Transport for London quarterly performance report

Quarter 4 2020/21
(13 December 2020 – 31 March 2021)

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 last audited Statement of Accounts for the year ending 31 March 2020 was published in August 2020.

Introduction

We continue to adapt to the evolving situation as London emerges from the restrictions imposed as a result of the coronavirus pandemic

This has been a year like no other. Firstly, we would like to remember the colleagues we have lost in the last year. Our thoughts are with their families and friends at this difficult time and we will do all we can to support everyone affected.

We have all had to change rapidly to new ways of living and working, many of us juggling the commitments of working, home schooling and caring for friends and relatives. We have adjusted to a virtual world of video calls and learnt to live in a time when we can't visit the people and places we love when we would like to. Through this, we have had to step up and support each other like never before. We are hugely grateful for the support our people have shown each other, and the dedication and commitment shown in keeping London moving in the face of such adversity. It has been a truly remarkable effort from everyone.

We took an unprecedented step at the start of the pandemic to bring all our capital programmes to a Safe Stop, apart from those that were critical for safety and reliability. We did this to help keep our people safe and minimise the spread of the virus. Construction work began to restart in June 2020, with extensive changes to worksites and ways of working being put in place to ensure safety and enable social distancing. The majority of our sites have now safely restarted and we continue to assess the impacts of our new ways of working in terms of schedules and costs.

As an organisation, we acted quickly to respond to Government announcements to ensure our transport network was as safe as possible to support keyworkers and those who had to make essential journeys. We implemented an enhanced cleaning regime, sourced personal protective equipment for our colleagues, installed hand sanitisers at stations, and reiterated messaging on wearing face coverings and social distancing in our public address announcements. We pivoted investment to walking and cycling schemes to give people more options for sustainable travel rather than driving their cars and saw the highest ever increase in Santander Cycles hires. We provided free access to Santander Cycles for NHS workers and opened our land for the coronavirus response, finding spaces in our offices for the NHS to train call handlers, places to park ambulances and testing centres.

Our 2020/21 results show we have performed better than budget and preserved our cash position with the help of Government funding support. The deficit on our day-to-day cost of operations stands at £1.3bn, which includes £2.5bn of extraordinary grant from Government. While this is £132m better than expected, it is still £809m worse than last year.

Passenger demand remains significantly lower than last year, with passenger income almost £3.2bn, or 66 per cent, lower. Since the beginning of 2021, passenger demand has increased steadily, particularly from 8 March when all children and students returned to schools and colleges. At the end of 2020/21, Tube journeys were 77 per cent down on pre-pandemic levels of March 2019 and bus journeys were 50 per cent lower. As we enter a new financial year, our recovery is under way and we are

running a near-normal service, with around 1.7 million Londoners using the network each weekday at the start of April 2021.

We have continued to tightly control costs and headcount, deferred non-safety critical renewals and investment, and progressed our savings plans. At the end of the year operating costs are £297m lower than budget and £92m below the prior year. Overall, spend on capital renewals and new capital investment is almost 20 per cent lower than last year's levels. This reflects the significant deferral of non-priority works as we manage our investment within the constrained funding envelope. At £47m, or five per cent below budget, the underspend in new capital investment is also related to greater caution due to our funding uncertainty beyond the end of this financial year

Our focus now is to secure a funding package for the remainder of 2021/22 and a longer-term funding solution, as proposed in our Financial Sustainability Plan, which we published on 11 January 2021. We estimate that around £3bn in financial support from Government will be needed for the full 2021/22 year to cover the cost of operating the network and to achieve the government's stated key priorities, additional support will be required on a longer-term basis to fund the capital investment programme. The security of funding will facilitate better medium to long term planning and greater assurance, thereby delivering more efficient decision making and value for money.

London needs a thriving public transport system to recover, and London's recovery will drive recovery across the whole economy. We will play our part by making sure our services are safe, clean and reliable so we can welcome our customers back when the time is right. We're ready when you are.

Simon Kilonback
Chief Finance Officer

Tony King
Group Finance Director

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

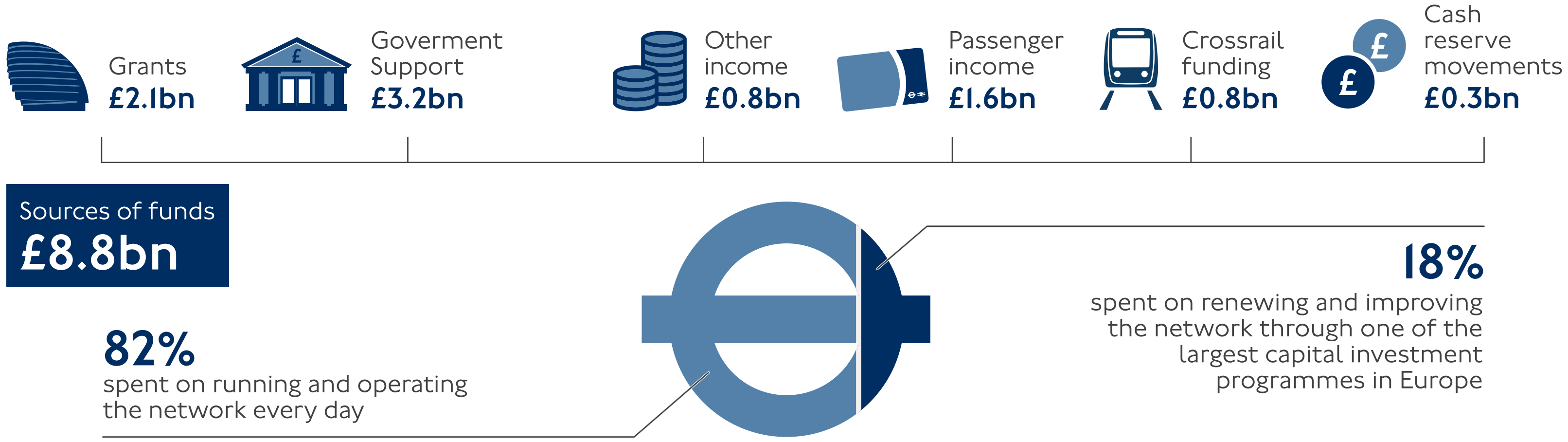
580km of highway that we operate

761km of Rail and London Underground routes

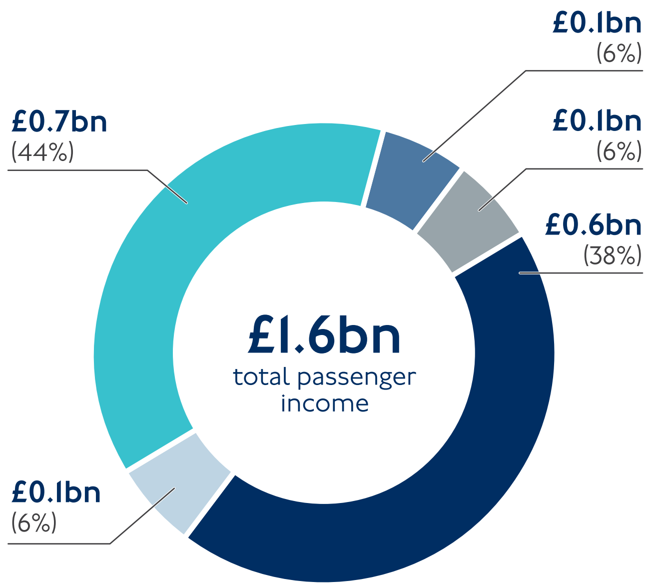
9,100 buses on our network

6,400 traffic signals that we operate

2020/21 finances at a glance

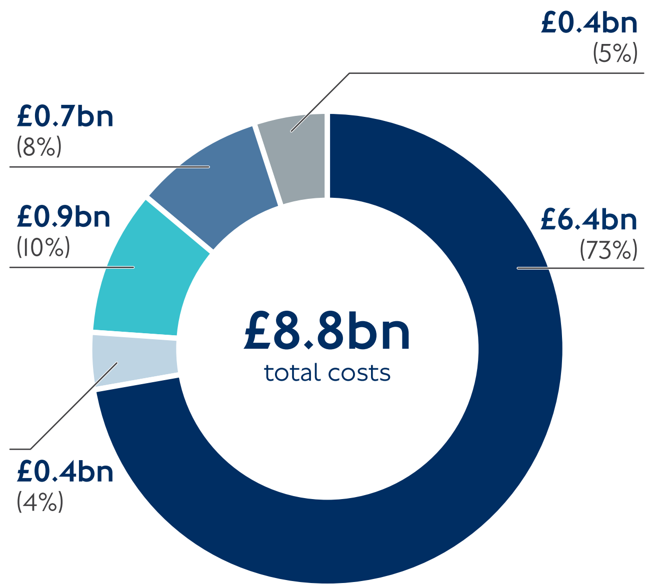


Total passenger income



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

Total costs



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

Financial summary

Our performance in the full year

Operating account

TfL Group (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Passenger income	1,600	1,480	120	4,751	(3,151)
Other operating income	777	768	9	1,023	(246)
Total operating income	**2,377**	**2,248**	**129**	**5,774**	**(3,397)**
Business Rates Retention	969	969	-	988	(19)
Furlough grant	58	60	(2)	-	58
Other revenue grants	60	27	33	117	(57)
Total income	**3,464**	**3,304**	**160**	**6,879**	**(3,415)**
Operating cost	(6,381)	(6,678)	297	(6,473)	92
Net operating (deficit)/surplus	**(2,917)**	**(3,374)**	**457**	**406**	**(3,323)**
Net financing costs	(440)	(442)	2	(411)	(29)
Net cost of operations before renewals	**(3,357)**	**(3,816)**	**459**	**(5)**	**(3,352)**
Capital renewals	(367)	(366)	(1)	(453)	86
Net cost of operations	**(3,724)**	**(4,182)**	**458**	**(458)**	**(3,266)**
Extraordinary grant	2,457	2,589	(132)	-	2,457
Net cost of operations after Extraordinary grant	**(1,267)**	**(1,593)**	**326**	**(458)**	**(809)**

Capital account

TfL Group (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
New capital investment	(866)	(913)	47	(1,084)	218
Crossrail	(704)	(800)	96	(1,026)	322
Total capital expenditure	**(1,570)**	**(1,713)**	**143**	**(2,110)**	**540**
Financed by:					
Investment grant	910	910	-	893	17
Property and asset receipts	63	110	(47)	173	(110)
Borrowing (TFL)	602	602	-	545	57
Borrowing (CR)	676	750	(74)	-	676
Crossrail funding sources	72	70	2	972	(900)
Other capital grants	127	128	(1)	206	(79)
Total	**2,450**	**2,570**	**(120)**	**2,789**	**(339)**
Net capital account	**880**	**857**	**23**	**679**	**201**

For the full year, the net cost of operations before Government support – our day-to-day deficit, including capital renewals to maintain assets in a good state of repair, as well as financing costs – is £3,724m, which is £3,266m worse than last year. The variance to last year is predominantly driven by lower income, as our revenue streams have been decimated by the pandemic. The net cost of operations is £458m better than budget, owing to higher passenger demand than anticipated and lower operating costs as we continue tight cost and headcount controls.

Passenger income is £3,151m lower than last year. At the end of 2020/21, Tube journeys were 77 per cent down on pre-pandemic levels of March 2019 and bus journeys 50 per cent lower. The financial risk from lower journeys was mitigated by the funding agreement with Government, as we received a revenue top up to a pre-agreed level to cover income losses. Other operating income – including Congestion Charge, Ultra Low Emission Zone, advertising and property revenue – is £246m lower as the impact of the pandemic is felt across our whole business.

Other revenue grants are £33m higher than budget as we received funding to support additional school transport and from the Department for Transport (DfT) Active Travel Fund to deliver schemes in London.

Operating costs are £297m lower than budget at year end, owing to the release of centrally held contingencies. Our core costs are £56m lower, helping to partially offset the additional cost pressures related to the pandemic, such as enhanced cleaning, PPE and social distancing measures.

Total capital expenditure, including capital renewals and new capital investment, is £46m lower than budget, mainly driven by lower spending on property development projects as sales have been deferred into 2021/22. Expenditure is £304m lower than last year reflecting the Safe Stop of non-critical projects during the pandemic and planned deferrals in to 2021/22.

Property and asset receipts are £47m below budget owing to a delay in the disposal of 65 Davies Street and Bloomfield Street as a result of additional operational works.

Cash flow summary

TfL Group (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Net cost of operations	(1,267)	(1,593)	326	(458)	(809)
Net capital account	880	857	23	679	201
Working capital movements	(93)	163	(256)	106	(199)
(Decrease)/increase in cash balances	**(480)**	**(573)**	**93**	**327**	**(807)**

During 2020/21, we received £3.2bn of funding and financing, as part of the package agreed with Government. This support has meant cash balances have remained above our minimum cash balance requirement of £1.2bn throughout the year.

Working capital balances have decreased by £93m since the start of the year, mainly owing to the impact of the pandemic. With the biggest reduction seen in short-term creditors, reflecting the drop in capital expenditure and lower receipts in advance from ticket sales.

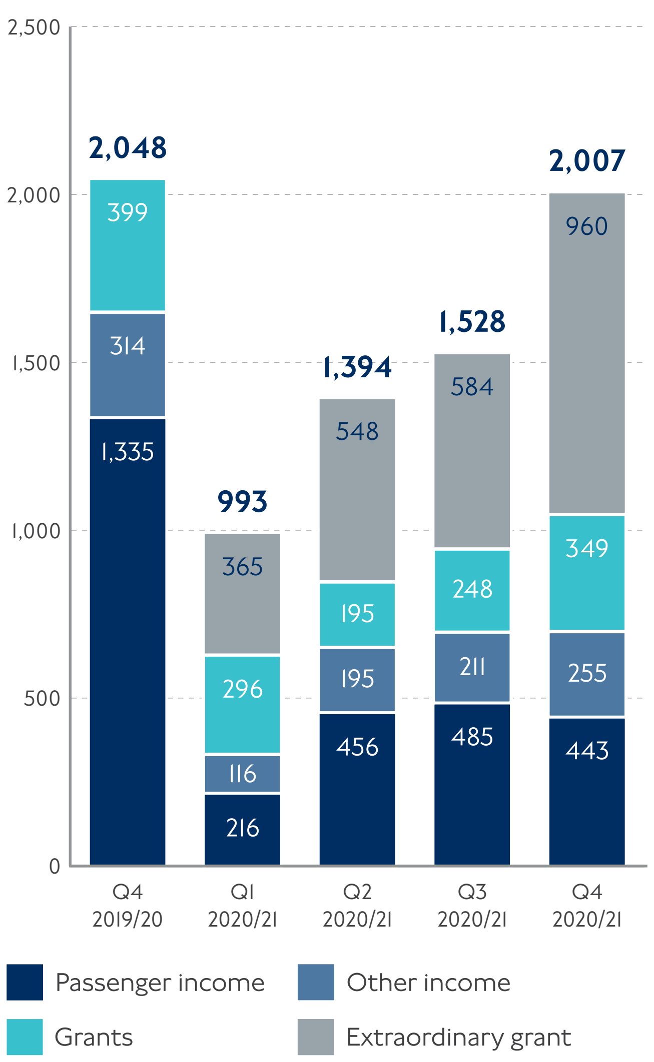
We are committed to running a safe and reliable transport network

Financial trends

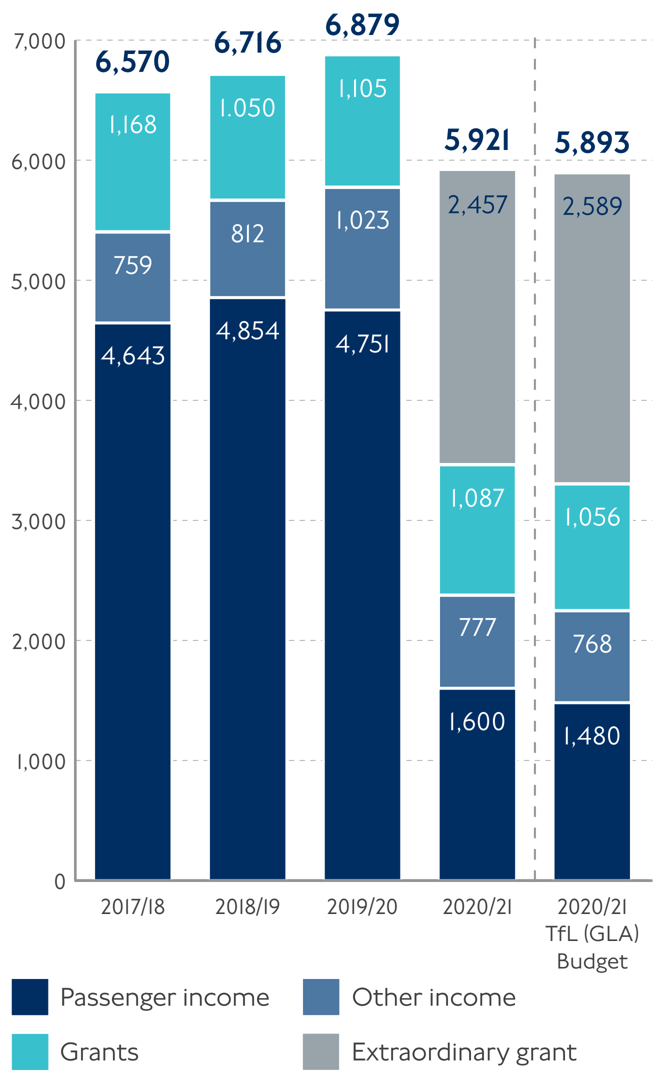
Our overall trends in the short and long term

Total income

Quarterly (£m)*

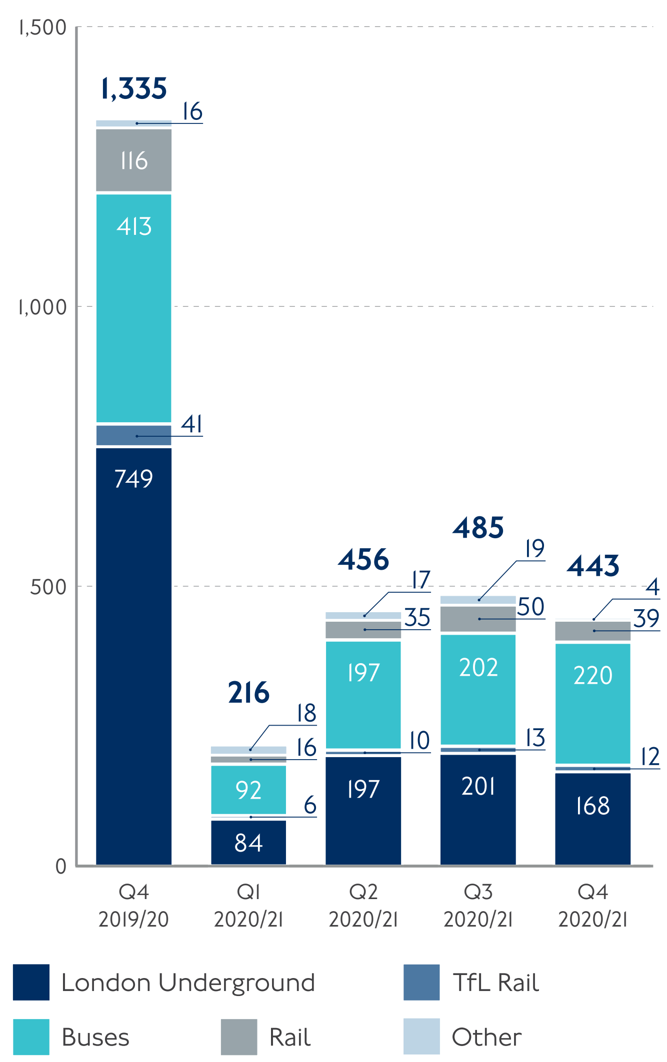


Full year (£m)

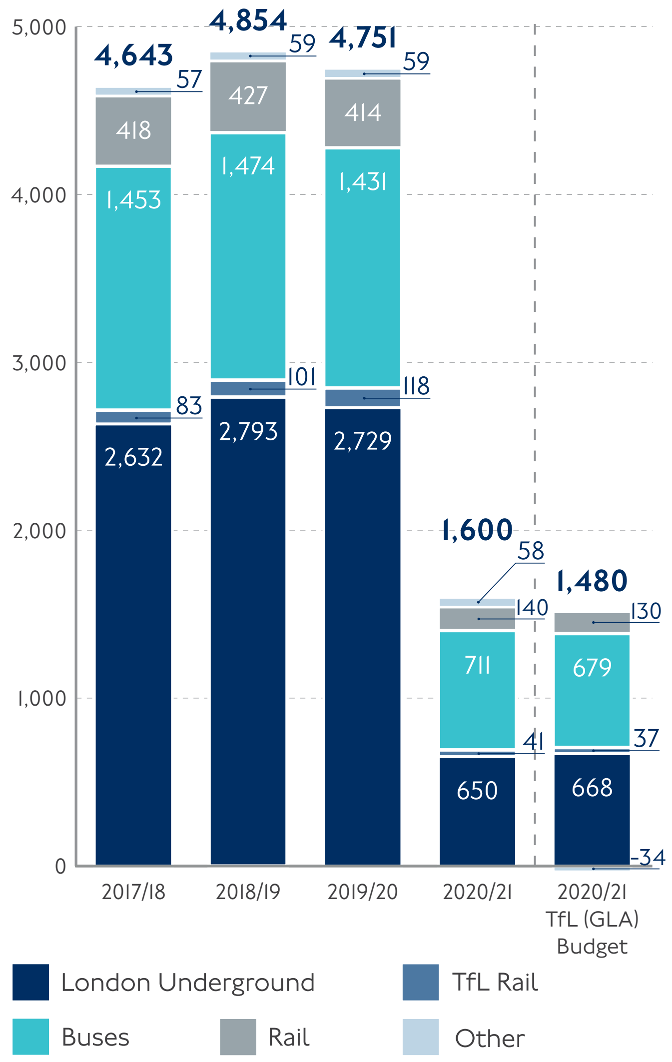


Total passenger income

Quarterly (£m)*



Full year (£m)



Full-year total income £28m above budget

14%▼ year on year

The full-year passenger income was £120m better than budget, which means the extraordinary grant requirement was £132m lower than we had expected.

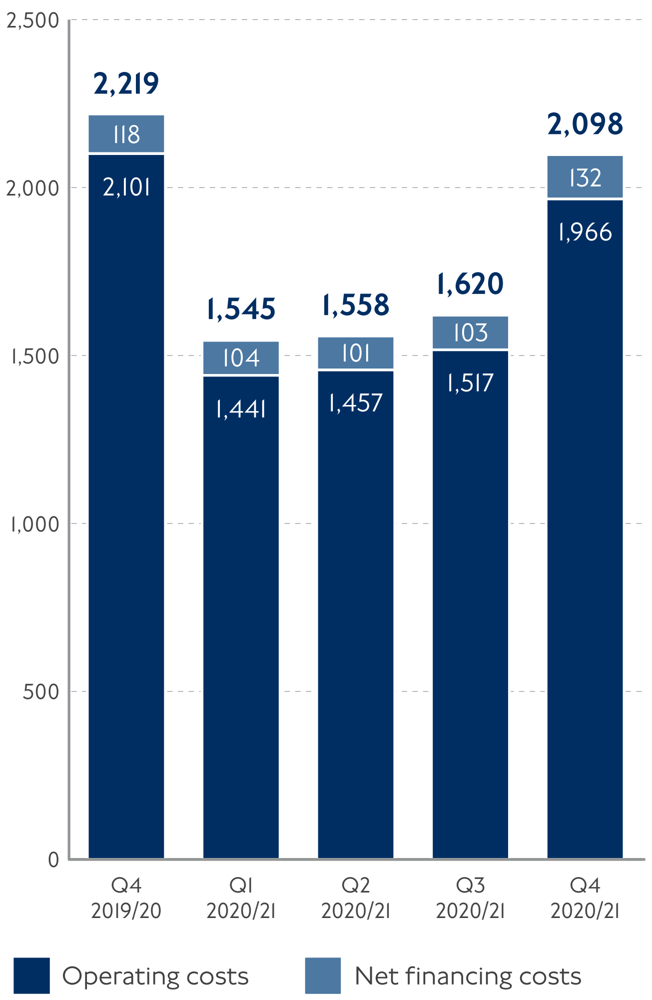
Full-year passenger income £120m above budget

66%▼ year on year

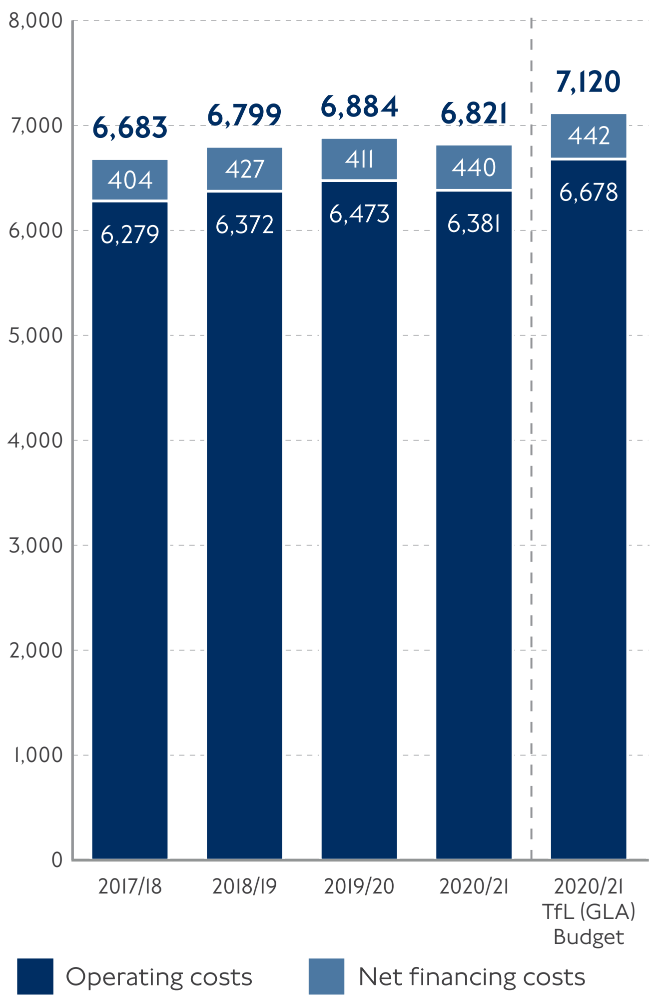
Passenger income is £120m above budget in the full year, mainly due to buses and rail. As expected, both passenger demand and income were down in the quarter, owing to the extended lockdown restrictions. As the lockdown eases, we are optimistic that customers will return to the network.

* Quarter 4 is longer than Quarters 1 to 3 (16 weeks and one day vs 12 weeks)

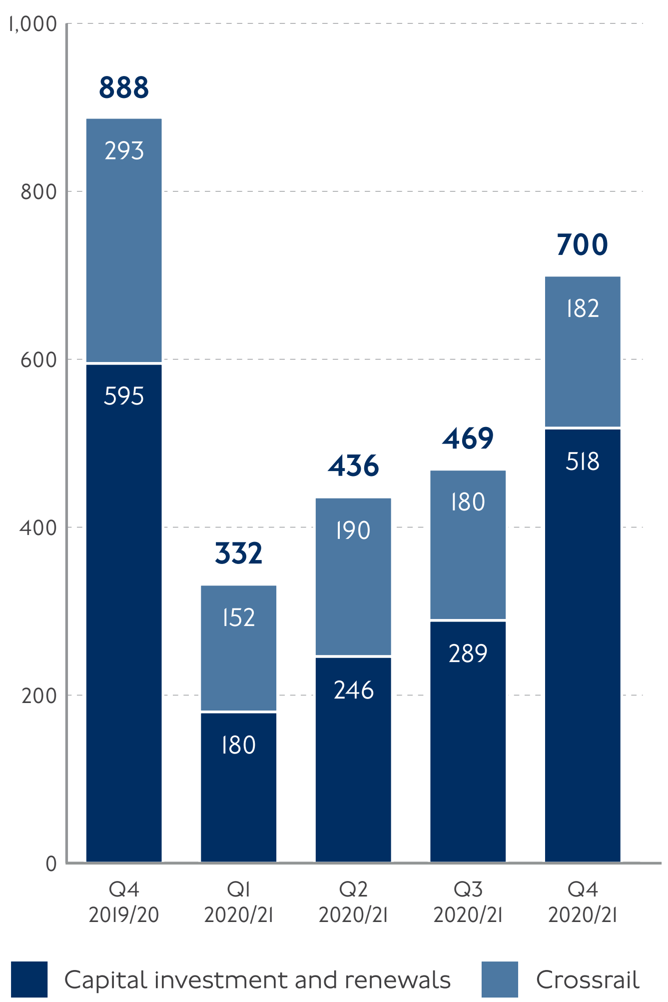
Total cost
Quarterly (£m)*



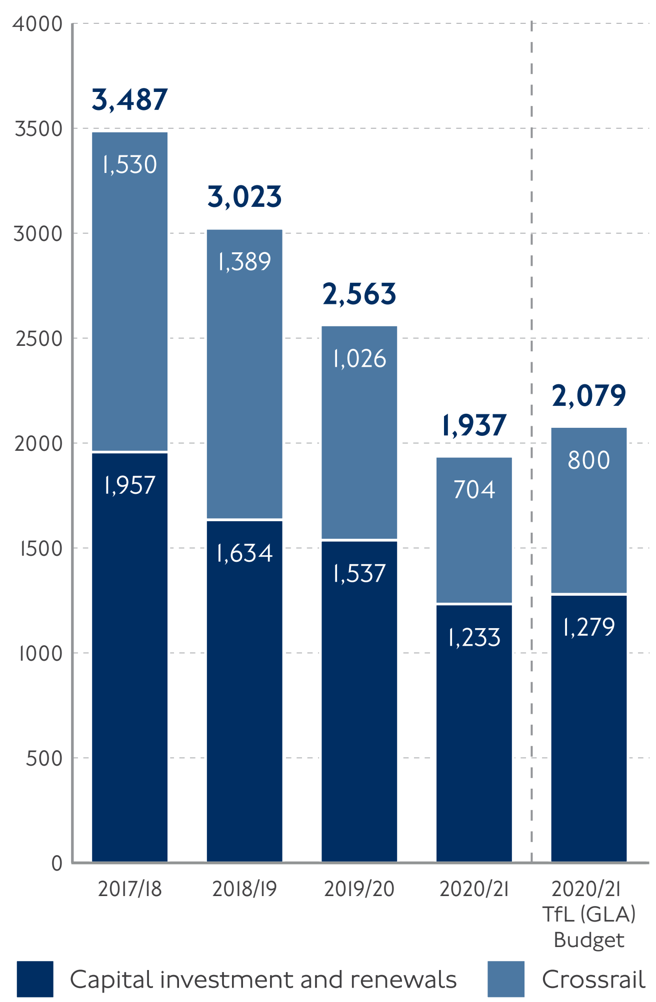
Full year (£m)



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



Full year (£m)



Full-year total costs £299m below budget

1%▼ year on year

Full-year operating costs are £297m better than budget, with core costs being £56m lower than budget.

£142m below full-year budget

24%▼ year on year

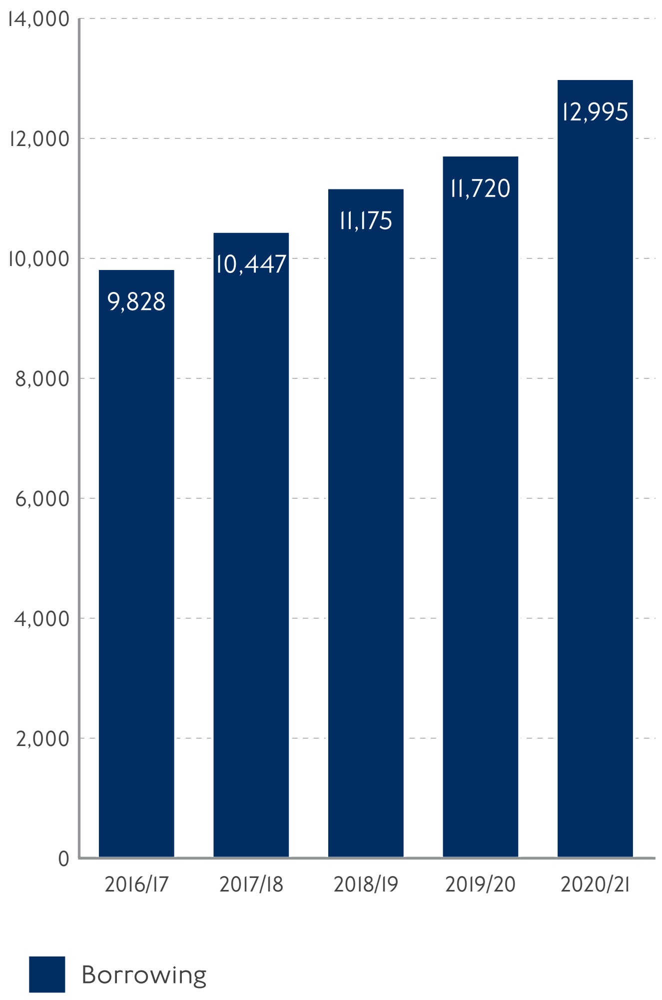
Total capital expenditure is lower than budget, largely because of works that have been rescheduled for next year.

* Quarter 4 is longer than Quarters 1 to 3 (16 weeks and one day vs 12 weeks)

Debt and cash

Our borrowing and cash balances

Total nominal borrowing (£m)



Borrowing update

Our borrowing increased by £1,276m during 2020/21, consisting of £600m incremental borrowing and £676m borrowing for Crossrail. Total borrowing was £74m less than our GLA budget assumption, owing to borrowing less under our facility with the DfT for the Crossrail project. The remaining amount under our DfT facility was drawn in early 2021/22. All borrowing in 2020/21 was consistent with the extraordinary funding and financing packages that were agreed with the Government on 14 May 2020 and 31 October 2020.

During Quarter 4, we borrowed from the Public Works Loan Board as agreed under the second extraordinary funding and financing package and continued to draw down on our Crossrail-related loan facility with the DfT.

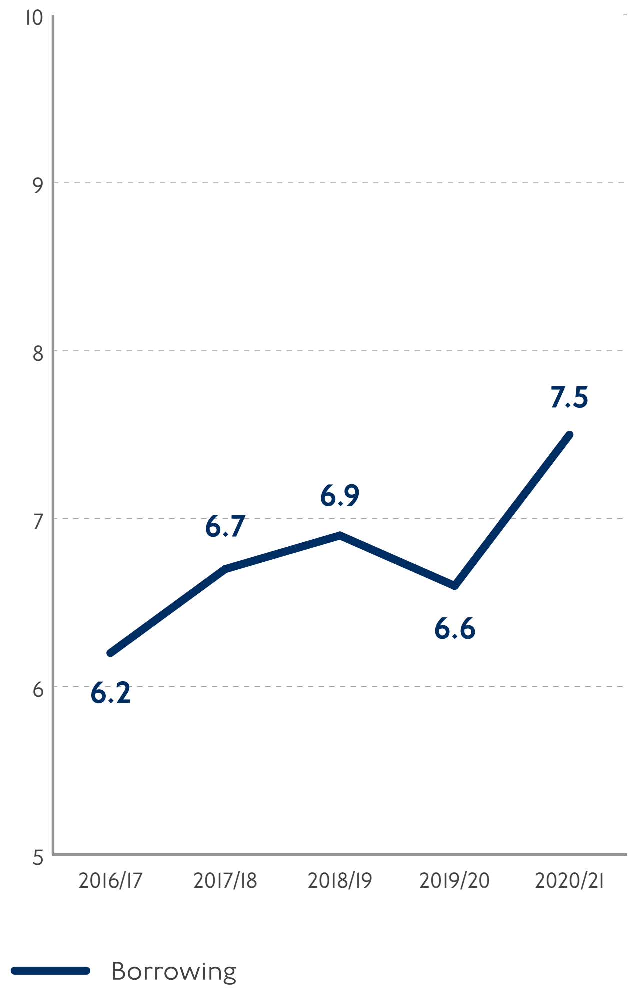
Credit ratings

We are rated by three leading international credit rating agencies. There were no changes to our credit ratings during Quarter 4.

Credit ratings as at the end of Q4 2020/21

Credit ratings	
Moody's	A1 negative outlook
Standard & Poor's	A+ negative outlook
Fitch Ratings	A+ stable outlook

Financing costs (% of total income)*



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

Financing costs (£m)

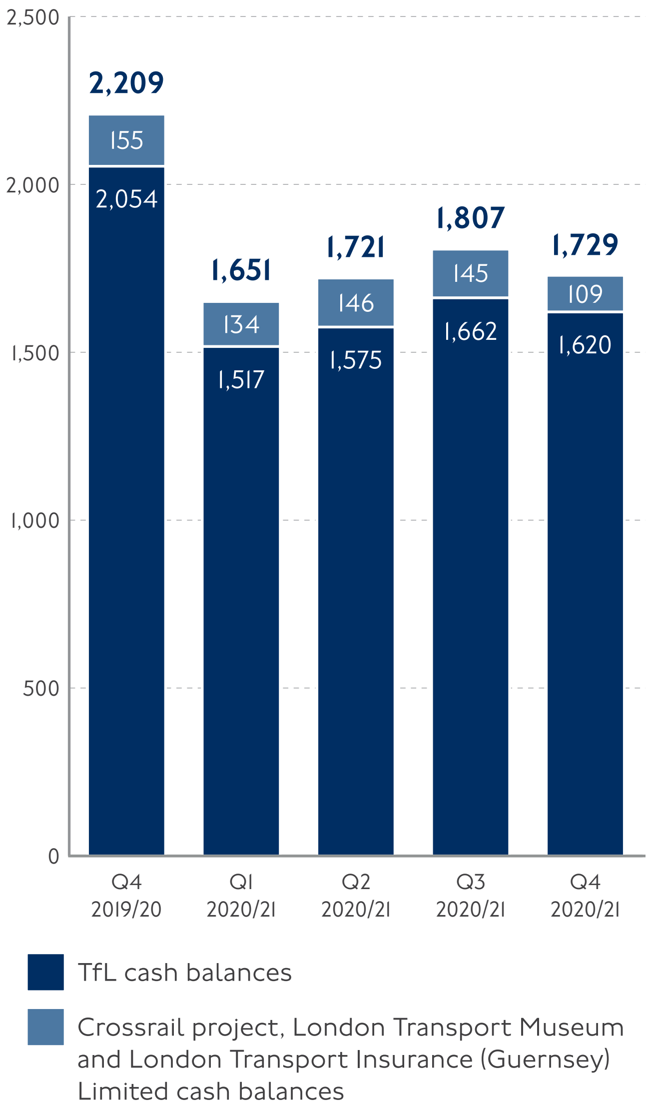
2020/21	(446)
2019/20	(456)
2018/19	(467)
2017/18	(437)
2016/17	(423)

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)

Full year	2020/21	TfL (GLA) Budget	variance
Interest income	6	5	1
Financing costs	(446)	(447)	1

Cash balances (£m)



£480m

22%▼ decrease in cash over the full year

Cash balances at the end of 2020/21 were £1,729m, a decrease of £480m since the end of 2019/20, driven by the impact of the coronavirus pandemic. Of the total cash balance, £109m is held for the Crossrail project, London Transport Museum and London Transport Insurance (Guernsey) Limited. Our cash position reflects £3.2bn of funding and financing received from the Government as part of the extraordinary financing and funding packages. Our year-end balance includes an amount we are due to return to Government in 2021/22 following a true-up of the grant funding we received during the first half of 2020/21.

Our liquidity policy requires us to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure, which is currently around £1.2bn. During Quarter 4, our cash reserves remained above this minimum level.
The extraordinary funding and financing packages agreed with the Government have also assumed that we will retain usable cash reserves, which is cash and liquid investments held by the TfL Group (excluding specified subsidiaries Crossrail Limited, London Transport Insurance (Guernsey) Limited and London Transport Museum Limited), of £1.2bn.

Preserving liquidity by maintaining a minimum cash balance of £1.2bn is crucial to our financial resilience. Statutory restrictions around prudent borrowing 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 provides assurance to our lenders, suppliers and credit rating agencies that we can meet our commitments.

London Transport Museum offers a range of activities for all ages

Passenger journeys

Our performance based on passenger numbers

Full year 2020/21

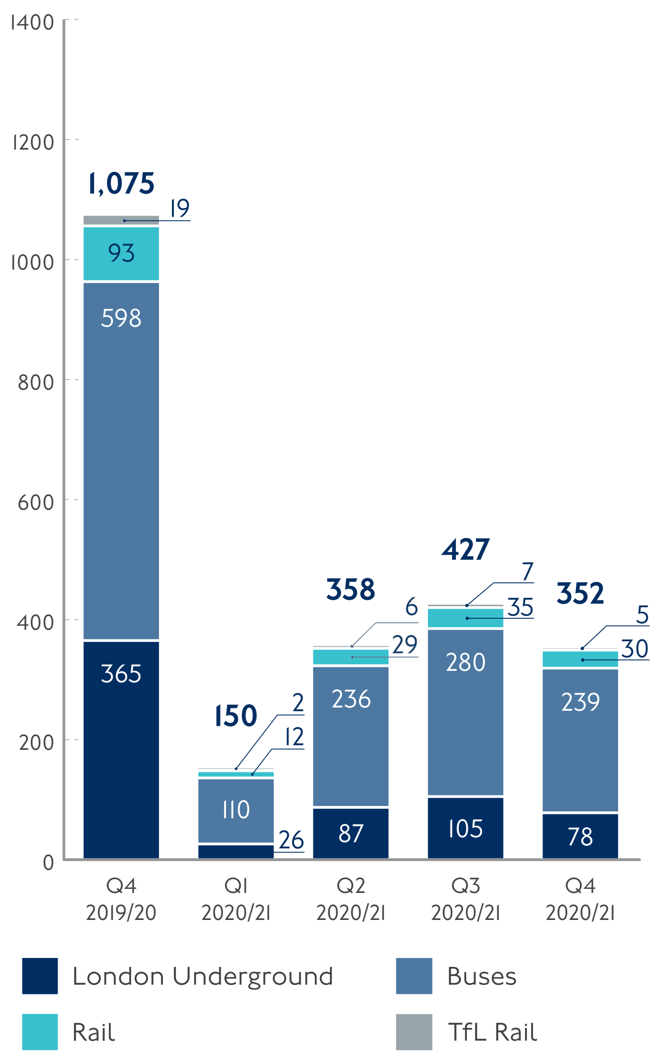
1,287m total journeys

1,216m TfL (GLA) Budget

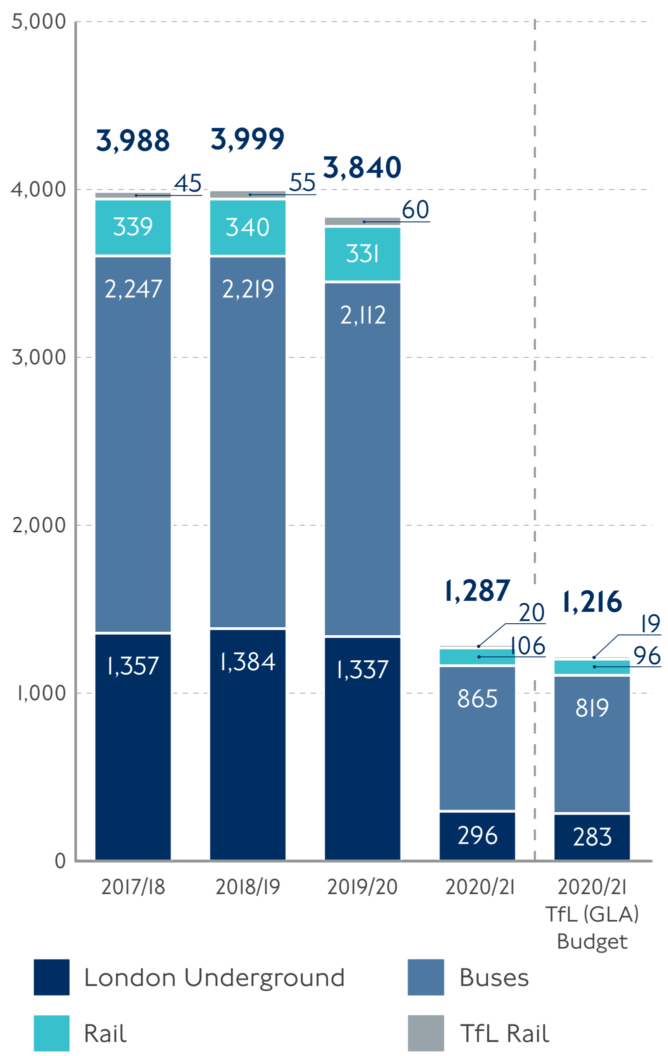
3,840m 2019/20

Mode	Journeys	vs TfL (GLA) Budget	vs 2019/20
London Underground	296m	4.7%▲ TfL (GLA) Budget	77.8%▼ 2019/20
London Buses	865m	5.5%▲ TfL (GLA) Budget	59.1%▼ 2019/20
DLR	40m	16.5%▲ TfL (GLA) Budget	65.8%▼ 2019/20
London Overground	54m	8.9%▲ TfL (GLA) Budget	71.2%▼ 2019/20
London Trams	12m	1.8%▼ TfL (GLA) Budget	57.2%▼ 2019/20
TfL Rail	20m	9.0%▲ TfL (GLA) Budget	66.3%▼ 2019/20

Passenger journeys (millions)
Quarterly*



Passenger journeys with budget (millions)
Full year



Full-year passenger journeys are favourable to budget across all modes, which is reassuring as we start to emerge from the national lockdown. There was a fall in demand during Quarter 4 from Quarter 3, owing to Government restrictions on travel.

Compared to the end of 2018/19, which was the last full year unaffected by the pandemic, London Underground journeys are 77 per cent down and bus journeys around 50 per cent lower.

* Quarter 4 is longer than Quarters 1 to 3 (16 weeks and one day vs 12 weeks)

Underground

Demand has been affected by the pandemic

Financial summary

Underground (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Passenger income	650	668	(18)	2,729	(2,079)
Other operating income	14	14	-	33	(19)
Total operating income	**664**	**682**	**(18)**	**2,762**	**(2,098)**
Government furlough grant	37	39	(2)	-	37
Total income	**701**	**721**	**(20)**	**2,762**	**(2,061)**
Direct operating cost	(1,989)	(2,076)	87	(1,963)	(26)
Direct operating (deficit)/surplus	**(1,288)**	**(1,355)**	**67**	**799**	**(2,087)**
Indirect operating cost	(293)	(526)	233	(375)	82
Net operating (deficit)/surplus before financing and capital renewals	**(1,581)**	**(1,881)**	**300**	**424**	**(2,005)**
Net financing costs	(280)	(281)	1	(261)	(19)
Capital renewals	(203)	(208)	5	(311)	108
Net cost of operations	**(2,064)**	**(2,370)**	**306**	**(148)**	**(1,916)**
New capital investment	(31)	(38)	7	(71)	40

Passenger income is £18m lower than the budget, owing to lower than expected yield and reduced passenger demand as a result of the lockdown restrictions. Full-year passenger income is £2.1bn lower than 2019/20 demonstrating the impact of the pandemic on our finances.

Direct operating costs are £87m lower than the budget. Core operating costs are £15m lower, owing to a reduction in staff costs, and savings within consultancy, partially offset by maintenance spend. There has also been a reduction in coronavirus-related costs. Furthermore, costs have reduced across safe-stop commercial penalties following project spend reviews and deferrals.

Capital expenditure is £12m lower than the budget. The full-year underspend is mainly because of delays to track and accessibility works, and also the rephasing of our capital programmes.

Passenger journeys analysis

	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Number of passenger journeys (millions)	296	283	13	1,337	(1,041)

Passenger journeys

There were 13 million more passenger journeys than the budget, reflecting the easing of lockdown restrictions. However, full-year journey numbers are just over one billion lower than 2019/20, highlighting the impact of the pandemic on our services.

Passenger journeys year-on-year change at the end of Quarter 4*

Q4 2020/21

77%▼

* Passenger journey percentage change from pre-pandemic baseline of 2018/19

Elizabeth line

We are focused on launching this new service

Financial summary

Elizabeth line (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Passenger income	41	37	4	118	(77)
Other operating income	8	7	1	29	(21)
Total operating income	**49**	**44**	**5**	**147**	**(98)**
Government furlough grant	1	1	-	-	1
Total income	**50**	**45**	**5**	**147**	**(97)**
Direct operating cost	(361)	(337)	(24)	(354)	(7)
Direct operating deficit	**(311)**	**(292)**	**(19)**	**(207)**	**(104)**
Indirect operating cost	(7)	(20)	13	(9)	2
Net operating deficit before financing and capital renewals	**(318)**	**(312)**	**(6)**	**(216)**	**(102)**
Net financing costs	(87)	(88)	1	(81)	(6)
Net cost of operations	**(405)**	**(400)**	**(5)**	**(297)**	**(108)**
New capital investment	(37)	(38)	1	(23)	(14)
Crossrail construction costs	(704)	(800)	96	(1,026)	322
Total capital expenditure	**(741)**	**(838)**	**97**	**(1,049)**	**308**

Passenger income is £4m higher than the budget, mainly owing to less stringent lockdown than expected.

Direct operating costs are £24m above budget, owing to the transfer from capital of safe-stop costs relating to the Crossrail construction project.

Delivery of the Elizabeth line is now in its complex final stages, with a plan to complete the railway now focused on the remaining construction and systems integration work.

Crossrail Ltd expect to start extensive commissioning in spring 2021. The next phase involves multiple trains operating in the central section to test the timetable and ensure reliability, while the final works to the stations are completed. It will take time to fully test the line before it can open for passengers. This includes a final phase where people are invited onto trains and stations to test various scenarios and ensure the service is ready.

Passenger journeys analysis

	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Number of passenger journeys (millions)	20.2	18.5	1.7	59.8	(39.6)

Passenger journeys

There were 1.7 million more passenger journeys than budget following the easing of lockdown restrictions. In the full year, there were nearly 40 million fewer passenger journeys than in 2019/20. We are 60 per cent down on pre-pandemic journey numbers of Quarter 4 2018/19.

Passenger journeys year-on-year change at the end of Quarter 4*

Q4 2020/21

60%▼

* Passenger journey percentage change from pre-pandemic baseline of 2018/19

Buses, streets and other operations

This area incorporates a range of our transport services

Financial summary

Buses, streets and other operations (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Passenger income	711	679	32	1,436	(725)
Other operating income	514	522	(8)	545	(31)
Total operating income	**1,225**	**1,201**	**24**	**1,981**	**(756)**
Government furlough grant	9	9	-	-	9
Total income	**1,234**	**1,210**	**24**	**1,981**	**(747)**
Direct operating cost	(2,810)	(2,845)	35	(2,871)	61
Direct operating deficit	**(1,576)**	**(1,635)**	**59**	**(890)**	**(686)**
Indirect operating cost	(116)	(156)	40	(131)	15
Net operating deficit before financing and capital renewals	**(1,692)**	**(1,791)**	**99**	**(1,021)**	**(671)**
Net financing costs	(41)	(41)	-	(38)	(3)
Capital renewals	(99)	(83)	(16)	(71)	(28)
Net cost of operations	**(1,832)**	**(1,915)**	**83**	**(1,130)**	**(702)**
New capital investment	(141)	(133)	(8)	(168)	27

Passenger income is £32m better than budget, owing to a less stringent lockdown than anticipated.

Other operating income is £8m lower than budget, mainly owing to lower penalty charge notice enforcement income. This is offset by lower bad debt. Congestion charging volumes and income are in line with the budget.

Direct operating costs are £35m better than budget. This is primally owing to lower bad debt from reduced Road User Charging income and lower bus contract costs. There were also additional savings on costs associated with bus driver cabin improvements and reduced labour costs on projects.

Capital expenditure is £24m higher than budget. This is driven by the acceleration of our asset renewal activity from 2021/22 into 2020/21.

Passenger journeys analysis

Buses	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Number of passenger journeys (millions)	865	819	46	2,112	(1,247)

Passenger journeys

There were 46 million more journeys than anticipated as passengers return to the network. Journey numbers for the year are more than 1.2 billion lower than 2019/20.

Passenger journeys year-on-year change at the end of Quarter 4*

Q4 2020/21

50%▼

* Percentage change in passenger journeys from pre-pandemic baseline of 2018/19

Volume analysis

	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Congestion Charge volumes (thousands)	15,196	14,277	919	15,756	(560)
Congestion Charge and enforcement income (£m)	315.6	292.7	22.9	247.0	68.6

Cycling

There was a big increase in the total number of people using Santander Cycles, with record levels of customers signing up to use the scheme for leisure purposes.

There were 10.2 million overall hires, which is the same as 2019/20, but we saw a big shift in the type of user. Member hires, which are predominantly commuters, reduced from six million to five million. This was offset by a one million increase in casual hires, which are predominantly leisure hires from park locations.

Traffic flow

Traffic flows across London are 18.9 per cent lower than last year. This represents a decrease from the last quarter, from 87.4 per cent in Quarter 3 to 76.8 per cent in Quarter 4.

This quarter, traffic flows in central London were 39.7 per cent, compared to 50.8 per cent in Quarter 3. Inner London flows were 73.2 per cent, down from 83.3 per cent in Quarter 3 and outer London traffic flows were 79.4 per cent, compared to 90.2 per cent in Quarter 3.

Traffic flow (volume) year-on-year change

Q4 2020/21

18.9% ▼

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

Volume analysis

	Full year 2020/21	Full year 2019/20	Variance
Santander Cycles			
Number of hires (millions)	10.2	10.2	-
Victoria Coach Station			
Number of coach departures (thousands)	39.7	219.9	(180.2)
London River Services			
Number of passenger journeys (millions)	1.6	9.6	(8.0)
London Dial-a-Ride			
Number of passenger journeys (thousands)	144.9	895.4	(750.5)
Taxi and Private Hire			
Number of private hire vehicle drivers	105,329	111,766	(6,437)
Taxi drivers	20,786	22,337	(1,551)
Emirates Air Line			
Number of passenger journeys (thousands)	428.6	1,200.3	(771.7)

Rail

The pandemic had an impact on all rail services

Financial summary

Rail (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Passenger income	140	130	10	414	(274)
Other operating income	6	8	(2)	22	(16)
Total operating income	**146**	**138**	**8**	**436**	**(290)**
Direct operating cost	(456)	(465)	9	(469)	13
Direct operating deficit	**(310)**	**(327)**	**17**	**(33)**	**(277)**
Indirect operating cost	(19)	(22)	3	(21)	2
Net operating deficit before financing and capital renewals	**(329)**	**(349)**	**20**	**(54)**	**(275)**
Net financing costs	(27)	(27)	-	(25)	(2)
Capital renewals	(34)	(41)	7	(35)	1
Net cost of operations	**(390)**	**(417)**	**27**	**(114)**	**(276)**
New capital investment	(25)	(25)	-	(46)	21

Passenger income is £10m better than budget, owing to a less stringent lockdown than anticipated.

Direct operating costs are £9m below the budget, mainly owing to lower leasing and maintenance costs following further delays to the delivery of new London Overground trains. In addition, there have been performance penalties in respect of delivered trains.

Capital expenditure is £7m lower than the budget, as we have rescheduled some of renewals works to next financial year.

Passenger journeys analysis

	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
London Overground					
Number of passenger journeys (millions)	53.8	49.4	4.4	187.1	(133.3)
DLR					
Number of passenger journeys (millions)	39.9	34.3	5.6	116.8	(76.9)
London Trams					
Number of passenger journeys (millions)	11.6	11.9	(0.3)	27.2	(15.6)

Passenger journeys

Demand for London Overground and DLR services was higher than anticipated but largely in line with budget on trams. Journeys were 62 per cent lower at the end of Quarter 4 against the pre-pandemic numbers in 2018/19.

Passenger journeys year-on-year change at the end of Quarter 4*

Q4 2020/21

62% ▼

* Passenger journey percentage change from pre-pandemic baseline of 2018/19

We are working with Siemens to develop our Piccadilly line trains

Major projects

This area includes our line and station upgrades

Financial summary

Major Projects (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Other operating income	7	13	(6)	22	(15)
Government furlough grant	2	3	(1)	-	2
Total income	**9**	**16**	**(7)**	**22**	**(13)**
Direct operating cost	(37)	(47)	10	(21)	(16)
Direct operating (deficit)/surplus	**(28)**	**(31)**	**3**	**1**	**(29)**
Indirect operating cost	(34)	(34)	-	(41)	7
Net operating deficit	**(62)**	**(65)**	**3**	**(40)**	**(22)**
Capital renewals	(3)	(5)	2	(19)	16
Net cost of operations	**(65)**	**(70)**	**5**	**(59)**	**(6)**
New capital investment	(543)	(550)	7	(595)	52

Total capital expenditure, including capital renewals and new capital investment, is £9m lower than budget, mainly owing to the deferral of non-essential works to next financial year and from savings. Total capital expenditure is £68m lower than last year, reflecting the Safe Stop of non-critical projects during the pandemic, as well as changes to the scope of work being undertaken this year.

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

Four Lines Modernisation

On 7 March 2021, we reached a major milestone when the new signalling system went live between Monument, Euston Square and Stepney Green. This paves the way for frequencies to be increased and reliability to be improved once the rest of the route has been automated. This is the largest and most complex migration area commissioned to date and introduced the full complement of District line drivers to the new signalling system.

Piccadilly Line Rolling Stock

On 4 March 2021, Siemens and TfL unveiled the new design of the new Piccadilly line trains, which was the final strategic milestone for the year. We will continue to work collaboratively with Siemens towards the next strategic milestone, which will be to start manufacturing the trains in summer 2021.

Northern Line Extension

The installation of ticketing and gateline equipment is progressing well, with both Battersea and Nine Elms stations nearing completion. The first ticket vending machines have also been installed at Battersea station.

Testing and commissioning of key systems, such as escalators, lifts and CCTV, continues across all sites. We are focused on the work packages and resources required to start trial operations, which is planned for June 2021. Revenue service is still planned for autumn 2021.

Barking Riverside

Following completion of concrete works on the south viaduct in December 2020, installation of finishes, drainage and handrails has continued. North viaduct works are ongoing to finish the ramp and remaining deck slabs, with final pours planned in April and May 2021 respectively.

At the new station, we have completed the main roof and platform canopy cladding and glazing, and progressed the installation of mechanical and electrical equipment, including the power supply and lifts.

In January 2021, we completed the major signalling stage, which was cancelled in Easter 2020 due to the pandemic.

Bank Station Upgrade

We started to install the new track this quarter and continue to fit out new and existing parts of the station.

Cabling works have started in all areas, and we have nearly finished installing the primary cable management and ventilation systems. Planning for the temporary closure of the Northern line Bank branch and some associated Northern line stations continues.

DLR Rolling Stock and Systems Integration

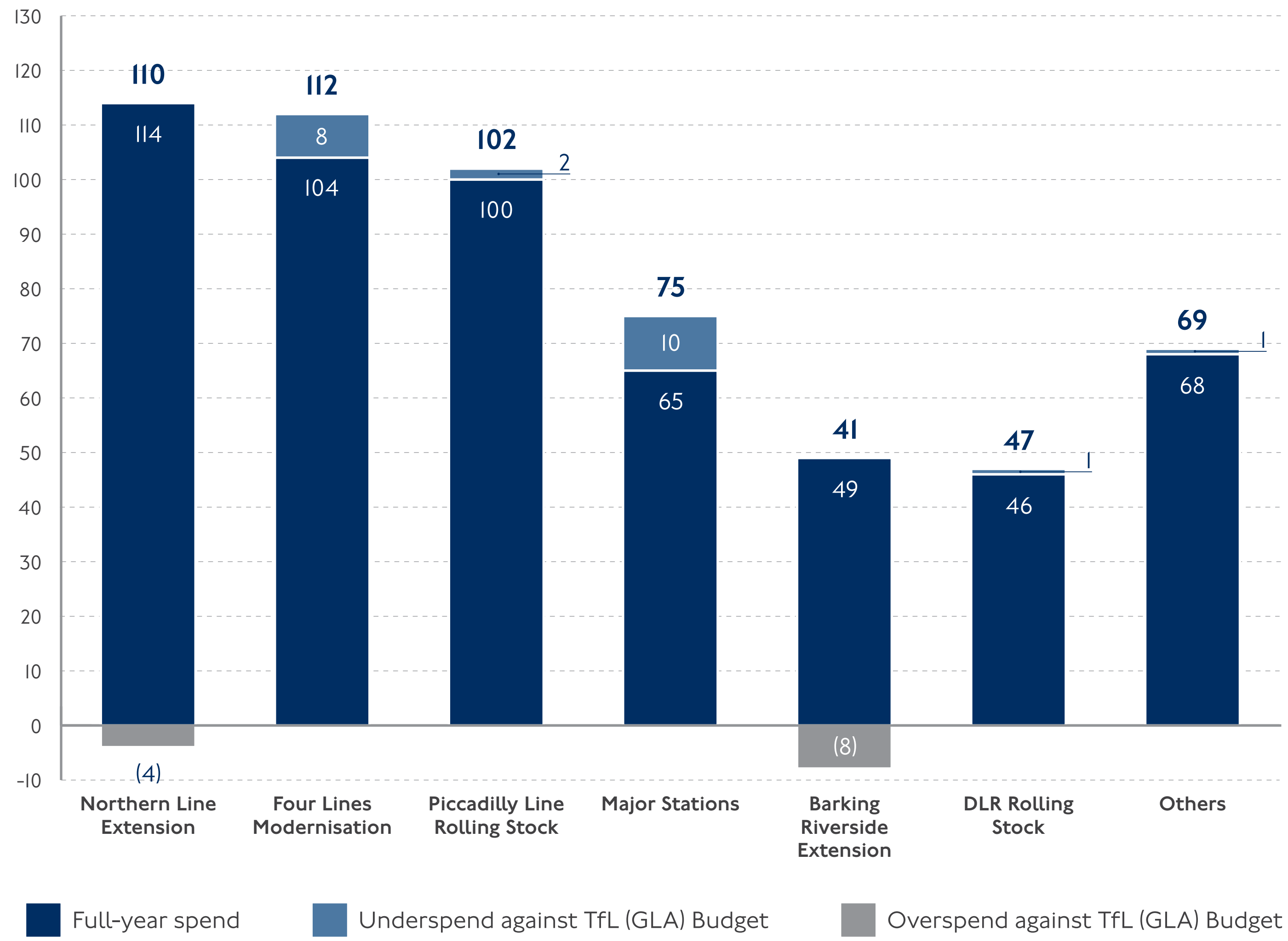
The manufacture of the rolling stock is under way with Construcciones y Auxiliar de Ferrocarriles. The first three new bodyshells have been completed, with remote inspections being done in lieu of visiting the manufacturer's facilities.

The development of the Thales signalling software has started, as have works at the Beckton Depot northern sidings.

Silvertown Tunnel

A new 1.4km twin-bore road tunnel linking the A102 Blackwall Tunnel Approach on the Greenwich Peninsula to the Tidal Basin Roundabout in the Royal Docks area is being delivered by the RiverLinx consortium. Tunnelling works continue in line with expectations. The contract for the design and manufacture of the tunnel boring machine continues and construction of the launch chamber has begun, with more than 20 per cent of the total number of piles required for the chamber now in place.

Full-year capital spend by programme (£m)



Property

We manage an extensive property estate

Financial summary

Property (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Other operating income	71	42	29	102	(31)
Direct operating cost	(68)	(38)	(30)	(33)	(35)
Direct operating surplus	**3**	**4**	**(1)**	**69**	**(66)**
Indirect operating cost	(10)	(15)	5	(12)	2
Net deficit/surplus of operations	**(7)**	**(11)**	**4**	**57**	**(64)**
New capital investment	(36)	(67)	31	(91)	55
Property receipts	16	22	(6)	150	(134)
Crossrail over-site development	47	88	(41)	23	24
Net capital receipts	**27**	**43**	**(16)**	**82**	**(55)**

Other operating income is £29m higher than the budget, owing to coronavirus credits being lower than budgeted plus a change in the accounting treatment of those coronavirus rent credits issued to tenants. The income is now shown grossed up and is offset in full by an increase in bad debt expense.

Direct operating costs are £30m higher than budget, primarily owing to an increase in bad debt expense, as described in the paragraph above.

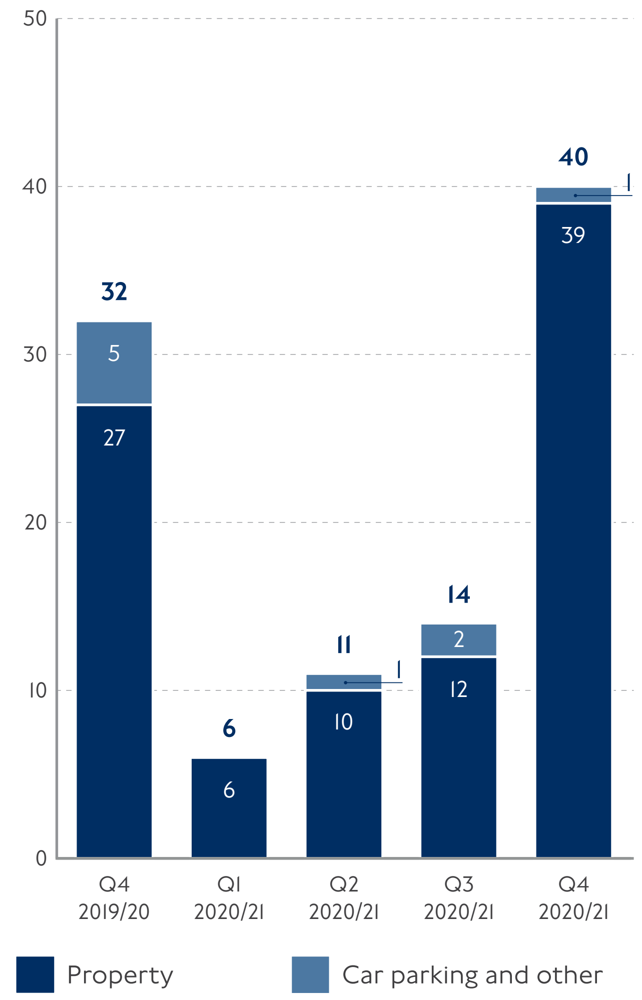
More broadly, our approach to managing tenants through the pandemic is increasingly being viewed as a success, with activity starting to recover quicker than would have been the case had we not offered the early support that enabled tenants to remain in situ.

New capital investment is £31m lower than budget, owing to delayed joint venture equity contributions, along with delays to in-station retail, property disposal costs and portfolio refurbishment projects – all impacted by the inability to enter into new contractual commitments given the wider lack of certainty on funding.

Crossrail over-site development income is £41m lower than budget, owing to a delay in the disposal of 65 Davies Street and Bloomfield Street as a result of additional operational works. Mitigations have now been put in place, with income from Bloomfield Street expected to come in early 2021/22. Other property receipts are £6m lower than budget, owing to delayed disposals at Whitechapel, Canons Park and Rayners Lane car parks. This is partially offset by an unbudgeted receipt for Lindsey Street overage.

Property income (£m)

Quarterly*



We had two major successes at planning committee this quarter. The first was for our new development at Bollo Lane in Acton, which was given the go-ahead by Ealing Council. The development will provide 852 new high-quality and affordable homes in the local area, spread over nine buildings. The plan, designed in collaboration with architects HOK, landscape architects East and engineers Mott MacDonald, covers a 3,600-square-metre site, from Acton Town station to the level crossing towards Chiswick.

The development, our largest to date, will include a mix of one-, two- and three-bedroom properties, suited to all types of households, including first-time buyers, families and downsizers. The area around the new homes has been designed to deliver long-term positive change and sustainability for the local community. As well as looking to incorporate renewable energy systems, such as solar panels, the designs include gardens and play spaces for the local community and residents. The site will provide more than 2,300 square metres of commercial space, which could be used by local businesses. Combined with the additional retail space included in the plans, the development will contribute to and help stimulate the local economy.

The second was the over station development at Southwark Tube station, where our proposals would create 25,000 square meters of new office space. This development will enable us to improve the area around the station for pedestrians and cyclists, help the council provide 25 new affordable council homes and introduce new landscaping and access routes to Isabella Street. Our proposals will stand among the most sustainable office buildings in the world and will include a hybrid cross-laminated timber frame that will reduce embodied carbon by 40 per cent. We will also reduce our operational carbon emissions by 44 per cent by using solar panels and pumps that recycle heat from the London Underground network.

* Quarter 4 is longer than Quarters 1 to 3 (16 weeks and one day vs 12 weeks). Quarter 4 2020/21 also reflects the adjustment to add coronavirus credits issued during the year back into income.

Media

Our media income includes advertising revenue

Financial summary

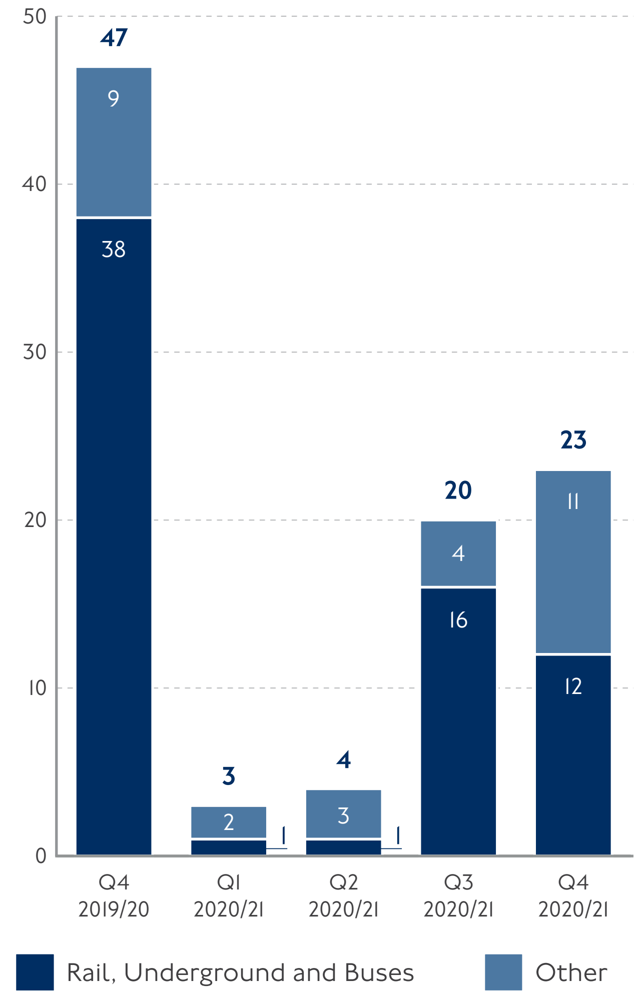
Media (£m)	Full year 2020/21	Full year TfL (GLA) Budget	Variance	Full year 2019/20	Variance
Other operating income	50	46	4	154	(104)
Direct operating cost	(8)	(3)	(5)	(4)	(4)
Direct operating surplus	**42**	**43**	**(1)**	**150**	**(108)**
Indirect operating cost	(1)	(1)	-	(2)	1
Net surplus of operations	**41**	**42**	**(1)**	**148**	**(107)**
New capital investment	12	7	5	(4)	16

Operating income is £4m higher than the budget, which is largely due to additional income from our roadside advertising estate and bus shelter advertising contract, plus additional income from sponsorship. Income is around 68 per cent lower than last year as revenue streams are dependent on passengers returning to the network and therefore remain uncertain.

New capital investment is £5m lower than the budget, largely as a result of delays to the installation and completion of advertising assets at Crossrail sites. This work is now forecast to end in 2021/22.

Advertising income (£m)

Quarterly*



* Quarter 4 is longer than Quarters 1 to 3 (16 weeks and one day vs 12 weeks)

Media income in Quarter 4 continues to be impacted by the pandemic as brands react to the economic uncertainty by cancelling advertising or reducing advertising spend. This, coupled with significantly reduced audiences across the network, means that advertising income is around 50 per cent lower than the same quarter last year. Our Rail and Underground estates have both been particularly impacted by further lockdown restrictions.

The Government roadmap out of lockdown gives us some encouragement around further uplifts in media income, but there is still a high degree of uncertainty around future income. We will continue to work closely with our advertising partners to ensure we are able to support the return of brands to our network and rebuild our revenue streams as soon as possible.

Headcount

Our people provide a vital service for London

Full-time equivalents, including non-permanent labour

	31 March 2020 Actual	Year-to-date net (leavers)/joiners	31 March 2021 Actual
Underground	18,381	(482)	17,899
Elizabeth line	263	27	290
Buses, streets and other operations	2,664	(11)	2,653
Rail	271	3	274
Property development	198	-	198
Facilities & estates	152	(15)	137
Professional services*	4,267	(182)	4,085
Media	28	(2)	26
Major projects	674	(47)	627
TfL total	**26,898**	**(709)**	**26,189**
Crossrail	707	(101)	606
Total	**27,605**	**(810)**	**26,795**

At the start of the pandemic, we froze recruitment for non-critical roles. This has resulted in staff reductions of 709 full-time equivalent roles this year, with more than half of these coming from agency and non-permanent staff. Non-permanent and agency staff numbers are now 25 per cent lower than at the end of 2019/20.

* Professional Services includes Legal, Finance, Human Resources, Ticketing, Procurement and Customer, and Communications & 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 in 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 2018	1,422	1,874,029	1,670	3,374,973
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

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 2020 Actual	Year-to-date net (leavers)/joiners	31 March 2021 Actual
0-6 months	339	(77)	262
6-12 months	335	(250)	85
1-2 years	243	64	307
2-3 years	152	(43)	109
3-5 years	138	(28)	110
5+ years	120	(2)	118
Total	**1,327**	**(336)**	**991**

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 as much as possible.

About Transport for London (TfL)

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

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners' 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.

May 2021
tfl.gov.uk

PUB21_023