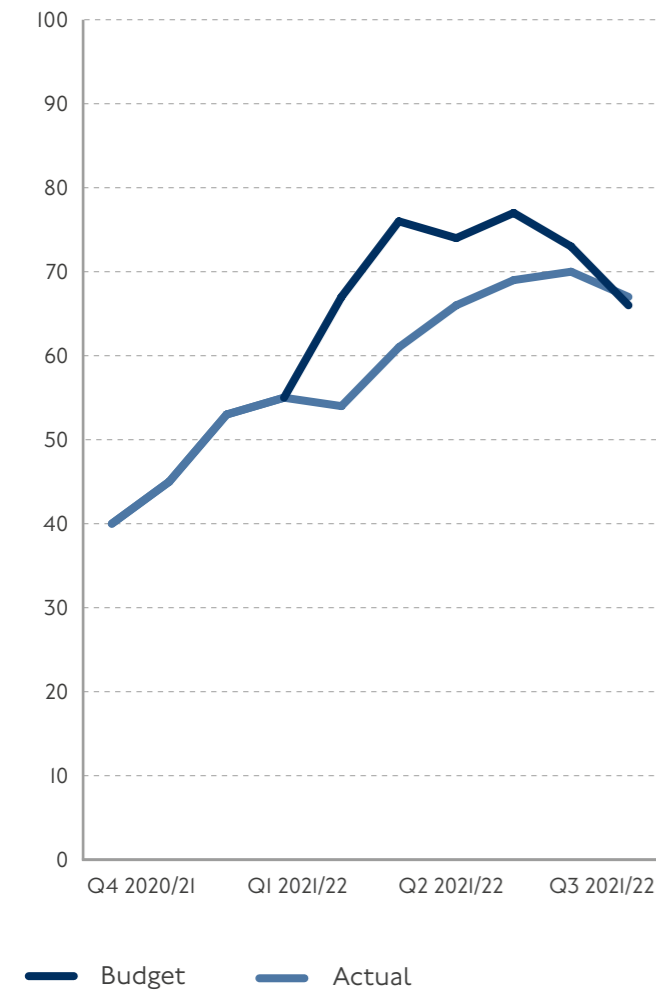
Legend: London Underground (dark blue), Buses (medium blue), Rail (light blue), TfL Rail (grey)

Passenger journey numbers continue to increase, although not at the rate expected, across most modes. The growth between Q2 and Q3 is three times higher than that between Q1 and Q2 as we continue to promote the messaging that our network is clean and safe for travel. The current guidelines to work from home if possible, however, suggest that our customer growth will slacken in the next quarter.

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

Passenger demand recovery

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



Overall journeys were 68 per cent of pre-pandemic levels at the end of Q3, which is in line with our budget. Although our expectations are that journey numbers will improve by the end of the year, we realise that customer demand is directly impacted by the spread of the pandemic and consequent Government directives.



Passenger journeys at the end of Q3 are **68%** of pre-coronavirus demand levels



TfL and London are gradually recovering from the pandemic

Underground

On 27 November 2021, Night Tube services returned on the Central and Victoria lines

Financial summary

Underground (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Passenger income	1,043	1,237	(194)	482	561
Other operating income	17	15	2	11	6
Total operating income	1,060	1,252	(192)	493	567
Government furlough grant	-	-	-	38	(38)
Total income	1,060	1,252	(192)	531	529
Direct operating cost	(1,397)	(1,431)	34	(1,400)	3
Direct operating deficit	(337)	(179)	(158)	(869)	532
Indirect operating cost	(213)	(388)	175	(202)	(11)
Net operating deficit before financing and capital renewals	(550)	(567)	17	(1,071)	521
Net financing costs	(196)	(199)	3	(195)	(1)
Capital renewals	(186)	(247)	61	(106)	(80)
Net cost of operations	(932)	(1,013)	81	(1,372)	440
New capital investment	(14)	(18)	4	(21)	7

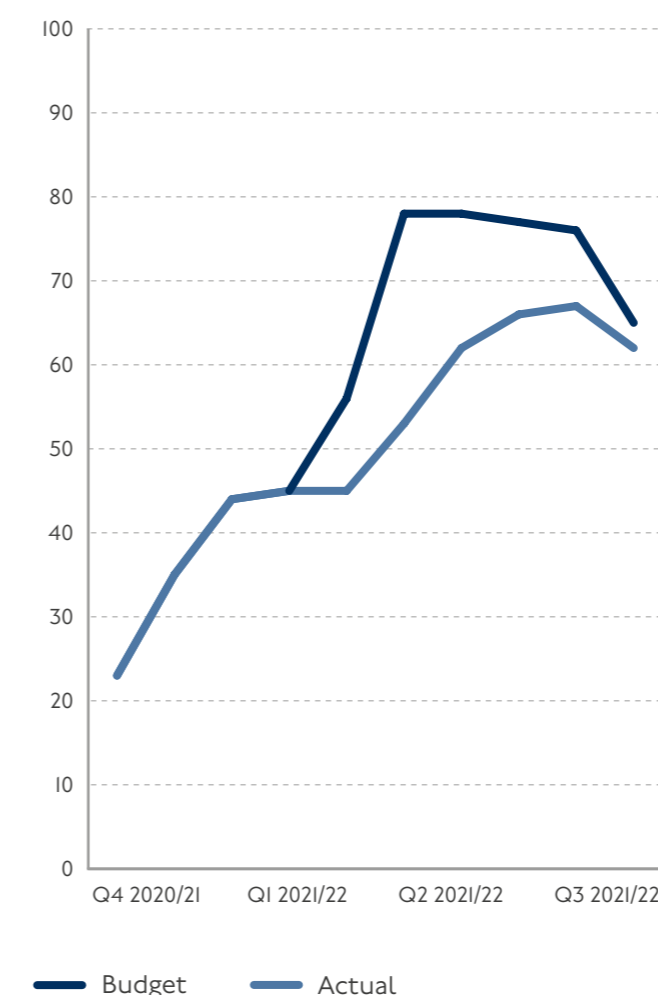
Passenger income is £194m lower than budget, driven by 76 million fewer passenger journeys than anticipated. We are constantly adapting our services to help support demand while keeping our customers safe, and on 27 November we saw the return of Night Tube services on the Central and Victoria lines in time for the Christmas period.

Direct operating costs are £34m lower than budget. Core operating costs are £28m lower, owing to a £7m reduction in staff costs, £4m traction power savings, and other minor savings.

Indirect operating costs are £175m lower than budget, largely due to the release of central contingencies and other minor movements across Professional Services.

Capital expenditure is £65m lower than budget, primarily due to the rescheduling of works across the portfolio. In December 2021, Sudbury Hill on the Piccadilly line became the 90th Underground station to go step-free, representing an important milestone in our pledge to make the Underground network more accessible.

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



In the year to date, there were 507 million journeys on the Tube, 76 million lower than budget. Tube journeys have increased in number, reaching 62 per cent of pre-coronavirus levels, but fall short of the 65 per cent target. Journey growth has been strongest from weekend travel.



Tube journeys at the end of Q3 are
62%
of pre-coronavirus demand levels

Elizabeth line

Trial Operations for the Elizabeth line are now well under way, after commencing in November 2021

Financial summary

Elizabeth line (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Passenger income	61	69	(8)	29	32
Other operating income	16	24	(8)	5	11
Total operating income	77	93	(16)	34	43
Government furlough grant	-	-	-	1	(1)
Total income	77	93	(16)	35	42
Direct operating cost	(289)	(311)	22	(222)	(67)
Direct operating deficit	(212)	(218)	6	(187)	(25)
Indirect operating cost	(6)	(12)	6	(5)	(1)
Net operating deficit before financing and capital renewals	(218)	(230)	12	(192)	(26)
Net financing costs	(66)	(66)	-	(65)	(1)
Capital renewals	(1)	(2)	1	-	(1)
Net cost of operations	(285)	(298)	13	(257)	(28)
New capital investment	(9)	(10)	1	(22)	13
Crossrail construction costs	(438)	(504)	66	(522)	84
Total capital expenditure	(447)	(514)	67	(544)	97

TfL Rail passenger income is £8m lower than budget, driven by four million fewer passenger journeys than expected.

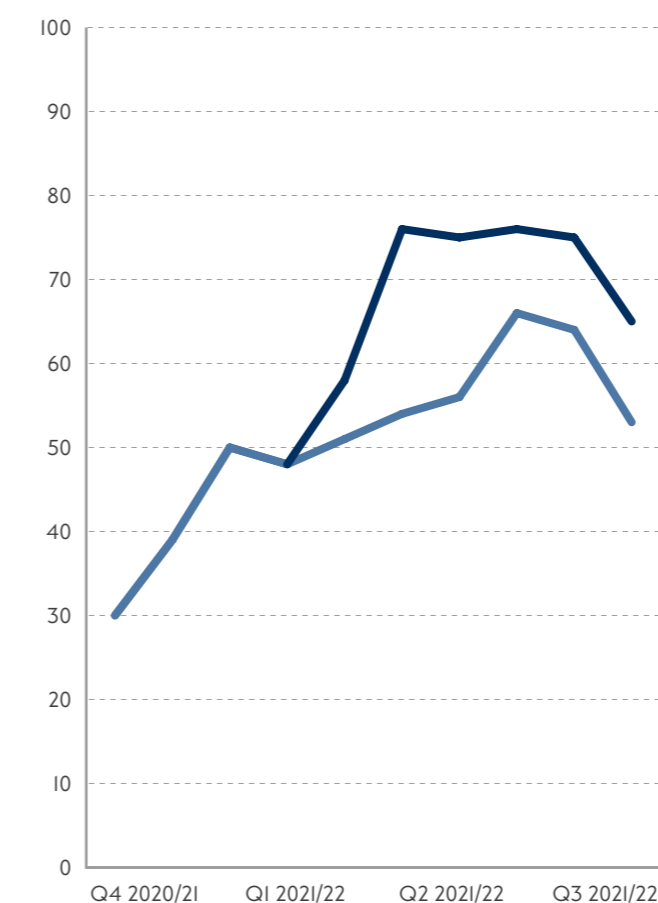
Other operating income is £8m lower than budget due to regulatory income being lower than assumed, which is directly offset by lower regulatory charges.

Direct operating costs are £22m lower than budget, owing to lower regulatory charges and reduced maintenance, rolling stock lease and staff costs.

Crossrail remains on track to open the Elizabeth line in the first half of 2022, and we continue to make progress on completing the works necessary to start passenger services in the central section of the railway, from Paddington to Abbey Wood.

The final phase of the programme, Trial Operations, is now under way and is the last step before passenger services can commence.

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



Passenger journeys are four million lower than budget at the end of Q3, representing a slower recovery than expected.



TfL Rail journeys at the end of Q3 are **53%** of pre-coronavirus demand levels

Buses, streets and other operations

The Ultra Low Emission Zone was expanded on 25 October 2021

Financial summary

Buses, streets and other operations (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Passenger income	753	748	5	491	262
Other operating income	506	511	(5)	358	148
Total operating income	1,259	1,259	-	849	410
Government furlough grant	-	-	-	9	(9)
Total income	1,259	1,259	-	858	401
Direct operating cost	(1,949)	(1,961)	12	(1,931)	(18)
Direct operating deficit	(690)	(702)	12	(1,073)	383
Indirect operating cost	(64)	(97)	33	(80)	16
Net operating deficit before financing and capital renewals	(754)	(799)	45	(1,153)	399
Net financing costs	(19)	(19)	-	(19)	-
Capital renewals	(70)	(81)	11	(61)	(9)
Net cost of operations	(843)	(899)	56	(1,233)	390
New capital investment	(74)	(101)	27	(81)	7

Passenger income is £5m higher than budget despite 24 million fewer journeys – a result of better-than-expected yield.

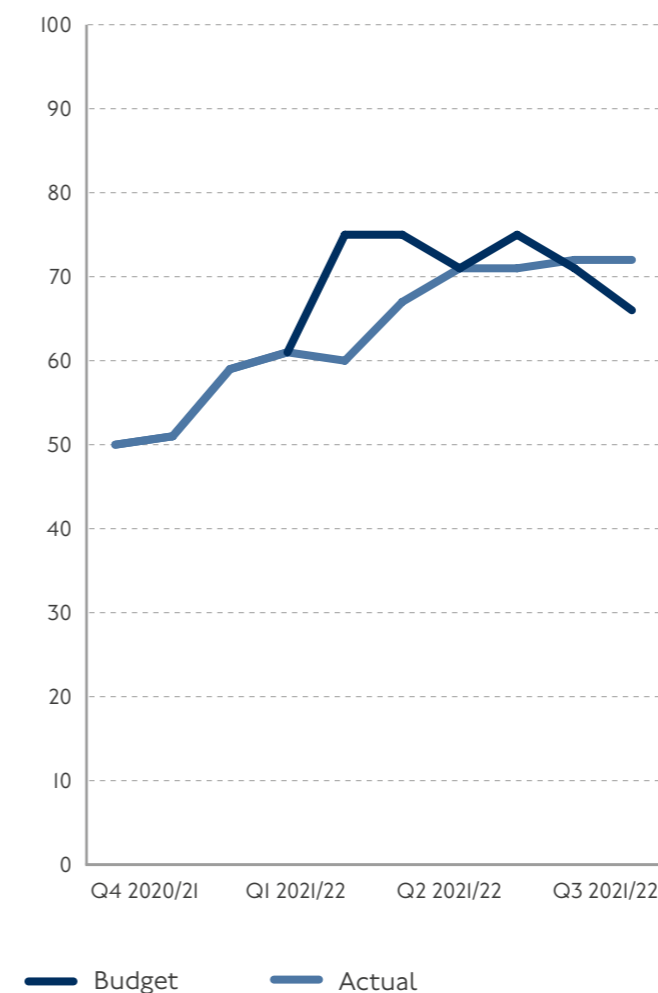
Other operating income is £5m lower than budget, mainly driven by lower Road User Charging income owing to lower volumes and higher compliance. From 25 October 2021, the existing central London ULEZ was expanded up to the North Circular Road (A406) and South Circular Road (A205), creating a much larger zone that will improve air quality for millions of Londoners. The scheme already appears to be having a positive effect by encouraging people to switch to cleaner vehicles. When the scheme went live in October, 87 per

cent of vehicles travelling in the zone already met the standards compared to 39 per cent in February 2017, when plans for the expansion were first announced.

Direct operating costs are £12m lower than budget, mainly owing to savings on bus performance payments and reduced staff costs from lower headcount. This is partly offset by higher bad debt on Road User Charging income.

Capital expenditure is £38m lower than budget due to the rephasing of portfolios, and reduced lighting and technology spend following the reprioritisation of projects.

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



At the end of Q3, passenger journeys are 24 million lower than budget. However, we continue to see strong growth on buses, with demand around 72 per cent of pre-pandemic levels compared with a target of 66 per cent.



Bus journeys at the end of Q3 are **72%** of pre-coronavirus demand levels

Volume analysis

	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Congestion Charge volumes (thousands)	14,151	13,129	1,022	10,501	3,650
Congestion Charge and enforcement income (£m)	300.8	273.5	27.3	217.3	83.5

Cycling

There were 2.8 million hires in Q3, an increase of 553,761 (24 per cent) on the same quarter last year. Q3 saw more hires than any other comparable period in the scheme's history.

More than 1,000 Black Friday annual member discount codes were redeemed at the end of Q3. This was the most popular annual member promotion in the scheme's history. A total of 12,471 free NHS and keyworker promo codes were redeemed in the quarter and 29,974 new members joined the scheme, an increase of 12 per cent on the same quarter last year.

Traffic flow

This quarter, traffic flows in central London were 61.0 per cent, compared to 56.0 per cent in Q2. Inner London flows were 87.0 per cent, up from 86.5 per cent in Q2, and outer London flows were 92.9 per cent, down from 94.6 per cent in Q2.

Fleet of

14,000

cycles based at
more than 780
docking stations



Traffic flow (volume) year-on-year change



10.6%▲

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

Volume analysis

	Q3 YTD 2021/22	Q3 YTD 2020/21	Variance
Santander Cycles			
Number of hires (millions)	8.9	8.2	0.7
Victoria Coach Station			
Number of coach departures (thousands)	77.0	35.3	41.7
London River Services			
Number of passenger journeys (millions)	4.1	1.5	2.6
London Dial-a-Ride			
Number of passenger journeys (thousands)	249.1	103.4	145.7
Taxi and Private Hire			
Number of private hire vehicle drivers	101,430	108,012	(6,582)
Taxi drivers	19,888	21,286	(1,398)
Emirates Air Line			
Number of passenger journeys (thousands)	1,059.9	267.4	792.5

Rail

Night Overground services returned on 17 December 2021

Financial summary

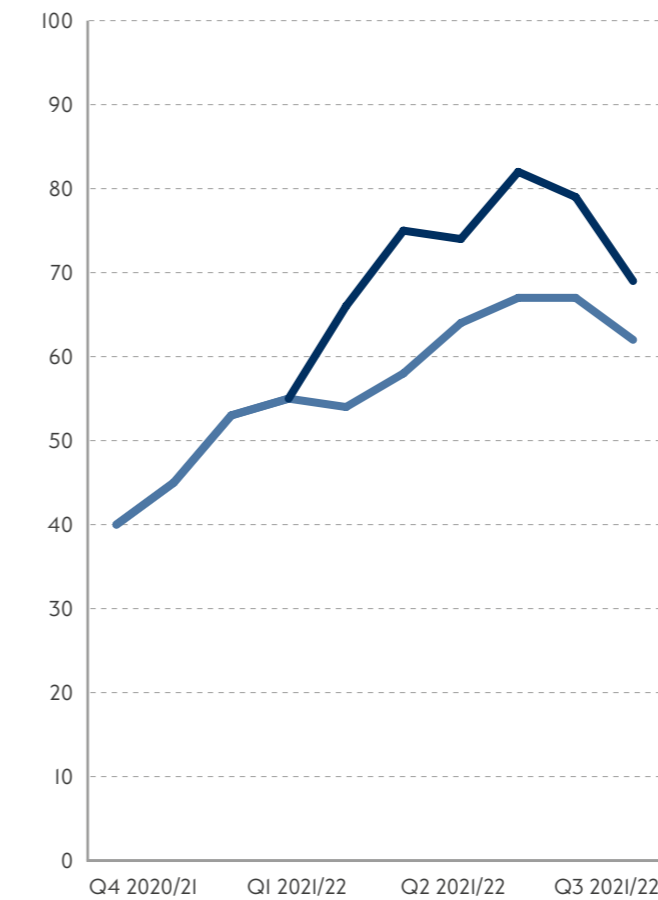
Rail (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Passenger income	200	213	(13)	101	99
Other operating income	14	10	4	4	10
Total income	214	223	(9)	105	109
Direct operating cost	(327)	(333)	6	(324)	(3)
Direct operating deficit	(113)	(110)	(3)	(219)	106
Indirect operating cost	(11)	(17)	6	(13)	2
Net operating deficit before financing and capital renewals	(124)	(127)	3	(232)	108
Net financing costs	(28)	(28)	-	(28)	-
Capital renewals	(25)	(32)	7	(21)	(4)
Net cost of operations	(177)	(187)	10	(281)	104
New capital investment	(7)	(9)	2	(15)	8

Passenger income is £13m lower than budget owing to 17 million fewer passenger journeys than budgeted, showing a slower-than-anticipated return to the network. Since the end of Q3, Night Overground services have resumed, starting again on 17 December 2021, and running between Highbury & Islington and New Cross Gate every 15 minutes throughout the night on Fridays and Saturdays. This complements the returning Night Tube services and provides customers with key interchanges on both the Central and Victoria lines.

Direct operating costs are £6m below budget, mainly owing to the rephasing of maintenance costs, as well as lower core operating costs.

Capital expenditure is £9m lower than budget, primarily owing to the rescheduling of projects across the DLR and London Overground.

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



— Budget — Actual

At the end of Q3, Rail journeys – including London Overground, DLR and Trams – were 62 per cent of pre-pandemic levels. They were also 17 million lower than budget, mostly on London Overground, showing a slower-than-anticipated return to the network.



Rail journeys at the end of Q3 are **62%** of pre-coronavirus demand levels



DLR journeys at the end of Q3 are **71%** of pre-coronavirus demand levels



London Trams journeys at the end of Q3 are **66%** of pre-coronavirus demand levels



London Overground journeys at the end of Q3 are **59%** of pre-coronavirus demand levels

Major projects

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

Financial summary

Major projects (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Other operating income	6	7	(1)	5	1
Government furlough grant	-	-	-	2	(2)
Total income	6	7	(1)	7	(1)
Direct operating cost	(9)	(13)	4	(33)	24
Direct operating deficit	(3)	(6)	3	(26)	23
Indirect operating cost	(18)	(24)	6	(23)	5
Net operating deficit before financing and capital renewals	(21)	(30)	9	(49)	28
Capital renewals	(5)	(6)	1	(2)	(3)
Net cost of operations	(26)	(36)	10	(51)	25
New capital investment	(370)	(401)	31	(319)	(51)

Total expenditure, including capital renewals and new capital expenditure, is £41m lower than budget, mainly owing to cost savings and deferral of works across the programmes.

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

Four Lines Modernisation

We are transforming the Circle, District, Hammersmith & City and Metropolitan lines to reduce journey times and run a more frequent and reliable service. The next section of signalling, between Sloane Square, Paddington, Fulham Broadway and Barons Court, is due to go live in spring

2022. This phase will involve upgrading the highly complex junction at Earl's Court, and will mean the entire Circle line will have been upgraded to the new signalling system. This will be a significant milestone for the programme.

The programme achieved another major milestone on 12 September 2021 when the first timetable change enabled by the new signalling system was introduced. Journey times have been reduced by 10 per cent on the north side of the Circle line, with one extra train added during the morning and evening peaks. The reliability of the timetable has since improved.

Piccadilly Line Rolling Stock

The High Voltage Power (Design and Build) tender returns, which will deliver the sub-station upgrades, were received and are being evaluated. We remain on target to achieve the key milestone of issuing the tender recommendation report in Q4.

We completed the installation and commissioning of new signals at Earl's Court. Due to the trains being longer and having different sightlines to the existing stock, we need to install new signalling assets at all Piccadilly line sites.

Northern Line Extension

The project came in at £160m under budget, with an estimated final total cost of £1.1bn, despite the cost pressures brought about by the pandemic. The Northern Line Extension team is now focused on closing out snagging items, completing assurance documentation, achieving commercial closure and working towards project closure in 2022.

Barking Riverside

Delivery of the physical works is well advanced, with the installation of track on the viaduct completed as planned in October 2021. The focus is now on installing the remaining rail systems on the viaduct ahead of the final signalling stage commissioning planned for April 2022. At the station, the installation, testing and

commissioning of systems continues ahead of completing the quality assurance activities that will ramp up towards the end of this year.

Bank Station Upgrade

The works and preparation activities leading to the start of the 17-week closure of the Bank branch of the Northern line from Kennington to Moorgate are progressing to plan. The construction works have moved into the finishing phase in all public-facing areas of the station. Installation of the 12 new escalators, moving walkways, lifts and preparation for integration testing of all the new electrical and mechanical systems assets are under way.

The closure will allow the completion of the intricate work needed to connect the new tunnels to the existing railway, as well as to fit out the new station, install the final sections of track, complete work in the tunnels constructed during the project and integrate all the new systems installed in the station.

DLR Rolling Stock and Systems Integration

Manufacturing for our new rolling stock is under way, with the initial run of 20 car bodies for trains one to four now in production. The first train is now assembled and ready to begin static testing. This strategic milestone was achieved two

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

At Beckton, work on the northern sidings continues in preparation for the decommissioning of sidings in January 2022. The main site compound is now operational and work on the sub-station began in November 2021.

Silvertown Tunnel

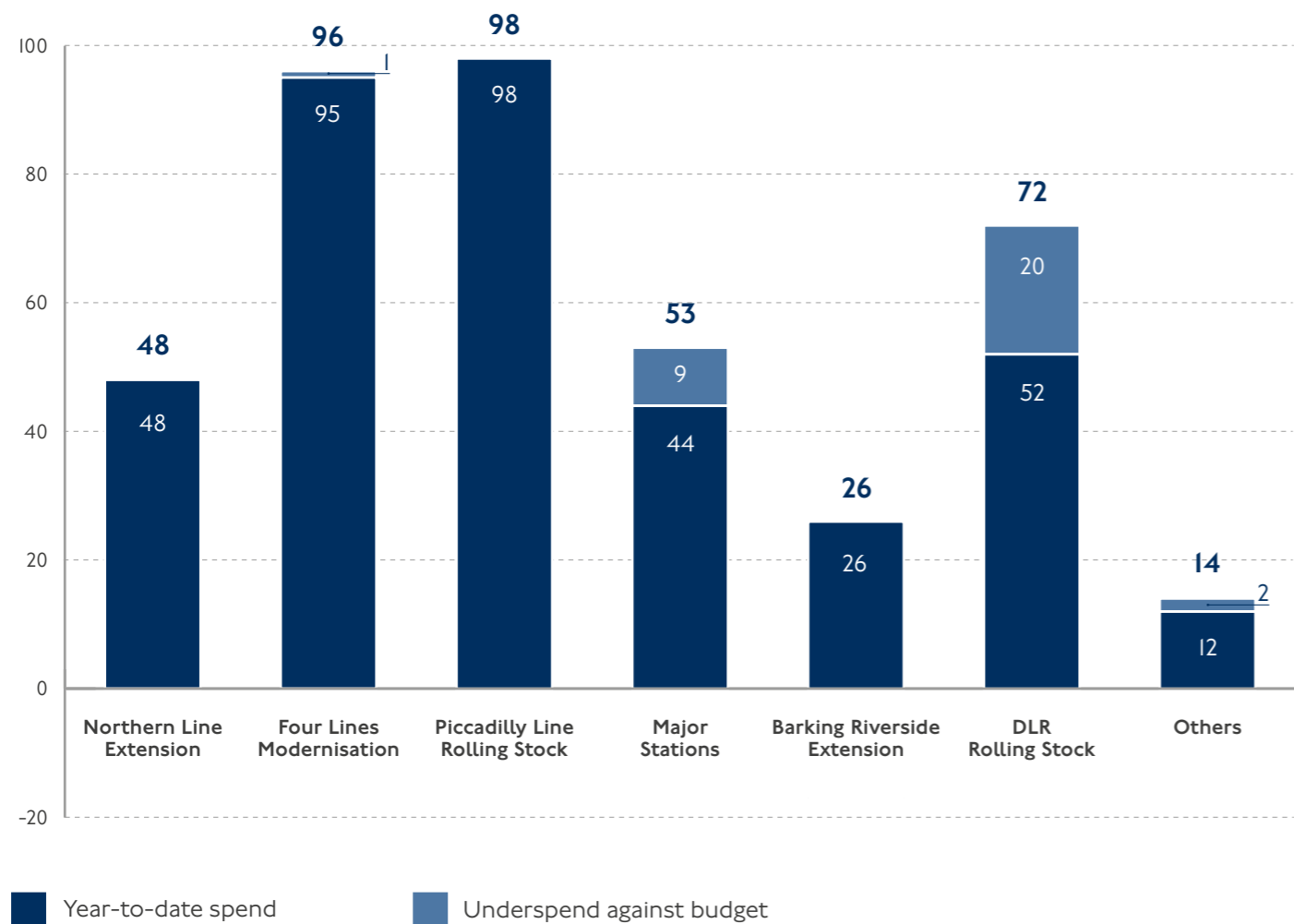
Site works continue at both Greenwich and Silvertown, including where the tunnel boring machine launch chamber will be constructed. Demolition of existing buildings and site clearance are under way.

The piling for the tunnel boring machine launch chamber is now complete, and excavation works in the first shaft have begun. Works continue on the river wall and on cabling and diversions to enable the power supply for the tunnel boring machine, while the contract for the design and manufacture of the machine is progressing to plan, with delivery expected in spring 2022.



DLR rolling stock and systems improvement work continues

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



The Northern Line Extension came in under budget

Property development

We manage an extensive property estate

Financial summary

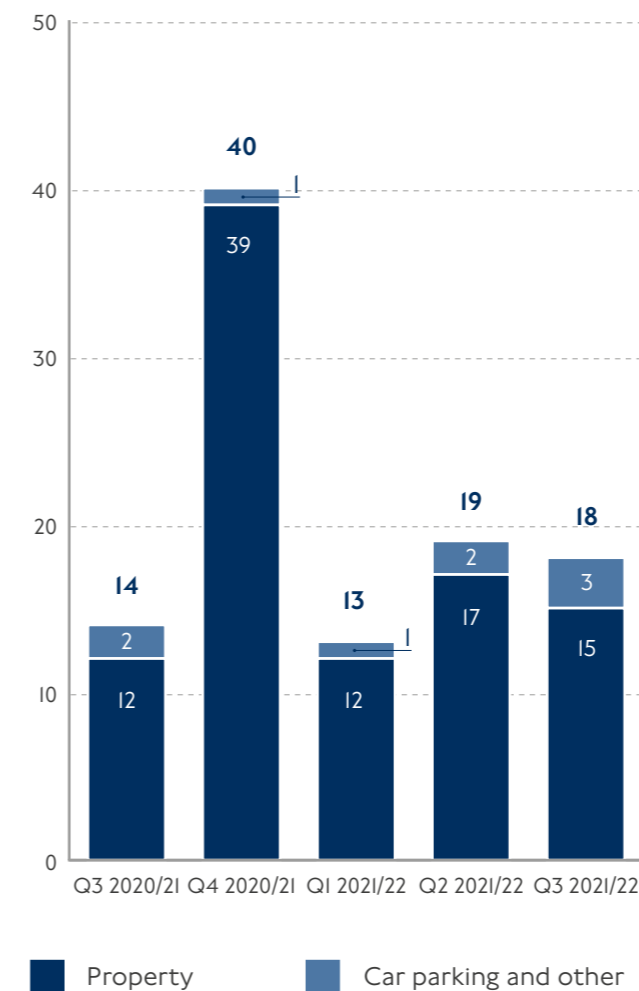
Property development (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Other operating income	50	43	7	31	19
Direct operating cost	(32)	(34)	2	(27)	(5)
Direct operating surplus	18	9	9	4	14
Indirect operating cost	(7)	(10)	3	(7)	-
Net surplus/(cost) of operations	11	(1)	12	(3)	14
<hr/>					
New capital investment	(21)	(73)	52	(31)	10
Property receipts	10	43	(33)	6	4
Crossrail over-site development	41	97	(56)	2	39
Net capital expenditure	30	67	(37)	(23)	53

Direct operating surplus is £9m higher than budget, mainly driven by income performance continuing to be better than expected through the pandemic.

New capital investment is £52m lower than budget, owing to delays to property development, in-station retail and other asset management projects. These delays are due to a number of reasons (including planning delays and funding constraints).

Property receipts and Crossrail over-site development income are £89m lower than budget, driven by delays to the completion of various Crossrail and non-Crossrail sites. Most material receipts are currently expected to complete in this financial year.

Property income (£m) Quarterly*



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

We have made progress across our estate to deliver new homes for Londoners, continuing to undertake essential health and safety works and improve our existing assets.

Comprehensive engagement is under way on the 40-acre Earls Court site. Planning permission has been successfully granted for a new 'community hub' that will host a range of activities including classes, gardening, workshops and more. Site tours and engagement sessions with local representatives, the GLA, community groups and the newly established Earls Court Youth Panel have also taken place.

During Q3, Berkeley Homes submitted its revised planning application for our site at Armourer's Court, Woolwich. This will deliver 523 new homes with an increased amount of on-site affordable housing, new employment space and improved public realm. Meanwhile, at nearby Kidbrooke, construction is progressing on 619 new homes, with public realm enhancements. We also re-started consultation on 358 affordable homes at Hounslow West station, after coming to an agreement with Hounslow Council to jointly fund station upgrades.

In Whitechapel, we helped secure £9.3m in 'levelling up' funding for the London Borough of Tower Hamlets. This funding will go towards 10,000 square metres of public realm works and will accompany our planned improvements to the historic high street.

We have completed the sale of London Underground land at Woodside Park to Pocket Living. Work can now begin on 86 new affordable homes. This will provide a capital receipt for TfL, with work scheduled to commence in early 2022.

Media

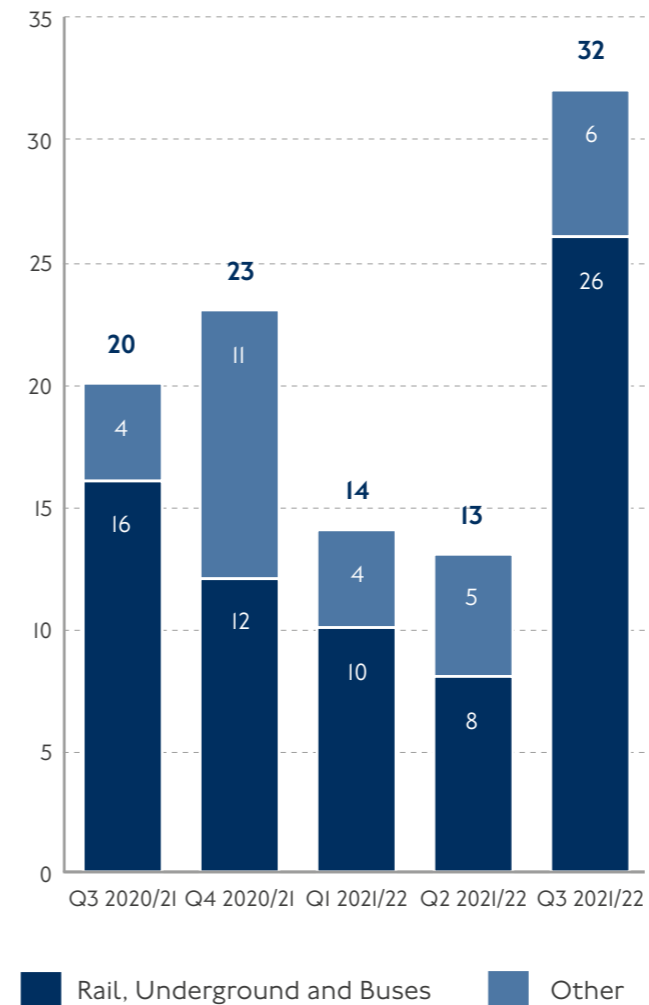
Our media income includes advertising revenue

Financial summary

Media (£m)	Q3 YTD 2021/22	YTD Revised Budget	Variance	Q3 YTD 2020/21	Variance
Other operating income	59	48	11	27	32
Direct operating cost	2	2	-	(2)	4
Direct operating surplus	61	50	11	25	36
Indirect operating cost	-	(1)	1	-	-
Net surplus of operations	61	49	12	25	36
New capital investment	-	-	-	9	(9)

Operating income is £11m higher than budget owing to additional income from the Rail and Underground estate, our roadside advertising estate and newspaper distribution as a result of a better-than-expected recovery from the pandemic. Income is significantly higher than last quarter as passengers continue to return to the network and there is increased confidence in the advertising industry. In addition, in the build-up to Christmas, it is normal for advertisers to increase their advertising spend and we can see the impact of this in our Q3 numbers.

Advertising income (£m) Quarterly*



Media income in Q3 2021/22 is £10m lower than in Q3 2019/20 (pre-pandemic) due to the impact of the pandemic on our passenger numbers and on the advertising industry more generally. However, passenger numbers are improving, and we have seen media income return at a faster rate than budgeted, with significant year-on-year income increases.

We will continue to work with our advertising partners to respond to any further Government guidance and to rebuild revenue streams as soon as possible.

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

Headcount

Our people provide a vital service for London

Full-time equivalents, including non-permanent labour

	31 March 2021 Actual	Year-to-date net (leavers)/joiners	End of Q3 Actual
Underground	17,834	225	18,059
Elizabeth line	290	31	321
Buses, streets and other operations	2,653	(94)	2,559
Rail	274	16	290
Property development	198	5	203
Facilities & estates	137	(9)	128
Professional services*	4,150	180	4,330
Media	26	-	26
Major projects	627	73	700
TfL total	26,189	427	26,616
Crossrail	606	(80)	526
Total	26,795	347	27,142

The figure for total TfL full-time equivalent roles is 26,616 at the end of Q3, 427 higher than at the start of the year.

London Underground headcount has increased, driven by the recruitment of station staff and train operators due to new services to support the Northern Line Extension, Elizabeth line, the Four Lines Modernisation upgrade and recruitment in Engineering to meet project demand.

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

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

The increase in Professional services includes 65 new graduates/apprentices plus recruitment within Technology and Data, Business Services and HR.

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

Non-permanent labour

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

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

Reduction since December 2015

Date	Number of non-permanent labour	Weekly cost (£)	Reduction in non-permanent labour since December 2015	Weekly saving (£)
15 December 2015	3,092	5,249,002		
31 March 2019	1,192	1,688,494	1,900	3,560,709
31 March 2020	1,327	1,527,251	1,765	3,721,751
31 March 2021	991	1,462,911	2,101	3,786,091
11 December 2021	1,327	2,185,135	1,765	3,063,868

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

Non-permanent labour by length of service

Length of service	31 March 2021 Actual	Year-to-date net (leavers)/joiners	End of Q3 Actual
0-6 months	262	173	435
6-12 months	85	196	281
1-2 years	307	(125)	182
2-3 years	109	80	189
3-5 years	110	8	118
5+ years	118	4	122
Total	991	336	1,327

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

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

Appendices

Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q3 2021/22 Year to date Actual		
	Gross income	Gross expenditure	Net income/ (expenditure)
Operating segment			
Underground	1,060	(1,610)	(550)
Elizabeth line	77	(295)	(218)
Buses, streets and other operations	1,259	(2,013)	(754)
Rail	214	(338)	(124)
Other segments	115	(64)	51
Corporate overhead	142	(142)	-
Net operating deficit before financing and renewals	2,867	(4,462)	(1,595)
Depreciation and amortisation			(932)
Less IFRS 16 lease payments included in operating deficit			249
Central items			11
Net cost of services			(2,267)
Other net operating expenditure			8
Financing and investment income			35
Financing and investment expenditure			(283)
Grant income			3,363
Surplus on the provision of services before tax			856
Taxation income			-
Surplus on the provision of services after tax			856
Movement in fair value of derivative financial instruments			-
Total Group Comprehensive Income and Expenditure			856

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

(£m)	Q3 Year to date Actual 2021/22	
Net surplus of operations after extraordinary grant		37
Adjustments between management and statutory reports:		
Add amounts included in the CI&E Statement not reported in the Operating Account		
Depreciation and amortisation	(932)	
Gain on disposal of fixed assets and investment properties	45	
Interest payable on lease and PFI liabilities	(45)	
Amounts capitalised into qualifying assets	75	
Capital grant income	1,059	
		202
Less amounts included in the Operating Account but excluded from the CI&E Statement		
Cash payments under PFI and lease arrangements	249	
Capital renewals	310	
		559
Amounts subject to differing account treatment between the Operating Account and the CI&E Statement		
Other net financing expenditure accounting differences (including IAS 19 pension interest)	(6)	
Central items	64	
		58
Total surplus after tax per the CI&E Statement		856

About TfL

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

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

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

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

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

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

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

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

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

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

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

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

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February 2022

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