



# Transport for London quarterly performance report

Quarter 2 2022/23  
(26 June – 17 September 2022)

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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 2022 was published in September 2022.

# Introduction

## Recovering passenger demand, tight cost control and a new funding settlement keeps us on track to achieving financial sustainability by April 2023

The long-term funding agreement secured on 30 August 2022 gives us much-needed stability as we continue to take steps to rebuild our finances and seek more efficient ways of working to ensure we achieve financial sustainability by April 2023.

The funding increases our capital investment by around £200m compared to our managed decline Budget. This will help us protect the critical assets on which Londoners depend and restore a level of expenditure to improve our network, alongside delivering our committed investment, including new Piccadilly line trains and DLR rolling stock, Four Lines Modernisation, Bank station upgrade and Old Street roundabout. However, we need to deliver further efficiencies to secure a total shift from the managed decline scenario.

There are still significant risks to our financial position, including meeting an additional efficiency target of £230m over the next two years. However, a £500m GLA financing facility allows us to manage these risks and maintain confidence in our balanced Budget position.

Now that we have a longer-term funding settlement, we can plan ahead with more certainty and will include a full year forecast from the Q3 report onwards.

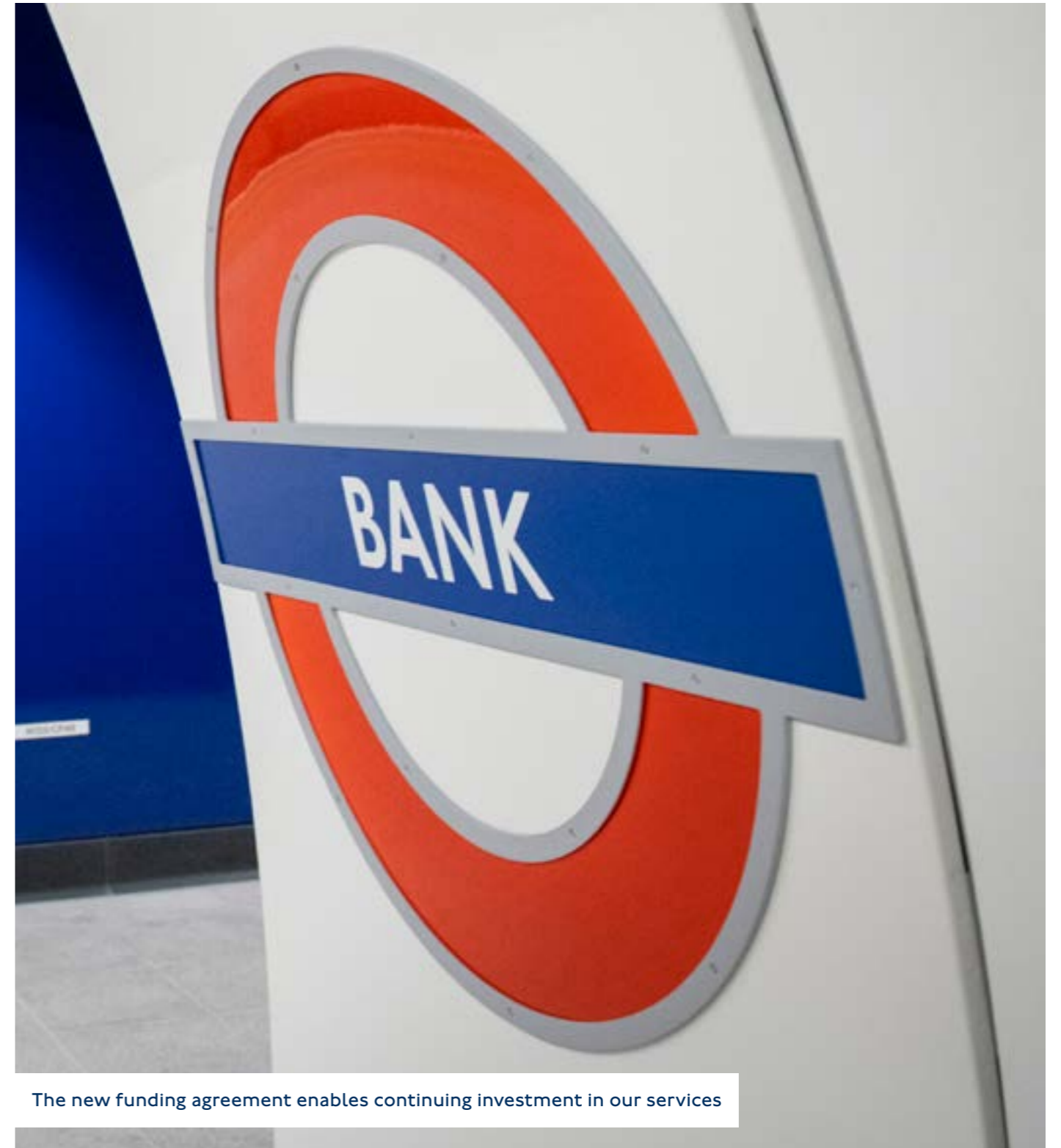
Our Quarter 2 performance shows total income is close to Budget as passenger journeys continue to recover, with latest journeys at 82 per cent of pre-pandemic levels.

Core operating costs remain within one per cent of Budget following continued cost control across all areas. The cost pressures from inflation and increasing Road User Charging (RUC) bad debt, previously identified, have been offset by lower pension deficit payments. We remain focused on driving the efficiencies that will enable us to close the funding gap for this year.

We are on track to deliver our Budget, setting us on the path to financial sustainability and meeting the funding conditions. However, we are facing several external headwinds, including economic uncertainty, cost-of-living challenges, inflationary pressures and high savings targets.

All these factors are risks to achieving financial sustainability, especially into next year, but we are working to mitigate them and taking these issues into consideration to produce a comprehensive Business Plan, which will be presented to the Board in December. Rebuilding our finances is the key to securing our future and a strong, green heartbeat for London.

**Rachel McLean**  
Chief Finance Officer



The new funding agreement enables continuing investment in our services



# 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

Previously operated 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 IFS Cloud Cable Car

### Rail

DLR, London Overground and London Trams

### Property development

Our commercial and residential estate and building portfolio

## Facts and figures

**996** trains on our network



**580km** of highway that we operate

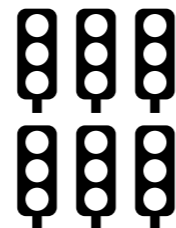


**761km** of Rail and London Underground routes

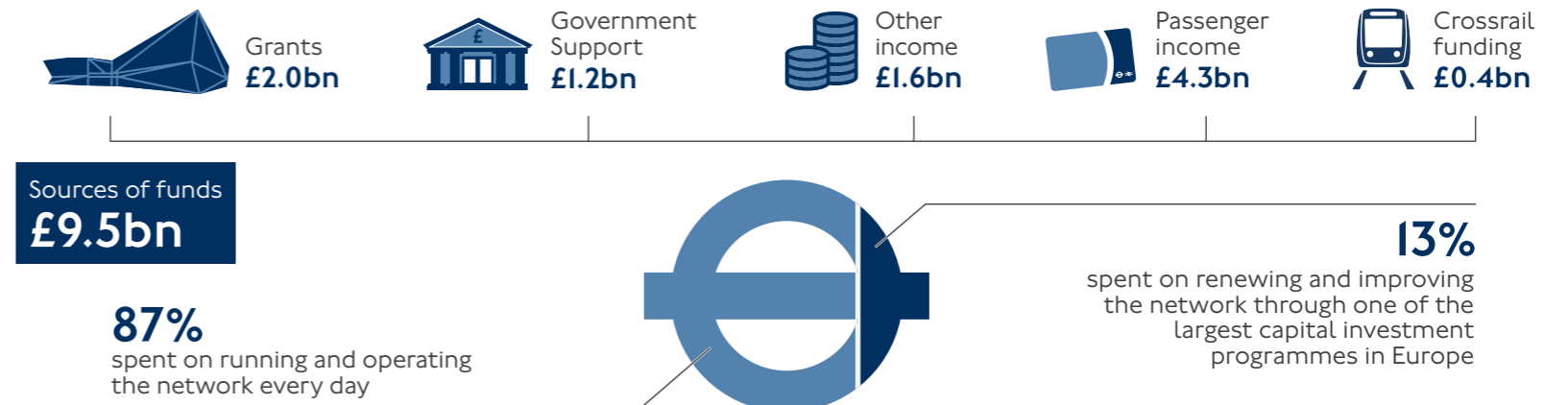


**8,800** buses on our network

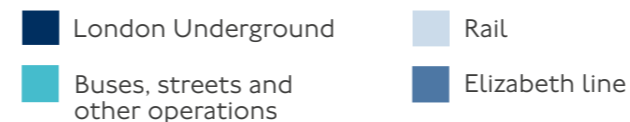
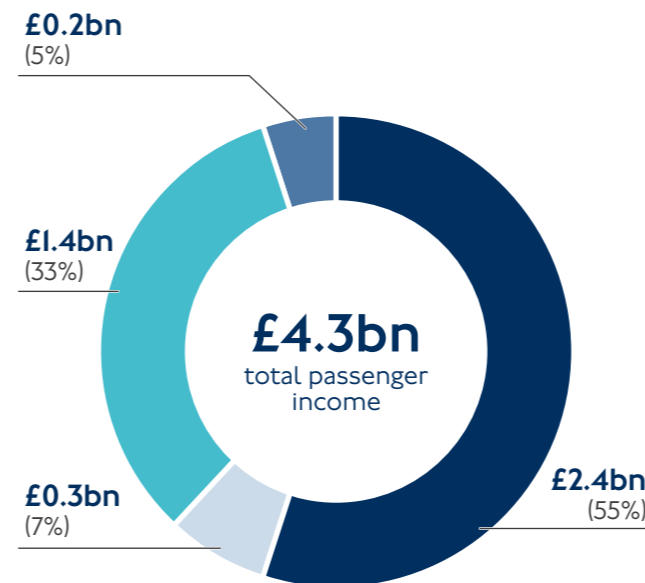
**6,400** traffic signal sites that we operate



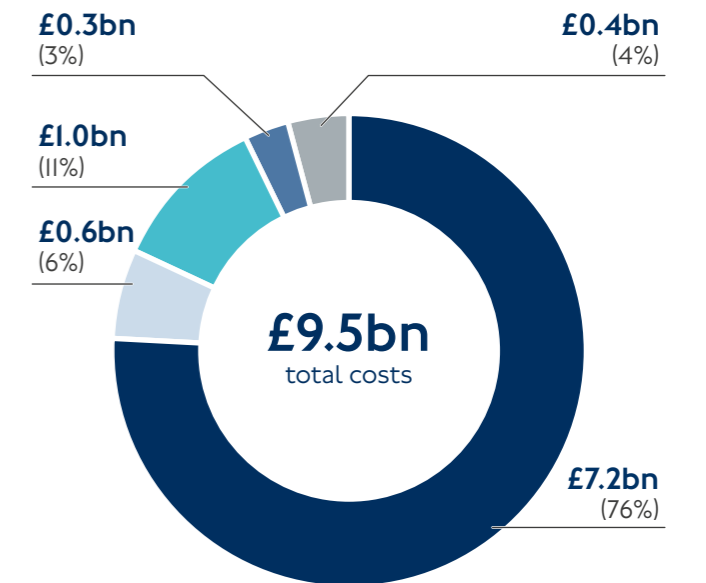
## 2022/23 Budget at a glance



## Total passenger income



## Total costs



# Financial summary

## Our performance in the year to date

### Operating account

TfL Group (£m)	Q2 2022/23	Q2 Budget	Variance	Q2 2021/22	Variance
Passenger income	1,840	1,877	(37)	1,250	590
Other operating income	698	660	38	446	252
Business rates retention	416	416	-	449	(33)
Other revenue grants	33	29	4	38	(5)
<b>Revenue</b>	<b>2,987</b>	<b>2,982</b>	<b>5</b>	<b>2,183</b>	<b>804</b>
Operating cost	(3,223)	(3,293)	70	(2,977)	(246)
<b>Operating deficit before interest and renewals</b>	<b>(236)</b>	<b>(311)</b>	<b>75</b>	<b>(794)</b>	<b>558</b>
Capital renewals	(241)	(266)	25	(203)	(38)
Net interest costs	(199)	(200)	1	(208)	9
<b>Operating deficit</b>	<b>(676)</b>	<b>(777)</b>	<b>101</b>	<b>(1,205)</b>	<b>529</b>
Extraordinary grant	433	514	(81)	1,354	(921)
<b>Operating (deficit)/surplus after extraordinary revenue grant</b>	<b>(243)</b>	<b>(263)</b>	<b>20</b>	<b>149</b>	<b>(392)</b>

In the year to date, we are on track to deliver a Budget that sets us on the path to financial sustainability and meets the funding conditions.

Total revenue is on track with Budget. Journeys continue to recover, with latest journeys at 82 per cent of pre-pandemic levels and passenger income £590m higher than last year. In the year to date passenger income is £37m lower than Budget, impacted by industrial action across the national rail network and within LU.

Other operating income is £38m higher than Budget driven by higher advertising income, but with downsides from Road User Charging (RUC), where we have seen lower volumes.

Total operating costs are £3,223m in the year to date, £70m lower than Budget. Our core operating costs remain within one per cent of Budget. We have seen the previously identified risks of £60m – the impact of rising inflation and increasing RUC bad debt – starting to materialise in recent periods. These pressures have been offset through lower pension deficit payments as well as other tailwinds that

### Capital account

TfL Group (£m)	Q2 2022/23	Q2 Budget	Variance	Q2 2021/22	Variance
New capital investment	(335)	(343)	8	(346)	11
TTLP new capital investment	(19)	(72)	53	(10)	(9)
Crossrail	(128)	(188)	60	(307)	179
<b>Total capital expenditure</b>	<b>(482)</b>	<b>(603)</b>	<b>121</b>	<b>(663)</b>	<b>181</b>
<b>Financed by:</b>					
Investment grant	418	418	-	409	9
TTLP property receipts	4	74	(70)	16	(12)
Borrowing	-	-	-	1	(1)
Crossrail borrowing	-	-	-	74	(74)
Crossrail funding sources	164	233	(69)	277	(113)
Other capital grants	30	35	(5)	22	8
<b>Total</b>	<b>616</b>	<b>760</b>	<b>(144)</b>	<b>799</b>	<b>(183)</b>
<b>Net capital account</b>	<b>134</b>	<b>157</b>	<b>(23)</b>	<b>136</b>	<b>(2)</b>

will support us in delivering the remaining efficiencies that are required to close the funding gap for this year.

Total TfL capital expenditure (excluding Crossrail construction and TTL Properties (TTLP)) is £576m in the year to date, £33m lower than Budget. Capital renewals are £25m lower than Budget, largely due to technology projects, but we are actively managing our renewals portfolio and remain confident in delivering our full-year Budget. New capital investment is close to Budget, however full-year spend is expected to exceed the Budget, mainly driven by the inclusion of additional scope

for the potential London-wide Ultra Low Emission Zone (ULEZ) in the latest forecast (subject to consultation and Mayoral decision) and additional spend on Healthy Streets, with the inclusion of Active Travel as per the funding settlement.

Property receipts are £70m lower than Budget, a result of the timing of receipts for Nine Elms and Southall sites, which are now expected later this financial year.



## Cash flow summary

TfL Group (£m)	Q2 2022/23	Q2 Budget	Variance	Q2 2021/22	Variance
Operating (deficit)/surplus	(243)	(263)	20	149	(392)
Net capital account	134	157	(23)	136	(2)
Working capital movements	(115)	(9)	(106)	(169)	54
<b>(Decrease)/increase in cash balances</b>	<b>(224)</b>	<b>(115)</b>	<b>(109)</b>	<b>116</b>	<b>(340)</b>

On 30 August 2022, TfL agreed a new funding settlement with the Government covering a 19-month period until March 2024. This is significantly longer than any of our previous agreements, but significantly shorter than the genuine long-term funding for capital investment we would like and on which all metros around the world rely.

The key features of this settlement include:

- Providing £1.2bn of base funding
- Maintaining the revenue true-up mechanism to March 2024
- Introducing protection against increasing inflation, particularly in 2023/24 when our exposure is the greatest

The funding increases our capital investment by around £200m, compared to our managed decline Budget. This will help us to protect the critical assets on which Londoners depend and restore a level of expenditure to improve our network, alongside delivering our committed investment, including new Piccadilly line trains and DLR rolling stock, Four Lines Modernisation, Bank station upgrade and Old Street roundabout.

Ultimately, this agreement sets out the framework – but unfortunately not the full funding – for moving away from managed decline. Therefore, to secure that move away from managed decline, we will also need to deliver further efficiencies, which we are looking at as part of our new Budget and Business Plan and will be presented to the Board in December.



With 3.2m cycle hires this quarter, July was the busiest month ever

## TfL Group balance sheet

TfL Group (£m)	17 Sept 2022	31 March 2022	Movement
Intangible assets	242	257	(15)
Property, plant and equipment	44,083	43,792	291
Right-of-use assets	2,097	2,210	(113)
Investment property	1,763	1,713	50
Investment in joint ventures and associated undertakings	252	245	7
Derivative financial instrument	40	13	27
Finance lease receivables	19	23	(4)
Debtors	68	72	(4)
<b>Long-term assets</b>	<b>48,564</b>	<b>48,325</b>	<b>239</b>
Inventories	71	58	13
Debtors	587	524	63
Assets held for sale	164	161	3
Derivative financial instruments	2	1	1
Finance lease receivables	11	14	(3)
Cash and investments	1,185	1,409	(224)
<b>Current assets</b>	<b>2,020</b>	<b>2,167</b>	<b>(147)</b>
Creditors	(1,984)	(1,847)	(137)
Borrowings	(796)	(1,423)	627
Right-of-use lease liabilities	(326)	(334)	8
PFI liabilities	(12)	(11)	(1)
Other financing liabilities	(6)	(6)	-
Derivative financial instruments	(8)	(7)	(1)
Provisions	(102)	(99)	(3)
<b>Current liabilities</b>	<b>(3,234)</b>	<b>(3,727)</b>	<b>493</b>
<b>Net current assets</b>	<b>47,350</b>	<b>46,765</b>	<b>585</b>

TfL Group (£m)	17 Sept 2022	31 March 2022	Movement
Creditors	(97)	(82)	(15)
Borrowings	(11,983)	(11,543)	(440)
Right-of-use lease liabilities	(2,024)	(2,102)	78
PFI liabilities	(84)	(91)	7
Other financing liabilities	(119)	(122)	3
Derivative financial instruments	(8)	(14)	6
Deferred tax liabilities	(375)	(375)	-
Provisions	(71)	(87)	16
Retirement benefit obligation	(3,199)	(3,202)	3
<b>Long-term liabilities</b>	<b>(17,960)</b>	<b>(17,618)</b>	<b>(342)</b>
<b>Net assets</b>	<b>29,390</b>	<b>29,147</b>	<b>243</b>
<b>Reserves</b>			
Usable reserves	(686)	(681)	(5)
Unusable reserves	(28,704)	(28,466)	(238)
<b>Total reserves</b>	<b>(29,390)</b>	<b>(29,147)</b>	<b>(243)</b>

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

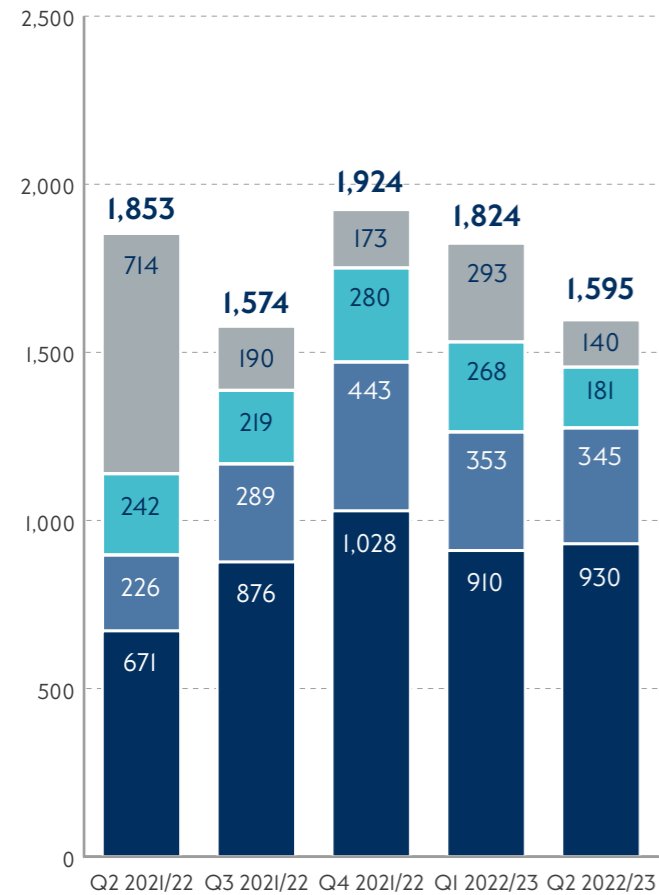
- Long-term assets: £239m increase – largely driven by expenditure on the Crossrail project, Bank station capacity and Barking Riverside
- Current assets: £147m decrease. A fall in cash balances of £224m is offset by a £63m increase in debtors (mainly VAT to be reimbursed) and a £13m increase to the level of stock

- Current liabilities: £493m decrease – mainly due to early refinancing of bond maturity, along with an increase in short-term creditors
- Long-term liabilities: £342m increase – mainly due to the movement between long- and short-term borrowings

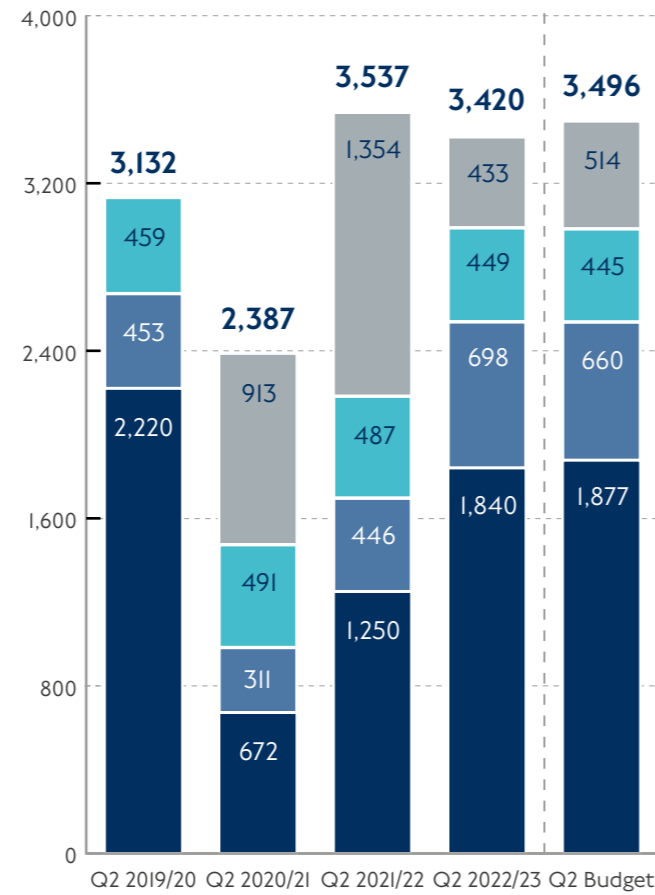
# Financial trends

Our overall trends in the short and long term

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



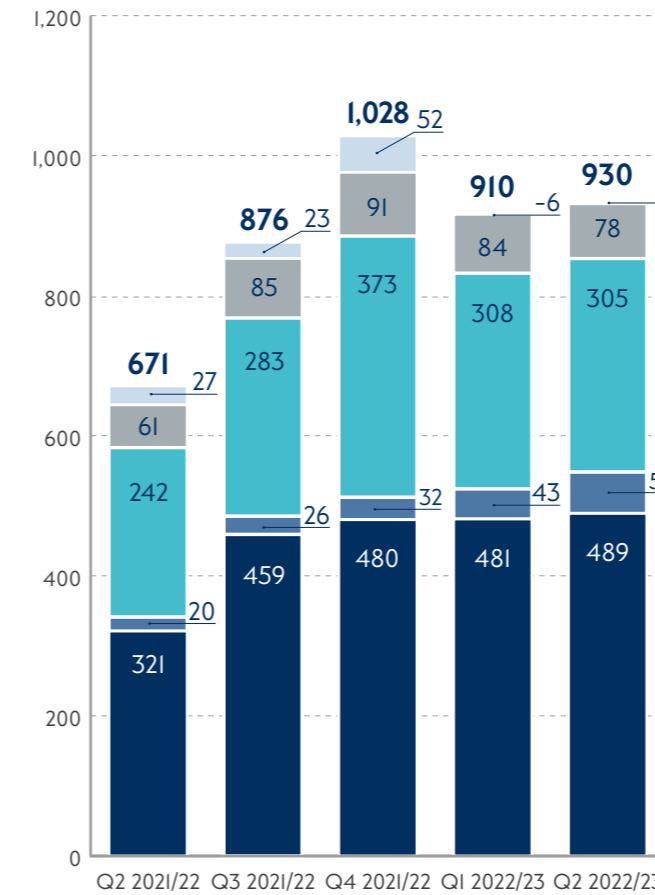
Year to date (£m)



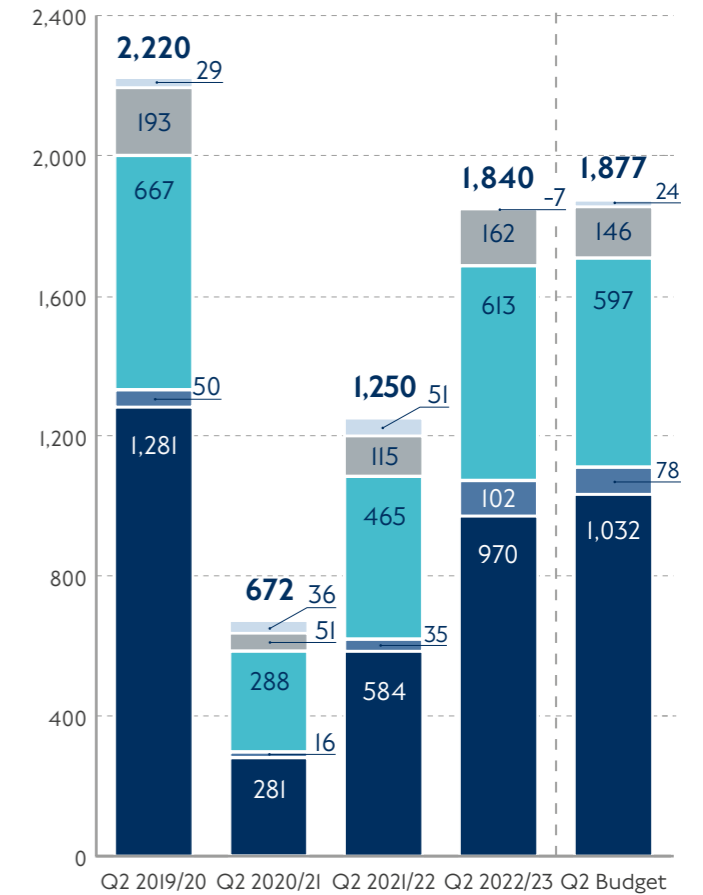
Passenger income    Other income  
Grants    Extraordinary grant

Passenger income    Other income  
Grants    Extraordinary grant

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



Year to date (£m)



London Underground    Elizabeth line  
Buses    Rail    Other

London Underground    Elizabeth line  
Buses    Rail    Other

**Year-to-date total revenue**  
£76m below Budget

**3%▼** year on year

Total revenue is lower this quarter, mainly due to the reductions in grant income across the extraordinary grant (£153m lower) and the business rates retention (£94m lower). Passenger income however has continued to increase and is 47 per cent higher than this time last year.

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

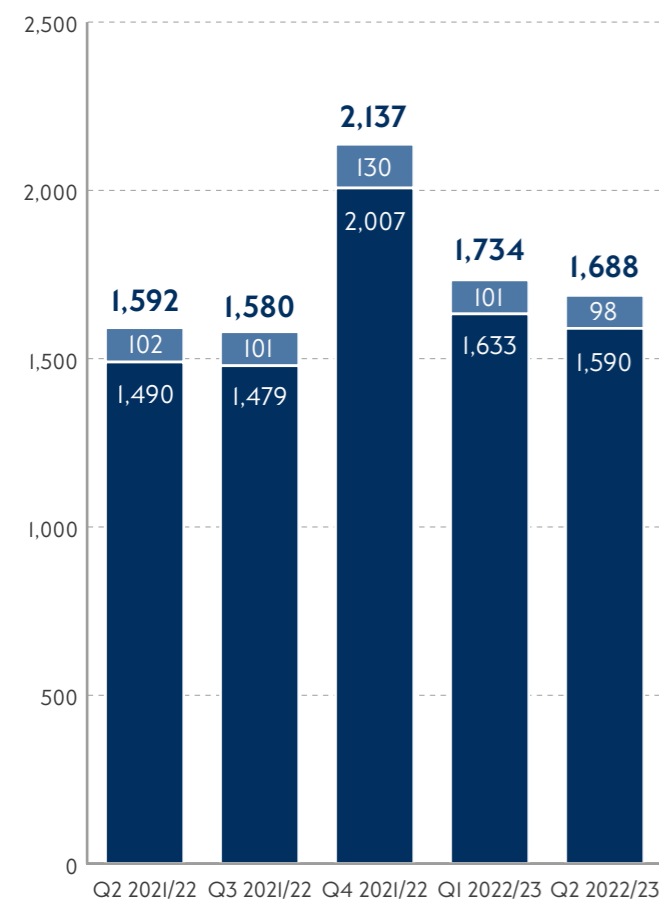
**Year-to-date passenger income**  
£37m below Budget

**47%▲** year on year

Passenger income has continued to increase this quarter on the London Underground and Elizabeth line, offset by a small decrease on rail and buses. Passenger numbers have been affected by industrial action again this quarter, resulting in lower income than budgeted on the London Underground, however overall journey numbers are up to 82 per cent of pre-pandemic levels, compared to 66 per cent last year.

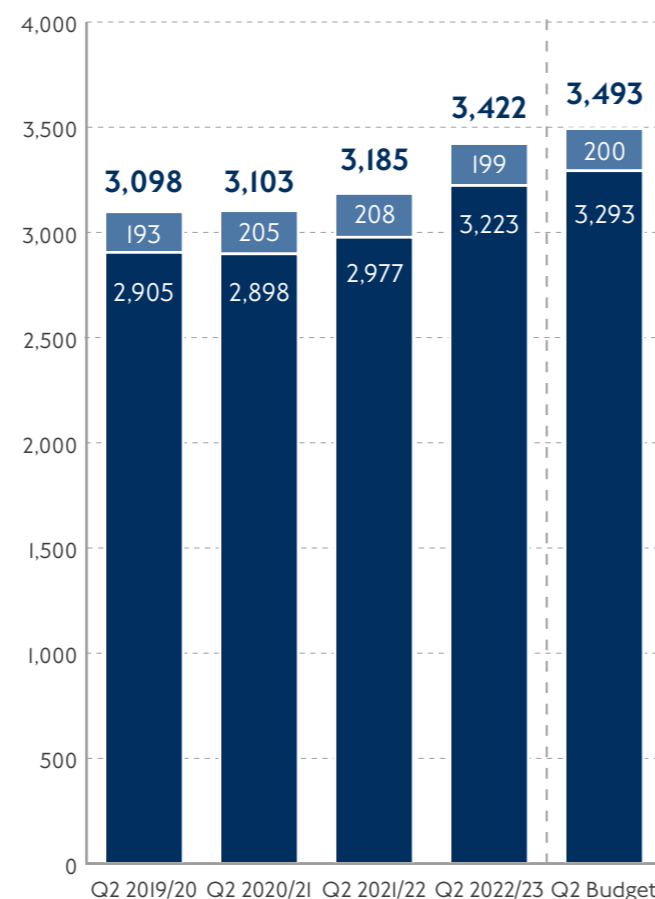


**Total cost**  
Quarterly (£m)\*



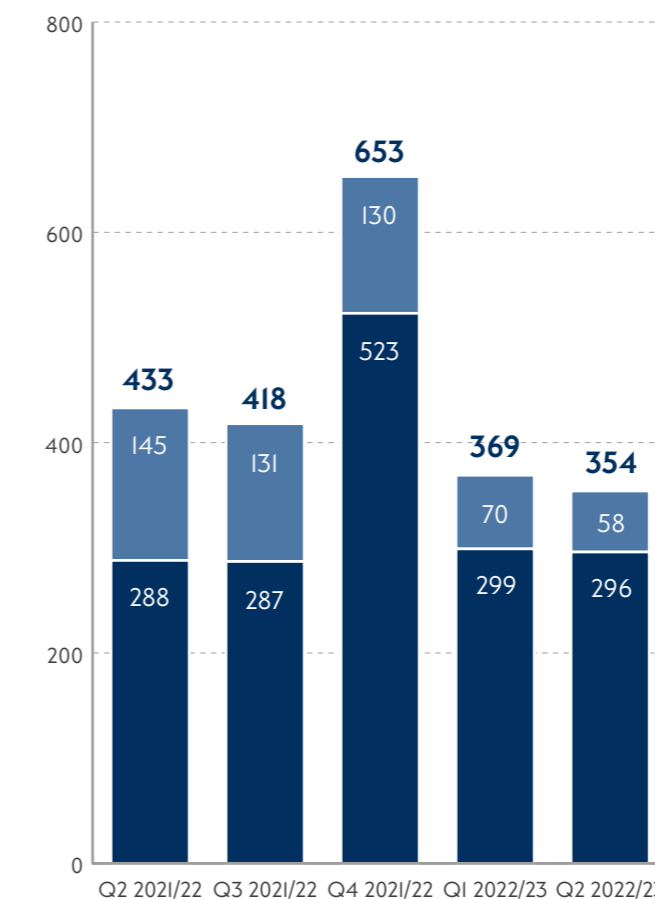
Operating costs Net interest costs

Year to date (£m)



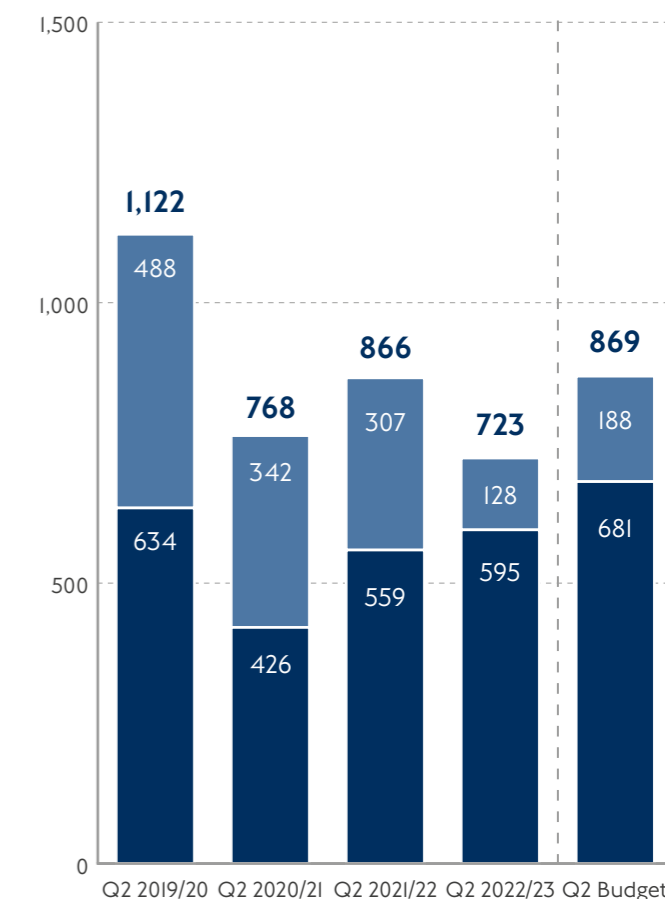
Operating costs Net interest costs

**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**  
£70m below Budget

**7%▲** year on year

Operating costs are £246m higher than the prior year as a result of new services such as the Elizabeth line and the Northern Line Extension. Core operating costs remain within one per cent of Budget.

**Total capital expenditure**  
£146m below Budget

**17%▼** year on year

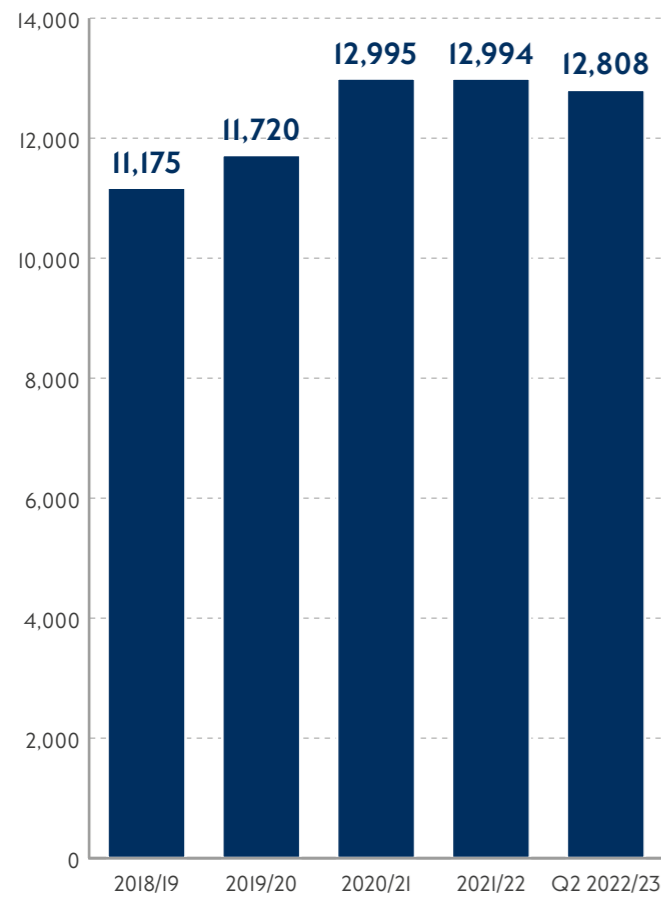
Capital expenditure is lower than Budget, mainly due to project slippage and deferrals as we were constrained by the uncertainty of the previous funding agreements. Lower spend in our Property division is offset by lower capital receipts as a number of development disposals have moved to later in the year.

\* 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 a decrease of £186m in the level of our outstanding borrowing during Quarter 2. This is due to a reduction in our outstanding Commercial Paper balance. We also refinanced a £500m bond, which matured in August, with three long-term fixed-rate loans from the Public Works Loan Board.

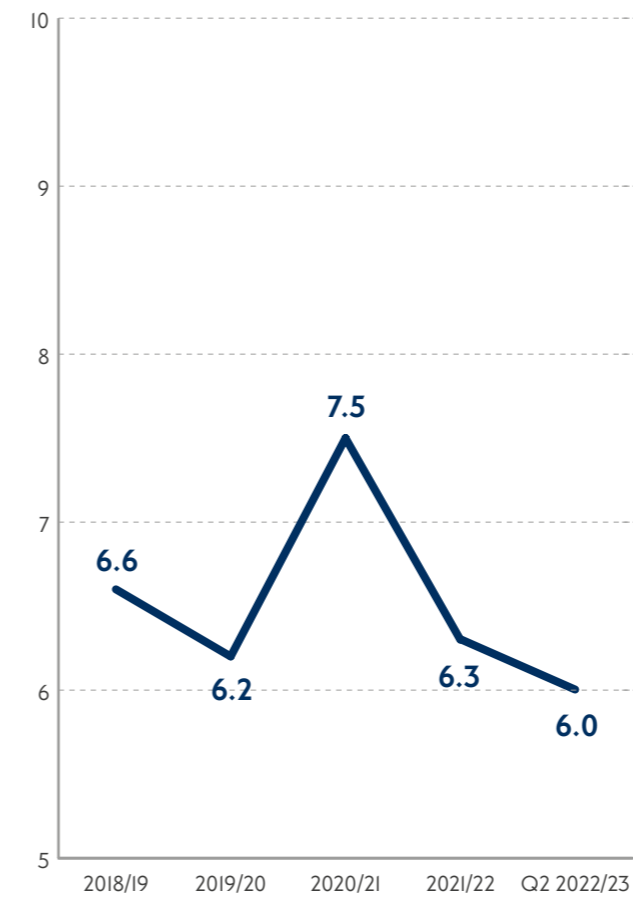
### Credit ratings

We are rated by three leading international credit rating agencies. There have been no changes to our credit ratings during Quarter 2. On 13 September 2022, Fitch announced they had reviewed TfL's rating and chosen to take no action.

### Credit ratings at the end of Q2

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

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



— Interest costs percentage

### Interest costs (£m)

Q2 2022/23	(206)
2021/22	(442)
2020/21	(446)
2019/20	(429)
2018/19	(439)

The ratio of interest costs to total income, including operating and extraordinary grants, helps us to monitor the affordability of our debt. The ratio has reduced during 2021/22 and 2022/23, as our income has begun to recover and net interest costs for the year have reduced slightly.

### Interest costs and income (£m)

Year to date	Q2 2022/23	Q2 Budget	Variance
Interest income	8	5	3
Interest costs	(206)	(205)	(1)

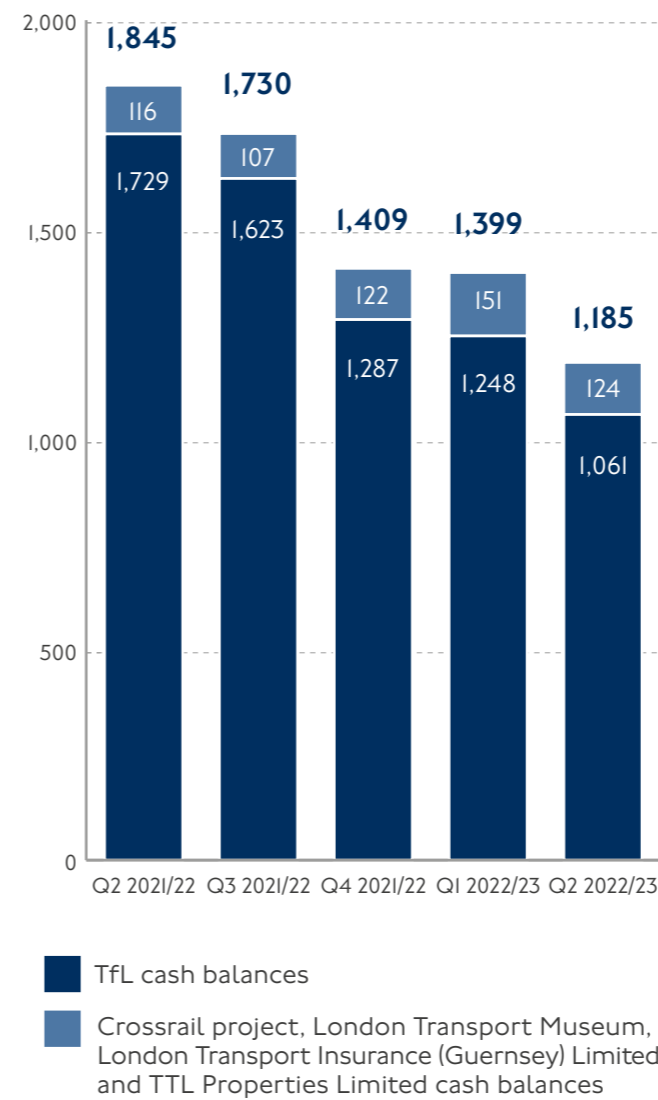
\* Interest costs include interest costs for borrowing and other financing liabilities





Our new DLR timetable offers more services for evenings and weekends

### Cash balances (£m)



Cash balances at the end of Quarter 2 were £1,185m. Of the total cash balance, £124m was held for the Crossrail project, London Transport Museum, London Transport Insurance (Guernsey) Limited and TTL Properties Limited. Our cash position reflects £4.9bn 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, on average, equivalent to at least 60 days' worth of forecast annual operating expenditure, which is currently around £1.2bn. Our cash balances were above this level on average during Quarter 2 and therefore we remain in compliance with our liquidity policy. The extraordinary funding and financing packages agreed with the Government also assume 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, London Transport Museum Limited and TTL Properties Limited) of around £1.2bn.

Preserving liquidity by maintaining a minimum cash balance 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, cash is the only truly liquid element. While our long-term assets outweigh our short-term liabilities, the former is mainly property, plant and equipment. This is largely fixed infrastructure or specialist assets that would not be convertible into cash, even over a longer-term horizon, to meet our long-term liabilities when they fall due. The balance sheet structure shows the importance of an appropriate level of cash to ensure we can meet our liabilities.

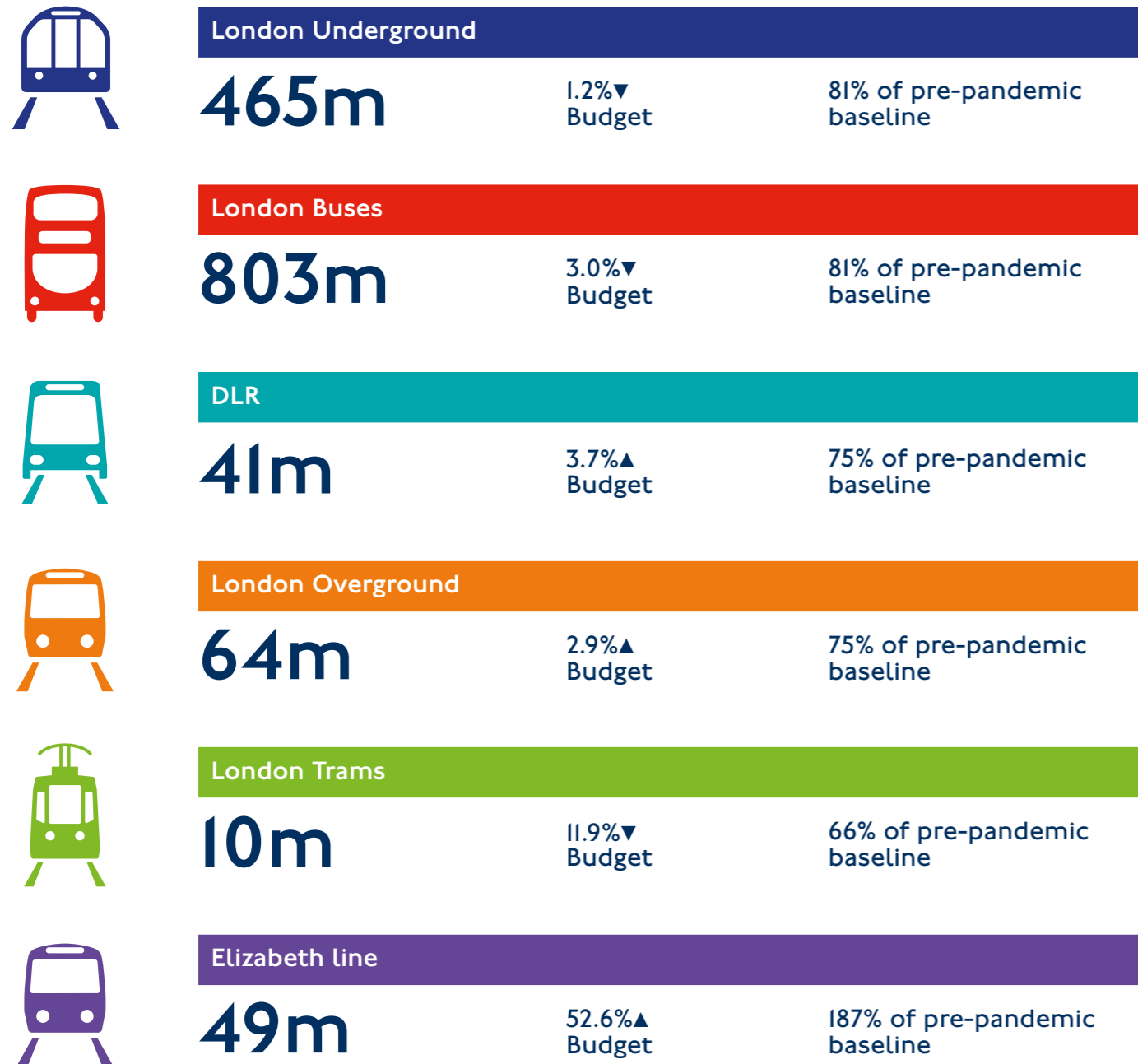


# Passenger journeys

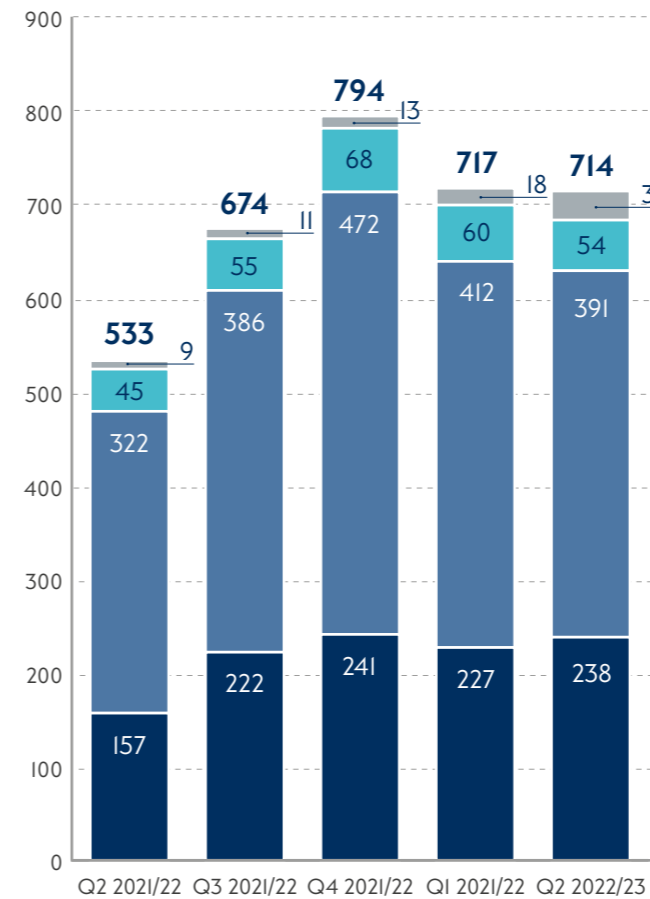
Our performance based on passenger numbers

Q2 year to date: 2022/23

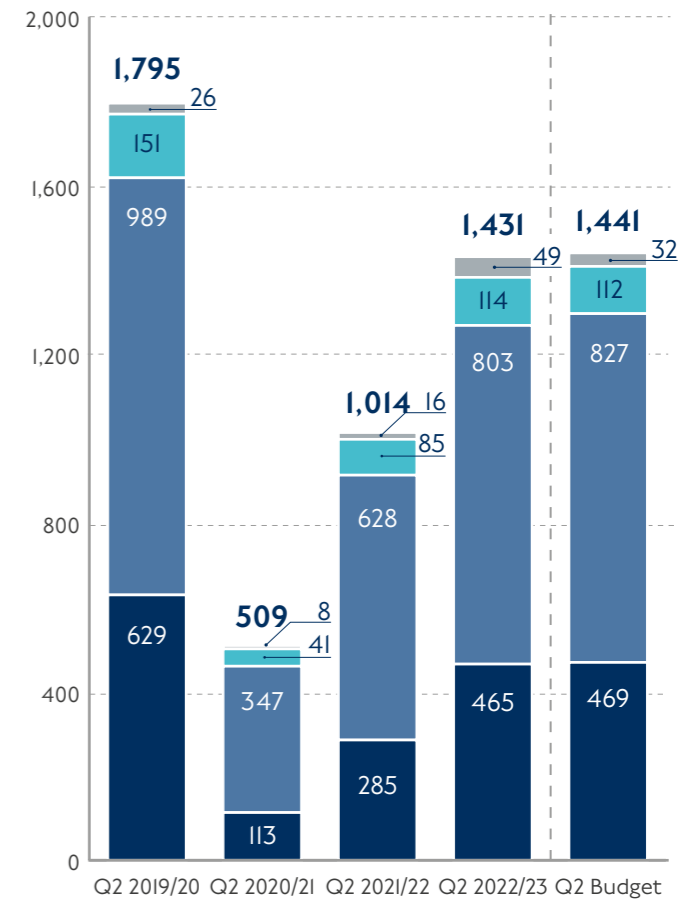
**1,431m** total journeys  
**1,441m** Budget  
**1,810m** pre-pandemic baseline (2018/19)



Passenger journeys (millions) Quarterly\*



Passenger journeys with Budget (millions) Year to date



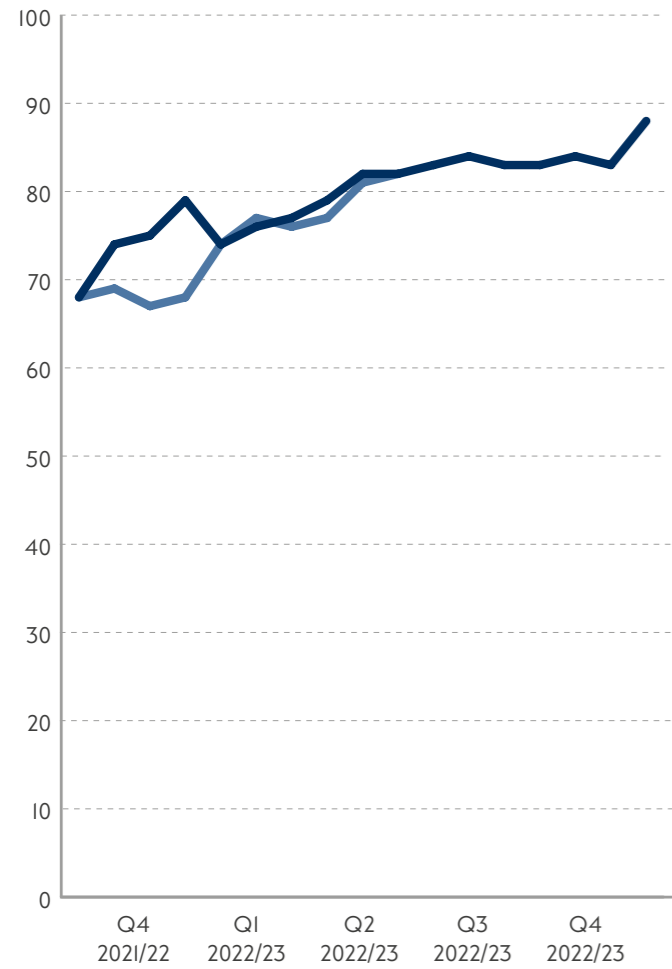
Legend: London Underground (dark blue), Buses (medium blue), Rail (light blue), Elizabeth line (grey).

Passenger journey numbers across the network are promising, with around five million journeys a day on weekdays. Night Tube ridership is increasing since the full service resumed in August. Journey numbers are slightly below Budget on the Underground and Buses, impacted by industrial action and the hot summer.

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

# Passenger demand recovery

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



Passenger journeys were 82 per cent of pre-pandemic levels at the end of Quarter 2, in line with the target of 82 per cent. Passenger numbers were at the highest level since before the start of the pandemic. London Underground and Bus demand is now at 81 per cent of pre-pandemic levels, with Rail at 75 per cent.



Passenger journeys at the end of Quarter 2 are

**82%**

of pre-coronavirus demand levels



Bus demand is now at 81 per cent of pre-pandemic levels



# Underground

More than five million journeys made on the Northern line extension in its first year

## Financial summary

Underground (£m)	Q2 2022/23	Q2 Budget	Variance	Q2 2021/22	Variance
Passenger income	970	1,032	(62)	584	386
Other operating income	15	9	6	10	5
<b>Revenue</b>	<b>985</b>	<b>1,041</b>	<b>(56)</b>	<b>594</b>	<b>391</b>
Operating cost	(972)	(1,023)	51	(927)	(45)
<b>Net contribution</b>	<b>13</b>	<b>18</b>	<b>(5)</b>	<b>(333)</b>	<b>346</b>
Indirect costs	(192)	(239)	47	(162)	(30)
Net interest costs	(129)	(129)	-	(132)	3
Capital renewals	(144)	(135)	(9)	(129)	(15)
<b>Operating deficit</b>	<b>(452)</b>	<b>(485)</b>	<b>33</b>	<b>(756)</b>	<b>304</b>
New capital investment	(226)	(204)	(22)	(220)	(6)

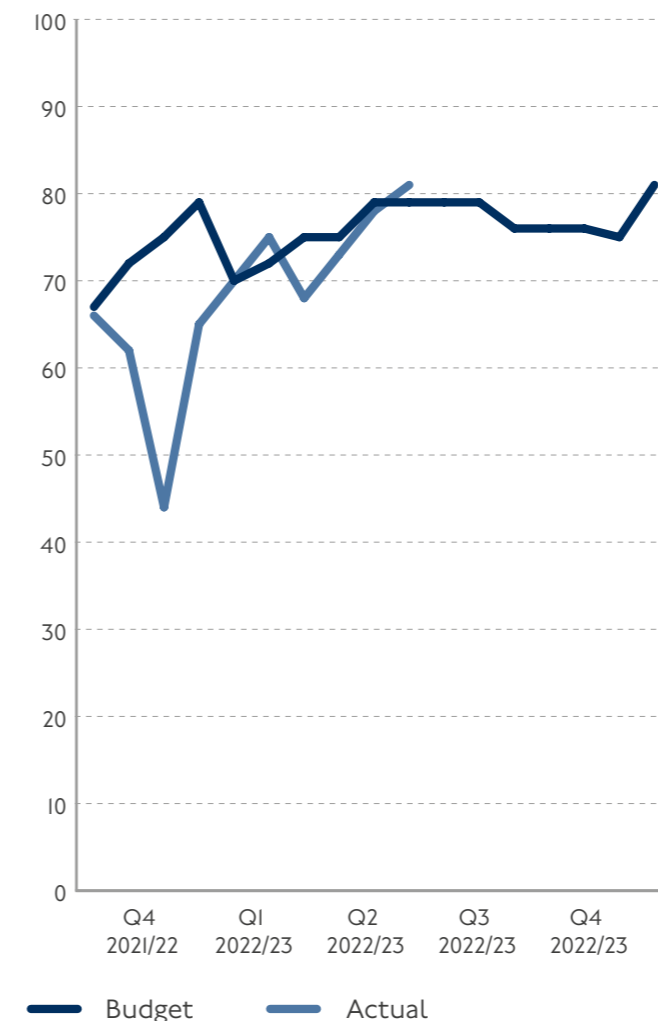
Passenger income is £62m lower than Budget, mainly due to lower yield than planned, as well as the impact of industrial action and the heatwave.

Direct operating costs are £51m lower than Budget, largely owing to £38m pension rates adjustments, £11m service-level savings and other minor savings.

Capital expenditure is £31m higher than Budget, mainly due to acceleration of spend on a number of projects.

September 2022 saw the one-year anniversary of the opening of the Northern line extension, during which time over five million journeys have been made. The two new step-free Zone 1 stations have given a huge boost to the area's connectivity, reducing journey times and helping to support the ongoing delivery of around 25,000 new jobs and more than 20,000 new homes. Since June, we've doubled the number of trains serving the extension to give our customers a more frequent service, aligned with growing demand.

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



Tube ridership has grown to around 81 per cent of pre-pandemic levels, although demand this quarter is lower than Budget, impacted by industrial action and hot weather in recent weeks.



Tube journeys at the end of Quarter 2 are **81%** of pre-coronavirus demand levels



# Elizabeth line

Bond Street Elizabeth line station opened on 24 October 2022

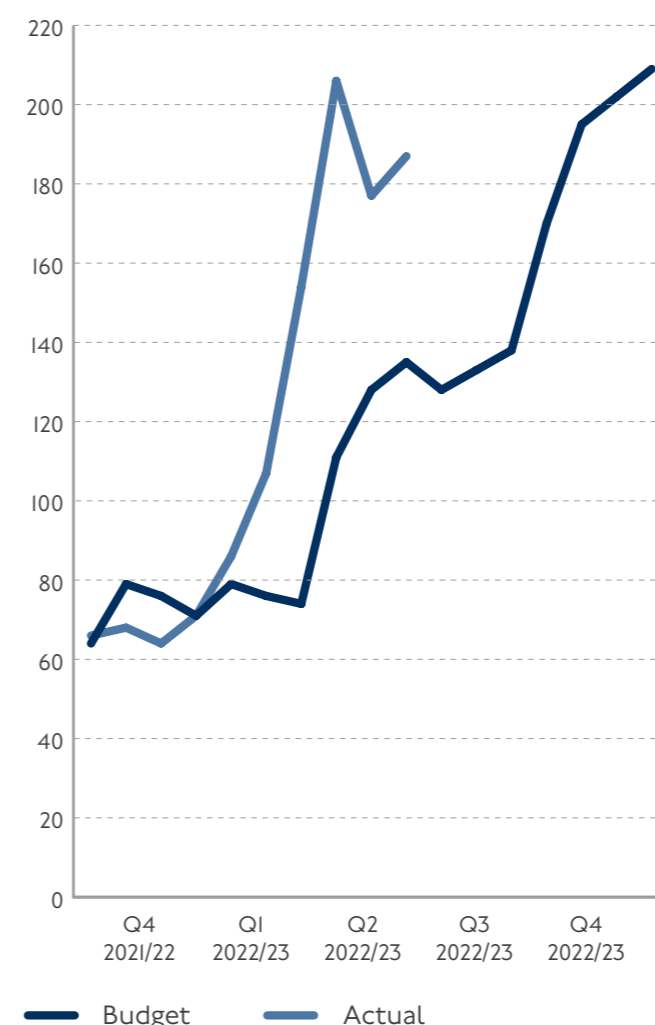
## Financial summary

Elizabeth line (£m)	Q2 2022/23	Q2 Budget	Variance to Budget	Q2 2021/22	Variance to last year
Passenger income	102	78	24	35	67
Other operating income	7	4	3	8	(1)
<b>Revenue</b>	<b>109</b>	<b>82</b>	<b>27</b>	<b>43</b>	<b>66</b>
Operating costs	(221)	(227)	6	(192)	(29)
<b>Net contribution</b>	<b>(112)</b>	<b>(145)</b>	<b>33</b>	<b>(149)</b>	<b>37</b>
Indirect operating cost	(8)	(9)	1	(4)	(4)
Net financing costs	(40)	(41)	1	(44)	4
Capital renewals	(1)	(2)	1	(1)	-
<b>Operating deficit</b>	<b>(161)</b>	<b>(197)</b>	<b>36</b>	<b>(198)</b>	<b>37</b>
New capital investment	(3)	(3)	-	(8)	5
Crossrail construction costs	(128)	(188)	60	(307)	179
<b>Total capital expenditure</b>	<b>(131)</b>	<b>(191)</b>	<b>60</b>	<b>(315)</b>	<b>184</b>

Passenger income is £24m better than Budget, driven by 17 million more passenger journeys than expected. The new service has transformed the way that we travel by dramatically improving transport links and reducing journey times.

Bond Street's Elizabeth line station opened on Monday 24 October 2022. The opening of the station will further transform travel across London and the South East by providing a new link to one of the busiest shopping districts in Europe, ahead of the busy festive period. The station features two brand-new, spacious ticket halls which will lead passengers to the 255-metre long Elizabeth line platforms. The journey is step-free from street to train, with two lifts, further enhancing accessibility on the Elizabeth line and across the TfL network.

Percentage of journeys compared to pre-coronavirus baseline (Elizabeth line)



Passenger journeys are 17 million higher than Budget. Customers are using the line as part of their regular travel, enjoying the better connectivity and reduced journey times. The opening of the central section has contributed to journey numbers being 187 per cent higher than the pre-coronavirus baseline, when only part of the line was open (operated as TfL Rail).



Elizabeth line journeys at the end of Quarter 2 are

**187%**  
of pre-coronavirus demand levels

# Buses, streets and other operations

Three temporary cycling schemes introduced during the pandemic to be made permanent

## Financial summary

Buses, streets and other operations (£m)	Q2 2022/23	Q2 Budget	Variance	Q2 2021/22	Variance
Passenger income	618	602	16	469	149
Other operating income	508	503	5	312	196
<b>Revenue</b>	<b>1,126</b>	<b>1,105</b>	<b>21</b>	<b>781</b>	<b>345</b>
Operating costs	(1,407)	(1,364)	(43)	(1,302)	(105)
<b>Net contribution</b>	<b>(281)</b>	<b>(259)</b>	<b>(22)</b>	<b>(521)</b>	<b>240</b>
Indirect operating cost	(36)	(31)	(5)	(22)	(14)
Net interest costs	(12)	(12)	-	(13)	1
Capital renewals	(66)	(82)	16	(47)	(19)
<b>Operating deficit</b>	<b>(395)</b>	<b>(384)</b>	<b>(11)</b>	<b>(603)</b>	<b>208</b>
New capital investment	(54)	(52)	(2)	(52)	(2)

Passenger income is £16m higher than Budget, mainly driven by better-than-expected yield.

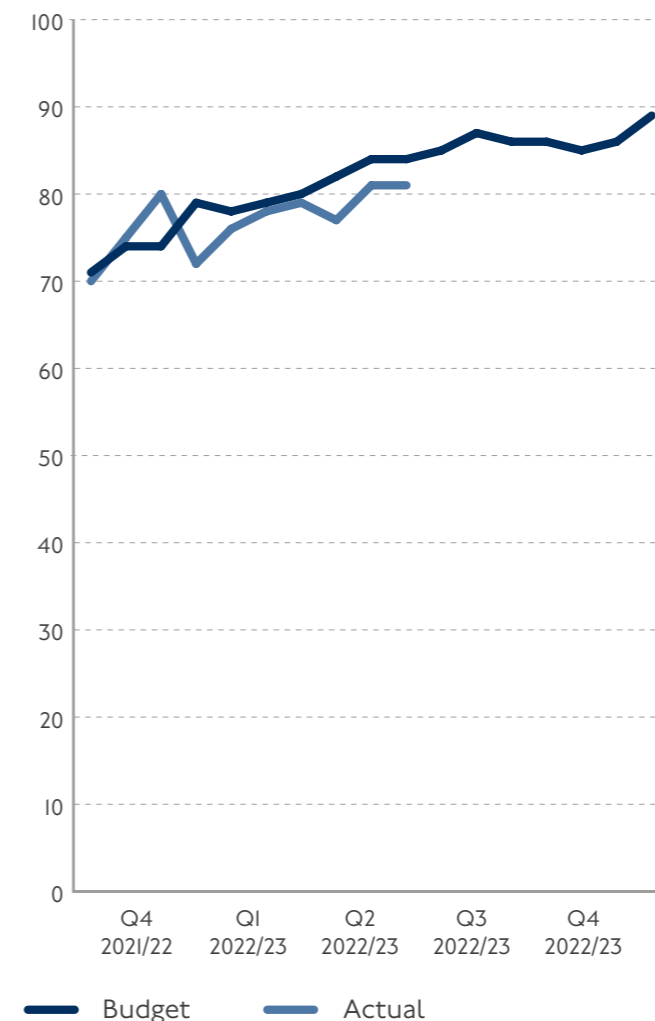
Other operating income is largely in line with Budget and £196m higher than last year, due to the increase in Ultra Low Emission Zone (ULEZ) income.

Operating costs are £43m higher than Budget, mainly driven by bad-debt costs due to higher contraventions and escalations within ULEZ. This is partially offset by the enforcement income in other operating income.

Capital expenditure is £14m lower than Budget, driven by rephasing of renewals projects.

We've seen a huge rise in walking and cycling over the past two years as more and more Londoners enjoy using sustainable ways to get around the capital. To maintain this success, three temporary cycling schemes: Tooley Street, between Chelsea Bridge and Wandsworth town centre, and between Oval and Elephant & Castle have been made permanent, enabling even more Londoners to choose greener, cleaner and healthier modes of transport.

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



Bus ridership was broadly stable over the summer months. With around five million journeys a day being made on weekdays, bus ridership is now 81 per cent of pre-pandemic levels with some routes in outer London reaching close to normal levels.



Bus journeys at the end of Quarter 2 are **81%** of pre-coronavirus demand levels

## Volume analysis

	Q2 YTD 2022/23	Q2 YTD Budget	Variance	Q2 YTD 2021/22	Variance
Congestion Charge volumes (thousands)	8,700	9,661	(961)	8,788	(88)
Congestion Charge and enforcement income (£m)	170.4	190.0	(19.6)	188.0	(17.6)
ULEZ volumes (thousands)	7,175	7,132	43	1,491	5,684
ULEZ charge and enforcement income (£m)	237.0	189.4	47.6	34.9	202.1

### Cycling

There were 3.2 million hires made in Quarter 2 and July was the scheme's busiest month in its history. The scheme shut down completely on the weekend of 10 September to prepare for an upgrade to the back-office system, as well as changing the customer tariff. No hires took place on these days. As a result of the shutdown and subsequent issues with customers hiring in the first few days of the new back-office system, hires towards the end of the Quarter 2 were the lowest for six years.

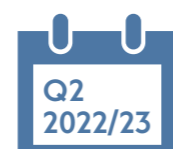
Fleet of

**14,000**

cycles based at more than 780 docking stations



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



**3.2%** ▼

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

### Traffic flow

Traffic flows across London are 3.2 per cent lower than they were last year. Flows are down by almost two per cent from last quarter, 88.7 per cent compared to 90.1 per cent in Quarter 1.

## Volume analysis

	Q2 YTD 2022/23	Q2 YTD 2021/22	Variance
<b>Santander Cycles</b>			
Number of hires (millions)	6.6	6.1	0.5
<b>Victoria Coach Station</b>			
Number of coach departures (thousands)	82.7	44.2	38.5
<b>London River Services</b>			
Number of passenger journeys (millions)	5.0	2.8	2.2
<b>London Dial-a-Ride</b>			
Number of passenger journeys (thousands)	229	145	84
<b>Taxi and Private Hire</b>			
Number of private hire vehicle drivers	96,370	103,048	(6,678)
Taxi drivers	18,859	20,200	(1,341)
<b>IFS Cloud Cable Car</b>			
Number of passenger journeys (thousands)	858.1	771.9	86.2



# Rail

New DLR timetable promises quicker, easier and more comfortable journeys as more-frequent services will run later in the evening and at the weekend

## Financial summary

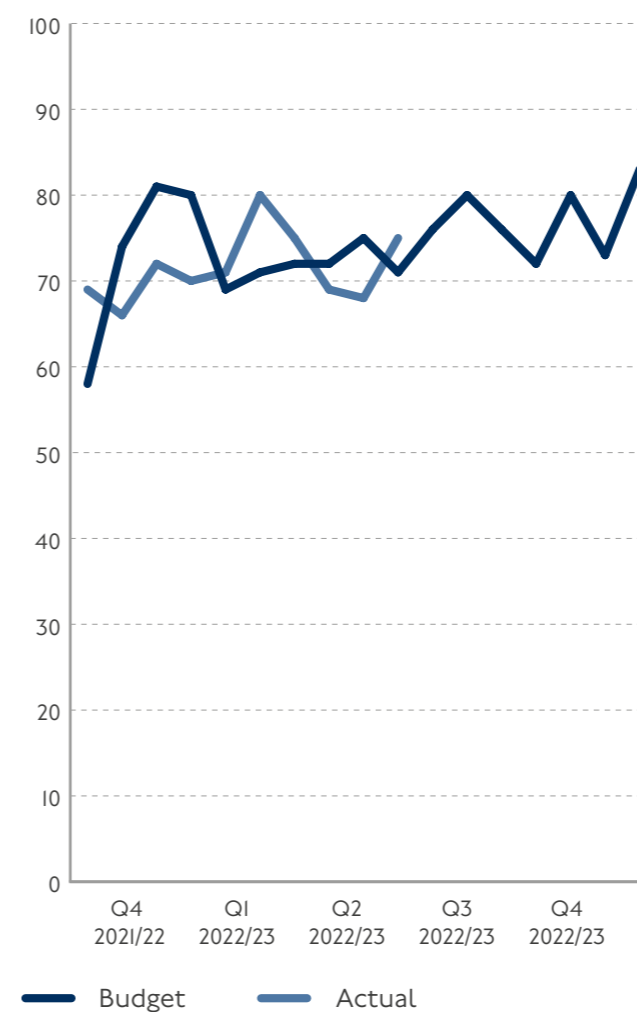
Rail (£m)	Q2 2022/23	Q2 Budget	Variance	Q2 2021/22	Variance
Passenger income	162	146	16	115	47
Other operating income	11	3	8	10	1
<b>Revenue</b>	<b>173</b>	<b>149</b>	<b>24</b>	<b>125</b>	<b>48</b>
Operating costs	(239)	(238)	(1)	(216)	(23)
<b>Net contribution</b>	<b>(66)</b>	<b>(89)</b>	<b>23</b>	<b>(91)</b>	<b>25</b>
Indirect operating costs	(12)	(11)	(1)	(7)	(5)
Net interest costs	(17)	(17)	-	(20)	3
Capital renewals	(20)	(24)	4	(17)	(3)
<b>Operating deficit</b>	<b>(115)</b>	<b>(141)</b>	<b>26</b>	<b>(135)</b>	<b>20</b>
New capital investment	(45)	(66)	21	(57)	12

Total revenue income is £24m favourable to Budget. Of this, £16m relates to passenger income, mainly due to higher-than-expected demand on the London Overground and DLR services. Other operating income is £8m favourable, of which £4m relates to rail compensation for lost revenue and rail replacement costs.

Capital expenditure is £25m lower than Budget, mainly driven by an early compensation event contribution from Barking Riverside and the rescheduling of the Northern Siding depot on DLR.

The new Barking Riverside station opened to customers on 18 July 2022. Sitting at the heart of a new public square and only a five-minute walk from the riverfront, the new station forms part of the extended Gospel Oak to Barking route. Residents and visitors using the station can now benefit from quicker and easier journeys. The extension of the railway complements the existing comprehensive bus network and provides a new direct transport option. Journey times to Barking have been dramatically cut by more than two-thirds to around seven minutes, while the City is now accessible in just 22 minutes.

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



At the end of Quarter 2, Rail journeys - including London Overground, DLR and Trams - were 75 per cent of pre-pandemic levels. They were also two million higher than Budget, mostly on London Overground and DLR.



Rail journeys at the end of Quarter 2 are

**75%**

of pre-coronavirus demand levels



DLR journeys at the end of Quarter 2 are

**75%**

of pre-coronavirus demand levels



London Overground journeys at the end of Quarter 2 are

**75%**

of pre-coronavirus demand levels



London Trams journeys at the end of Quarter 2 are

**66%**

of pre-coronavirus demand levels

# Property development

We're creating a commercial office portfolio that will generate vital revenue to help reduce TfL's reliance on fares income to keep the city moving

## Financial summary

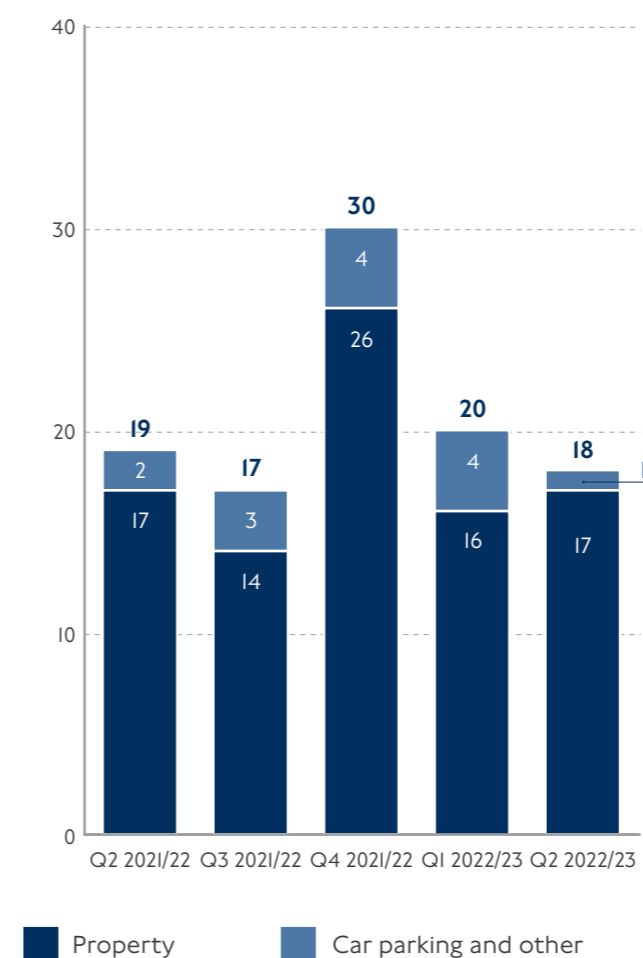
Property development (£m)	Q2 2022/23	Q2 Budget	Variance	Q2 2021/22	Variance
Other operating income	38	36	2	33	5
Direct operating costs	(24)	(25)	1	(23)	(1)
<b>Net contribution</b>	<b>14</b>	<b>11</b>	<b>3</b>	<b>10</b>	<b>4</b>
Indirect operating cost	(4)	(4)	-	(3)	(1)
<b>Operating surplus</b>	<b>10</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>3</b>
New capital investment	(19)	(71)	52	(10)	(9)
Property receipts	4	74	(70)	16	(12)
<b>Net capital expenditure</b>	<b>(15)</b>	<b>3</b>	<b>(18)</b>	<b>6</b>	<b>(21)</b>

Net contribution is £3m higher than Budget. Income is higher due to continued strong performance from car parks, plus property rental catch-up during the first half of the year. Direct operating costs are lower due to some activities being rephased to later in this year and next year.

New capital investment is £52m lower than Budget. This is driven by the rephasing of a number of developments to later in the year. The Build to Rent programme, at £27m, is the largest element of the above, while cost reviews are undertaken. There is also lower spend across our asset management portfolio, caused by procurement delays; most of this is now expected to be rephased into next year.

Property receipts are £70m lower than Budget, driven by the rephasing of a number of development disposals to later in the year. The largest driver of this is the Build to Rent programme at £62m.

## Property income (£m) Quarterly\*



Quarter 4 property income, shown in the graph above, includes a number of exceptional items, these being the invoicing of a number of years back-rent of £6m to a tenant, plus a year-end accounting adjustment to do with support given to tenants during the pandemic of £4m.

During Quarter 2 we announced a new partnership with regeneration expert Ballymore to renew Edgware town centre. Working with the London Borough of Barnet, we want to deliver a shared vision of a reimagined town centre, with a thriving high street on Station Road, open to all.

The 7.5-acre Broadwalk Shopping Centre is owned by Ballymore. By combining this with our neighbouring land, including the bus station and bus garages, we are able to unlock regeneration in the town centre. The development will deliver an improved bus station as well as garages and will make it even easier to travel around Edgware while accessing the main shopping and residential areas.

Our work to deliver housing this year also took a step forward, and we currently have 1,650 homes under construction across the capital. In September we closed the public car park at Wembley Park London Underground station, ahead of starting construction on 454 new homes, 40 per cent affordable. With our partner Barratt London we are transforming the existing site, located next to the station, into new homes, with a new flexible retail unit and public realm enhancements to help enliven the area, as well as new working space for our operational colleagues.

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

# Capital expenditure

These are our largest and most complex projects, comprising line and station upgrades, and network extensions

## Financial summary

Capital renewals and new capital investment (£m)	Q2 Actuals	Q2 Budget	Variance	Q2 2021/22	Variance
<b>London Underground</b>	<b>(370)</b>	<b>(339)</b>	<b>(31)</b>	<b>(349)</b>	<b>(21)</b>
Major stations	(42)	(43)	1	(30)	(12)
Railway system enhancements	(4)	(3)	(1)	(3)	(1)
Four Lines Modernisation	(58)	(54)	(4)	(60)	2
Piccadilly line upgrade	(99)	(92)	(7)	(62)	(37)
Other LU enhancements	(23)	(12)	(11)	(65)	42
Capital renewals	(144)	(135)	(9)	(129)	(15)
<b>Elizabeth line</b>	<b>(4)</b>	<b>(5)</b>	<b>1</b>	<b>(9)</b>	<b>5</b>
<b>Buses, streets and other</b>	<b>(120)</b>	<b>(134)</b>	<b>14</b>	<b>(99)</b>	<b>(21)</b>
Silvertown	(5)	(8)	3	(5)	-
Healthy Streets	(27)	(31)	4	(18)	(9)
Air quality and Environment	(16)	(7)	(9)	(21)	5
Other enhancements	(6)	(6)	-	(8)	2
Capital renewals	(66)	(82)	16	(47)	(19)
<b>Rail</b>	<b>(65)</b>	<b>(90)</b>	<b>25</b>	<b>(74)</b>	<b>9</b>
Barking Riverside	(2)	(6)	4	(21)	19
DLR	(37)	(45)	8	(31)	(6)
Other enhancements	(6)	(15)	9	(5)	(11)
Capital renewals	(20)	(24)	4	(17)	(3)
<b>Other central expenditure</b>	<b>(17)</b>	<b>(41)</b>	<b>24</b>	<b>(18)</b>	<b>1</b>
<b>Total</b>	<b>(576)</b>	<b>(609)</b>	<b>33</b>	<b>(549)</b>	<b>(27)</b>
Crossrail project	(128)	(188)	60	(307)	179
TTLP	(19)	(72)	53	(10)	(9)
<b>Total capital expenditure</b>	<b>(723)</b>	<b>(869)</b>	<b>146</b>	<b>(866)</b>	<b>143</b>

Total TfL capital expenditure, excluding Crossrail construction and TTLP, is £576m in the year to date, which is £33m lower than Budget. Higher spend on LU renewals, LU enhancements and Piccadilly line upgrade was offset by lower Technology & Data, DLR, Barking Riverside and Surface Public Transport scheme costs.

### Four Lines Modernisation

A new timetable was introduced on 11 September 2022, enabling a journey time improvement of around five per cent on average on the Circle and District lines between Monument, Fulham Broadway, Barons Court and Paddington. This improvement was enabled by the successful commissioning in March 2022 of the new signalling system between Sloane Square, Paddington, Fulham Broadway and Barons Court, and adds to the journey time improvements already introduced on the north side of the Circle line through a timetable change in September 2021.

To introduce further improvements to the existing signalling sections in service, an additional software update will be implemented in November 2022. The final section of signalling is expected to go live in early 2025.

### Piccadilly line upgrade

In July we successfully brought into use new stabling roads for four trains at South Harrow sidings. This included installation of the track and signalling works as well as new driver walkways and driver access platforms. The new stabling roads are compatible for both the existing and new Piccadilly line trains.

In August we awarded Hegenscheidt the contract for the design, manufacture and installation of a new underfloor tandem wheel lathe, which will be based at Cockfosters depot. This critical work forms part of the overall depots upgrade, with delivery being scheduled from July 2023. This supports decommissioning of existing facilities and commencement of construction of new facilities across both Piccadilly line depots.

Assembly of Train I continues to plan, with the third of nine cars now assembled and painted, and two further cars now in carbody build. We remain on plan to deliver the first train fully assembled for testing at Siemens' test track in summer 2023.

### Bank station upgrade

Works to complete the introduction of new interchanges between the DLR, Central and Northern lines are nearing completion.

Bank station will see its capacity increase by 40 per cent when upgrade work finishes later this year. In total, improvements to come include step-free access to the Northern line, improved access to DLR platforms, two new moving walkways, 12 new escalators and two new lifts. There will also be more direct routes within the station and a new station entrance on Cannon Street.

### DLR rolling stock and systems integration

The manufacture of the new rolling stock in Spain is continuing to plan, with four trains completed and on their test track, to run checks before delivery of the first two trains to Beckton in early



2023. We anticipate having completed the manufacture of 12 trains by the end of this financial year.

### **Silvertown Tunnel**

We have now taken temporary possession of much of the required land from existing tenants to enable handover of 68 out of 71 sites to our contractor, Riverlinx. Good progress continues on the issuing of notices for permanent land acquisition, with these planned to be completed in November.

Tunnelling began at the end of August, which was a significant milestone and a huge step forward for this project. At the end of September the tunnel-boring machine had progressed 40 metres, before a planned stop to allow further gantries to be installed.



Double the number of trains now serve the new Northern line extension

# Headcount

Our people provide a vital service for London

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

	31 March 2022 Actual	Year-to-date net (leavers)/joiners	17 September 2022 Actual
Underground	16,462	(154)	16,308
Elizabeth line	342	7	349
Buses, streets and other operations	2,355	34	2,389
Rail	279	(4)	275
Property development	199	1	200
Capital directorate	2,469	(37)	2,432
Professional services*	4,483	35	4,518
<b>TfL total</b>	<b>26,589</b>	<b>(118)</b>	<b>26,471</b>
Crossrail	444	(151)	293
<b>Total</b>	<b>27,033</b>	<b>(269)</b>	<b>26,764</b>

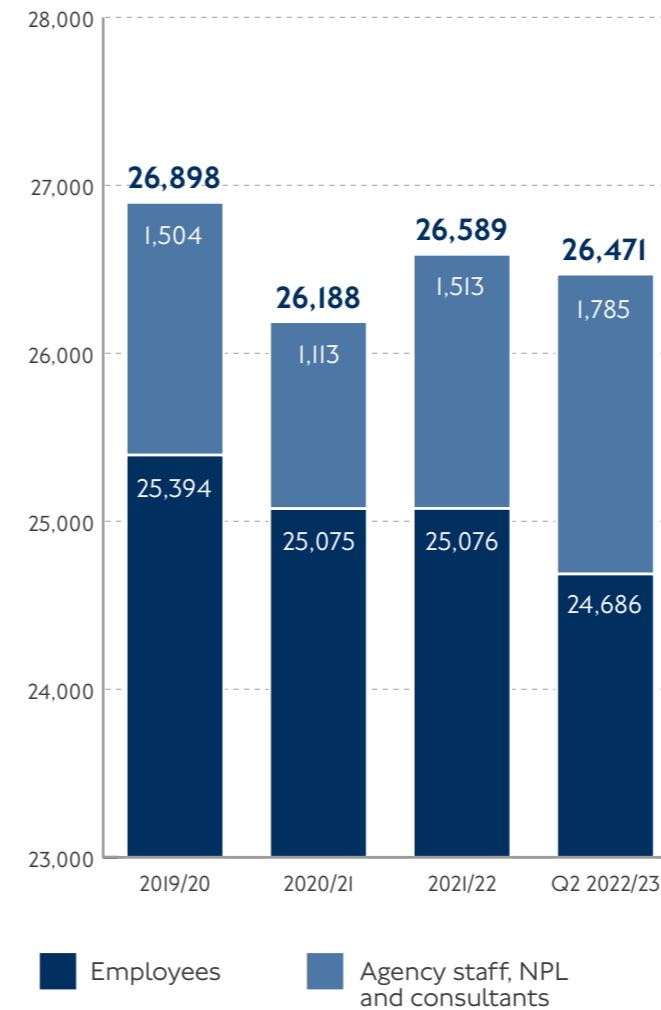
The figure for total TfL full-time equivalent roles is 26,764 at the end of Quarter 2, 269 lower than at the start of the year.

A high level of leavers continues across the Capital directorate, with staff taking up secondment development opportunities within the business which has left a backfill of posts to recruit. In addition, there are continued challenges recruiting for permanent staff across the business.

The 154 reduction in Underground headcount is mainly due to continued and increased delays to planned recruitment (mostly within customer services in Customer Operations and in LU Planning), together with slightly increased attrition rates.

This reduction is partly offset by increases in NPL project staff in Asset Performance and Capital Delivery.

## Headcount trends since 2019/20



TfL staff levels are now 427 lower than pre-pandemic levels and are down from the end of last year, mainly driven by lower permanent headcount.

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

# Appendix

## Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q2 2022/23 Year to date Actual		
	Gross income	Gross expenditure	Net income/ (expenditure)
<b>Operating segment</b>			
Underground	985	(1,164)	(179)
Elizabeth line	109	(229)	(120)
Buses, streets and other operations	1,126	(1,443)	(317)
Rail	173	(251)	(78)
Property development	38	(28)	10
Corporate overhead	107	(108)	(1)
<b>Net operating deficit before financing and renewals</b>	<b>2,538</b>	<b>(3,223)</b>	<b>(685)</b>
Depreciation and amortisation			(645)
Less IFRS 16 lease payments included in operating deficit			170
Central items			12
<b>Net cost of services</b>			<b>(1,148)</b>
Other net operating expenditure			1
Financing and investment income			8
Financing and investment expenditure			(232)
Grant income			1,520
<b>Surplus on provision of services before tax</b>			<b>149</b>
Taxation income			-
<b>Surplus on provision of services after tax</b>			<b>149</b>
Movement in fair value of derivative financial instruments			-
<b>Total Group Comprehensive Income and Expenditure</b>			<b>149</b>

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

(£m)	Q2 2022/23 Year to date Actual	
Net cost of operations after extraordinary grant		(243)
<b>Adjustments between management and statutory reports:</b>		
<b>Add amounts included in the CI&amp;E Statement not reported in the Operating Account</b>		
Depreciation and amortisation	(645)	
Interest payable on lease and PFI liabilities	(32)	
Amounts capitalised into qualifying assets	12	
Capital grant income	484	
Other net operating expenditure	8	
		(173)
<b>Less amounts included in the Operating Account but excluded from the CI&amp;E Statement</b>		
Cash payments under PFI and lease arrangements	170	
Capital renewals	241	
		411
<b>Amounts subject to differing account treatment between the Operating Account and the CI&amp;E Statement</b>		
Grant income	154	
		154
<b>Group surplus after tax per the CI&amp;E Statement</b>		<b>149</b>



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## 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, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the IFS Cloud Cable Car. The experience, reliability and accessibility of these services is fundamental to Londoners' quality of life.

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, our expanded Ultra Low Emission Zone and fleets of increasingly environmentally friendly and zero-emission buses are helping to tackle London's toxic air.

During the pandemic, we took a huge range of measures to ensure people were safe while travelling. This included extensive cleaning regimes across the public transport network and working with London's boroughs to introduce the Streetspace for London programme, which provided wider pavements and cycle lanes for people to walk and cycle safely and maintain social distancing. London's recovery is vital to the UK's recovery as life returns to normal. We want to ensure London avoids a car-led recovery and we continue to reassure people the capital and our transport network is safe and ready for them.

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

Working with the Government, we opened the Elizabeth line in time for Queen Elizabeth II's Jubilee. This transformational new railway adds 10 per cent to central London's rail capacity and supports the delivery of high-density, mixed-use developments, which are planned around active and sustainable travel to ensure 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 information, 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's recovery from the pandemic continues.

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