Board

Date: **9 November 2017**

Item: **Finance Report – Period 6, 2017/18**

This paper will be considered in public

1 Summary

1.1 The Finance Report sets out TfL's financial results for Period 6, 2017/18 – the period ending 16 September 2017.

2 Recommendation

2.1 **The Board is asked to note the Finance Report.**

3 Financial Reporting to the Board and Committees

Finance Report – Period 6, 2017/18

3.1 Where possible, feedback received from Board Members and others has been taken into account in this latest report. Further suggested improvements will be introduced throughout the 2017/18 financial year.

3.2 The Finance Report describes the financial performance compared to the 2017/18 Budget approved by the Board in March 2017.

Quarterly Performance Report – Quarter 2, 2017/18

3.3 Since the last Board meeting, the Quarterly Performance Report for Quarter 2 has been published online. This report shows TfL's provisional results for the first two quarters of this year (01 April 2017 – 16 September 2017). The report can be viewed at: https://tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports

3.4 The Quarterly Performance Report compares Quarter 2 year-to-date results with those of the last five quarters and last five years.

List of appendices to this report:

Appendix 1: Finance Report – Period 6, 2017/18

List of Background Papers:

None

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Transport for London finance report

Period 6 2017/18

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

About Transport for London (TfL)

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

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

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

We run most of London's public transport services, including the London Underground, London Buses, the Docklands Light Railway, 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, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to London's rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

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

We are constantly working to improve the city for everyone. This means freezing fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

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

Contents

The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's last audited **Statement of Accounts** for the year ended 31 March 2017 was published in September 2017.

All figures within the financial tables have been rounded to the nearest million.

Management results

Operating account

Period 6 – the four weeks ending 16 September 2017

(£m)	Period 6 Actuals	Period 6 Budget	Period 6 Variance to budget	Period 6 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	335	354	(19)	-5%	2,133	2,185	(52)	-2%
Other operating income	55	61	(6)	-10%	322	344	(22)	-6%
Total operating income	**390**	**415**	**(25)**	**-6%**	**2,455**	**2,529**	**(74)**	**-3%**
General grant	18	18	-	0%	105	105	-	0%
Business rates retention	68	68	-	0%	376	376	-	0%
Other revenue grants	4	4	-	0%	26	27	(1)	-4%
Total income	**480**	**505**	**(25)**	**-5%**	**2,962**	**3,037**	**(75)**	**-2%**
Operating cost	(461)	(489)	28	-6%	(2,752)	(2,894)	142	-5%
Net operating surplus	**19**	**16**	**3**	**19%**	**210**	**143**	**67**	**47%**
Depreciation and amortisation	(84)	(82)	(2)	2%	(503)	(497)	(6)	1%
Net cost of operations before financing	**(65)**	**(66)**	**1**	**-2%**	**(293)**	**(354)**	**61**	**-17%**
Net financing costs	(34)	(32)	(2)	6%	(194)	(194)	-	0%
Net cost of transport operations	**(99)**	**(98)**	**(1)**	**1%**	**(487)**	**(548)**	**61**	**-11%**

Income

Cumulative total income is £75m (-2%) below budget and £25m (-5%) lower in the period:

- LU fares income is £55m (-4%) lower than budget in the year to date and £18m (-9%) adverse in the period. £6m of this relates to a year-to-date adjustment on Travelcard apportionment. Passenger volumes are cumulatively 22 million (-3.5%) lower than budget. Fares yield shows a decrease against budget in the period (-4.5%); year-to-date yield remains broadly in line with budget

- Bus fares income is £12m (2%) favourable to budget in the year to date. Passenger volumes are cumulatively 28 million (2.7%) higher than budget, principally a result of stabilised bus speeds and also improved ticket machine reliability following software improvements. Average ticket yield is £0.01 (-1.0%) lower than budget

- Other operating income is £22m (-6%) adverse to budget in the year to date. Difficult market conditions have affected advertising income (£11m) in Commercial Development. Congestion Charge and roads enforcement income is £10m (-7%) behind budget, which is a result of lower traffic volumes and increased compliance

Costs

Operating costs are cumulatively £142m (-5%) lower than budget with further reductions of £28m (-6%) this period:

- LU direct operating costs are cumulatively £58m (-6%) lower than budget. This is as a result of lower staff costs (£16m) - driven by ongoing recruitment controls - and other cost reductions (£18m) including rephased transformation costs and savings on lift contracts and stations maintenance. Projects such as Central line trains overhaul, station improvements and modernisation programmes have also been rephased (£24m) into future years

- Rail direct costs are £13m (-5%) lower than budget in the year to date, of which £2m are timing differences due to a delay to Brondesbury station accessibility works. The remaining cost reduction includes £5m higher profit share from the previous London Overground operator (LOROL) and £1m higher compensation from Network Rail for closures

- Roads direct operating costs are £14m (-7%) lower than budget, due to highways maintenance being behind schedule (£2m) and lower Congestion Charge contract costs (£2m). Following a change in accounting treatment of equipment provided to the Metropolitan Police, £5m has been transferred to the capital account

- Commercial Development direct operating costs are £11m (-41%) lower than budget, driven by deferred consultancy spend for property development (£5m) – pushed back to later in the year as planning for certain sites has been delayed due to external factors - and lower employee costs (£4m) from delayed recruitment

- Bus operating costs are £4m (0.4%) higher than budgeted, principally as a result of later than expected contract savings

- Other operations direct costs are £19m (-18%) lower than budget. This is driven by the deferral of costs for Crossrail 2 (£7m) - pending central Government's response to the Strategic Outline Business Case – and rephasing of project spend on Rapid Charging, Air Quality measures and ULEZ taxi initiatives (£3m)

- Indirect operating costs are cumulatively £31m (-10%) lower than budget. Cost reductions include lower staff costs (£5m) and supplier contract savings relating to merchant fees and Oyster cards (£6m). Some £20m of costs have been deferred to later in the year, including office accommodation work (£6m), marketing (£4m), and £5m for technology and data projects

Capital account

(£m)	Period 6 Actuals	Budget	Variance to budget	% variance to budget	Year to date Actuals	Budget	Variance to budget	% variance to budget
Capital renewals	(42)	(55)	13	-24%	(239)	(315)	76	-24%
New capital investment	(99)	(141)	42	-30%	(565)	(651)	86	-13%
Crossrail	(107)	(93)	(14)	15%	(674)	(601)	(73)	12%
Total capital expenditure	**(248)**	**(289)**	**41**	**-14%**	**(1,478)**	**(1,567)**	**89**	**-6%**
Financed by								
Investment grant	77	77	-	0%	422	422	-	0%
Third-party contributions	26	3	23	767%	38	14	24	171%
Property income	6	2	4	200%	16	41	(25)	-61%
Crossrail funding sources	10	12	(2)	-17%	61	70	(9)	-13%
Other capital grants	13	13	-	0%	88	94	(6)	-6%
Total	**132**	**107**	**25**	**23%**	**625**	**641**	**(16)**	**-3%**
Net capital account	**(116)**	**(182)**	**66**	**-36%**	**(853)**	**(926)**	**73**	**-9%**

Cumulative capital expenditure is £90m (-6%) lower than budget:

- LU capital costs are £58m (-11%) lower than budget. Some £42m of costs have been rephased to later this year including Renewals, mainly due to power installations (£15m), slow mobilisation in stations improvement (£10m) and World Class Capacity (£5m). A further £45m of costs have been deferred to later years, including Jubilee and Northern line additional trains (£18m), Renewals (£13m) and modernisation programmes (£5m)

- Crossrail construction costs are £73m higher than budget. This is due to access delays and changes in scope and design on Systemwide main works, Whitechapel Station works being completed later than budgeted, and works at Woolwich Station having been delayed. This has been partially offset by savings at Tottenham Court Road station due to planned over-site development works no longer being undertaken by the Project, and a reduction in staff costs due to vacancies across the project

- Rail capital costs are cumulatively £41m (20%) lower than budget due to timing differences. This is a result of the deferred contribution to Network Rail for the Gospel Oak to Barking line electrification works, which is 11 months behind schedule (£20m). Other areas of delayed spend include the Barking Riverside extension (£7m) and TfL Rail station improvement and systems programmes (£8m). DLR Custom House station upgrade shows some slippage (£4m), a result of slow design approval which may result in a delay to the station re-opening (December 2017)

- Roads is £14m (-14%) lower than budget in the year to date, principally from road asset renewals (£13m), we are currently reviewing these costs as part of the new business plan

- Cumulative Bus capital expenditure is some £3m (-14%) lower than budget, a result of 18 new buses where delivery was accelerated into last year. This has been partly offset by accelerated NOx abatement initiatives to improve air quality where 167 of 235 units have been completed for the Brixton Low Emission Bus Zone, which is due for completion in October 2017

- Commercial development capital investment is £8m (-40%) less than budgeted, a result of deferred costs on the advertising partnerships programme (£6m) with a review expected in January 2018, and later than expected direct capital investment in the Earls Court development. This is offset by higher than budgeted spend (£4m) on the Emergency Services Network, which is funded by the Home Office

- Other operations capital costs are £39m (-42%) lower than budget in the year to date. We have benefited from commercial negotiations around Endeavour Square, with the developer bearing fit-out costs that are offset against the rent-free period for the building. This has changed the accounting treatment, creating an £11m variance. Some £18m of project costs have been deferred to later this year, including £7m on data and technology projects, and £6m on ticketing

- Property income is £25m below budget (-61%). This is due to the change in strategy from disposal to retaining assets for ongoing operating income

- Third-party contributions are £24m (171%) above budget in the year to date. This is due to the commercial arrangements changing the accounting treatment of the fit out costs at Endeavour Square

Headcount

Full-time equivalent (FTE) employees	End of 2016/17 actuals	Prior periods' net (leavers)/ joiners	Period 6 net (leavers)/ joiners	Period 6 actual	Period 6 budget	Variance to budget	% variance to budget
Underground	20,121	(570)	200	19,752	20,164	(412)	-2%
Rail	465	(10)	40	495	599	(104)	-17%
Buses*	786	(133)	(7)	646	805	(159)	-20%
Roads*	1,860	(119)	15	1,755	1,797	(42)	-2%
Other operations	1,370	33	(5)	1,399	1,496	(97)	-6%
Professional services	3,606	417	10	4,032	4,674	(641)	-14%
Commercial Development	179	(0)	6	184	220	(36)	-16%
Crossrail	803	(44)	(4)	755	791	(36)	-5%
Total FTEs	**29,189**	**(426)**	**255**	**29,018**	**30,545**	**(1,527)**	**-5%**

*End of 2016/17 actuals are restated to reflect the recategorisation of 238 enforcement staff from Roads to Buses

	Period 6				Year to date			
Employee costs (£m)	Actual	Budget	Variance to budget	% variance to budget	Actual	Budget	Variance to budget	% variance to budget
Permanent	(144)	(155)	11	-7%	(869)	(915)	46	-5%
Non-permanent Labour (NPL)	(10)	(12)	2	-19%	(50)	(76)	26	-34%
Total employee costs	**(154)**	**(167)**	**13**	**-8%**	**(919)**	**(991)**	**72**	**-7%**

Headcount levels are down 171 in the year, a result of continued recruitment controls, reducing of non-permanent labour and the Transformation programme.

LU saw an increase of 200 in the period which included the recruitment of stations staff – following last year's station review – and capital programmes apprentices. After adjusting for commercial and finance staff who have transferred to central Professional Services, LU headcount has increased by 179 this year.

The increase of 427 in Professional Services since the start of year is a result of 660 staff transferring in from other areas. This is offset by 193 leavers across the Finance and Tech and Data Transformation work streams.

Employee levels are 1,527 (5%) lower than budget at the end of the period, reflecting recruitment controls, staff reductions from the Transformation programme – where the short-term effects on headcount were not included in the budget – and continued reductions in temporary staff.

Cash

Cash flow summary

	Period 6				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Net cost of transport operations	(99)	(98)	(1)	1%	(487)	(548)	61	-11%
Non-cash depreciation	84	82	2	2%	503	497	6	1%
Net capital expenditure	(116)	(182)	66	-36%	(853)	(926)	73	-8%
Borrowing	225	200	25	13%	376	513	(137)	-27%
Working capital movements	3	52	(49)	-95%	947	830	117	14%
Increase/(decrease) in cash balances	**97**	**54**	**43**	**80%**	**486**	**366**	**120**	**33%**

Cash balances

(£m)	2016/17 closing cash	Prior periods' movements	Period 6 movements	Period 6 closing cash	Variance to budget
Crossrail sponsors' funding account	510	415	(104)	821	(164)
Other TfL cash balances	1,451	(27)	202	1,626	284
Cash balances	**1,961**	**388**	**98**	**2,447**	**120**

Cash balances are £120m higher than budget at the end of the period, driven by surpluses on both the operating and capital accounts and favourable working capital movements of £116m, offset by the deferral of £137m of planned borrowing.

Crossrail cash balances are £164m lower than budget, a result of lower than budgeted contingency payments from TfL (£122m) which have not yet been required, as well as higher than budgeted construction costs (£73m).

Overall cash balances are £2,447m, £486m higher than at the start of the year. TfL cash balances (excluding Crossrail) are £174m higher than at the end of 2016/17. The increase in the period is due to £225m net new borrowings.

Crossrail cash balances are up £311m in the year, driven by the receipt of loan repayments from Network Rail (over £900m) - advanced for interim financing of Crossrail construction – which is offset by construction costs.

Balance sheet

TfL Group balance sheet

£m	16 Sept 2017	31 Mar 2017	Movement	16 Sept 2017	Period 6 Budget	Movement
Intangible assets	127	140	(13)	127	117	10
Property, plant and equipment	37,856	36,839	1,017	37,856	37,996	(140)
Investment properties	558	558	-	558	558	-
Investment in associate entities	362	368	(6)	362	372	(10)
Long term derivatives	18	18	-	18	18	-
Long term debtors	27	30	(3)	27	33	(6)
Non current assets	**38,948**	**37,953**	**995**	**38,948**	**39,094**	**(146)**
Stocks	72	72	-	72	72	-
Short term debtors	879	1,822	(943)	879	854	25
Short term derivatives	14	12	2	14	12	2
Assets held for sale	15	15	-	15	15	-
Cash and short term investments	2,447	1,961	486	2,447	2,326	121
Current assets	**3,427**	**3,882**	**(455)**	**3,427**	**3,279**	**148**
Short term creditors	(2,142)	(2,146)	4	(2,142)	(2,088)	(54)
Short term derivatives	(12)	(4)	(8)	(12)	-	(12)
Short term borrowings	(1,046)	(1,106)	60	(1,046)	(1,106)	60
Short term lease liabilities	(51)	(77)	26	(51)	(66)	15
Short term provisions	(197)	(194)	(3)	(197)	(173)	(24)
Current liabilities	**(3,448)**	**(3,527)**	**79**	**(3,448)**	**(3,433)**	**(15)**
Long term creditors	(59)	(56)	(3)	(59)	(56)	(3)
Long term borrowings	(9,125)	(8,690)	(435)	(9,125)	(9,203)	78
Long term lease liabilities	(471)	(488)	17	(471)	(460)	(11)
Long term derivatives	(63)	(79)	16	(63)	(79)	16
Other provisions	(55)	(44)	(11)	(55)	(34)	(21)
Pension provision	(5,362)	(5,364)	2	(5,362)	(5,364)	2
Long term liabilities	**(15,135)**	**(14,721)**	**(414)**	**(15,135)**	**(15,196)**	**61**
Total net assets	**23,792**	**23,587**	**205**	**23,792**	**23,744**	**48**
Capital and reserves						
Usable reserves	2,146	1,861	285	2,146	2,031	115
Unusable reserves	21,646	21,726	(80)	21,646	21,713	(67)
Total capital employed	**23,792**	**23,587**	**205**	**23,792**	**23,744**	**48**

Balance sheet movement vs budget

- Fixed Assets: £130m (0.4%) lower than budget, mainly due to £125m lower capitalised expenditure and £6m higher than budget depreciation
- Investment in associate entities: £10m (2.7%) lower, representing TfL's share (£7m) of post tax losses to 30 June 2017 in the Earl's Court Partnership company (ECP)
- Long term finance lease receivables £5m (50%) lower, as a result of slower than budgeted delivery of the advertising capital upgrade programme
- Cash and short term investments: £121m (5.2%) higher, mainly owing to:
  - £138m deferral of new prudential borrowings
  - £90m lower capital expenditure
  - £77m lower net operating costs (excluding depreciation)
  - £7m higher grant income (mainly comprising £22m 3rd party funding by Lendlease of fit out of Endeavour Square, offset by £9m lower Crossrail funding, and £7m lower capital grants
  - £85m other working capital variances
- Short and long term borrowings: £138m lower than budget (1.3%), due to the deferral of new prudential borrowings
- Short and long term provisions: £45m higher than budget (21.7%), of which £24m relates to Crossrail property claims, and the majority of the remaining variance relates to Voluntary Severance provisions

Balance sheet movement vs prior year end

- Fixed Assets: £1,004m (2.7%) higher. £1,507m acquisitions less £503m depreciation
- Investment in associate entities: £6m (1.6%) lower, representing TfL's share of post tax losses to 30 June 2017 in the Earl's Court Partnership company
- Short term debtors: £945m (51.9%) lower, mainly as a result of the receipt of £936m of Network Rail loan repayments
- Short and long term borrowings: £375m (3.8%) higher, reflecting £375m of new borrowings

Appendices

Appendix A: Divisional tables

London Underground

	Period 6				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Fares income	184	202	(18)	-9%	1,206	1,261	(55)	-4%
Other operating income	3	3	-	0%	12	13	(1)	-8%
Total operating income	**187**	**205**	**(18)**	**-9%**	**1,218**	**1,274**	**(56)**	**-4%**
Direct operating cost	(157)	(174)	17	-10%	(952)	(1,010)	58	-6%
Indirect operating cost	(30)	(35)	5	-14%	(191)	(212)	21	-10%
Net operating surplus/(deficit)	**-**	**(4)**	**4**	**-100%**	**75**	**52**	**23**	**44%**
Depreciation	(52)	(52)	-	0%	(314)	(310)	(4)	1%
Net cost of operations before financing	**(52)**	**(56)**	**4**	**-7%**	**(239)**	**(258)**	**19**	**-7%**
Capital renewals	(25)	(34)	9	-26%	(150)	(202)	52	-26%
New capital investment	(49)	(64)	15	-23%	(321)	(327)	6	-2%
Net capital expenditure	**(74)**	**(98)**	**24**	**-24%**	**(471)**	**(529)**	**58**	**-11%**

Rail

	Period 6				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Fares income	39	40	(1)	-3%	233	244	(11)	-5%
Other operating income	1	1	-	0%	5	7	(2)	-29%
Total operating income	**40**	**41**	**(1)**	**-2%**	**238**	**251**	**(13)**	**-5%**
Direct operating cost	(43)	(45)	2	-4%	(249)	(262)	13	-5%
Indirect operating cost	(2)	(3)	1	-33%	(15)	(17)	2	-12%
Net operating surplus/(deficit)	**(5)**	**(7)**	**2**	**-29%**	**(26)**	**(28)**	**2**	**4%**
Depreciation	(11)	(10)	(1)	10%	(62)	(66)	4	-6%
Net cost of operations before financing	**(16)**	**(17)**	**1**	**-6%**	**(88)**	**(94)**	**6**	**-3%**
Capital renewals	(4)	(3)	(1)	33%	(11)	(13)	2	-15%
New capital investment	(36)	(45)	9	-20%	(149)	(188)	39	-21%
Crossrail	(107)	(93)	(14)	15%	(674)	(601)	(73)	12%
Net capital expenditure	**(147)**	**(141)**	**(6)**	**4%**	**(834)**	**(802)**	**(32)**	**4%**

Roads

(£m)	Period 6 Actuals	Period 6 Budget	Period 6 Variance to budget	Period 6 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	-	-	-	0%	-	-	-	0%
Other operating income	24	25	(1)	-4%	143	153	(10)	-7%
Total operating Income	**24**	**25**	**(1)**	**-4%**	**143**	**153**	**(10)**	**-7%**
Direct operating cost	(36)	(36)	-	0%	(199)	(213)	14	-7%
Indirect operating cost	(6)	(7)	1	-14%	(36)	(40)	4	-10%
Net operating surplus/(deficit)	**(18)**	**(18)**	**-**	**0%**	**(92)**	**(100)**	**8**	**-8%**
Depreciation	(11)	(11)	-	0%	(65)	(64)	(1)	2%
Net cost of operations before financing	**(29)**	**(29)**	**-**	**0%**	**(157)**	**(164)**	**7**	**-4%**
Capital renewals	(10)	(12)	2	-17%	(47)	(60)	13	-22%
New capital investment	(7)	(7)	-	0%	(42)	(43)	1	-2%
Net capital expenditure	**(17)**	**(19)**	**2**	**-11%**	**(89)**	**(103)**	**14**	**-14%**

Buses

(£m)	Period 6 Actuals	Period 6 Budget	Period 6 Variance to budget	Period 6 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	109	109	-	0%	670	658	12	2%
Other operating income	1	1	-	0%	6	5	1	20%
Total operating Income	**110**	**110**	**-**	**0%**	**676**	**663**	**13**	**2%**
Direct operating cost	(161)	(161)	-	0%	(970)	(966)	(4)	0%
Indirect operating cost	(5)	(5)	-	0%	(31)	(34)	3	-9%
Net operating surplus/(deficit)	**(56)**	**(56)**	**-**	**0%**	**(325)**	**(337)**	**12**	**-4%**
Depreciation	(4)	(3)	(1)	33%	(22)	(20)	(2)	10%
Net cost of operations before financing	**(60)**	**(59)**	**(1)**	**2%**	**(347)**	**(357)**	**10**	**-3%**
Capital renewals	-	(1)	1	-100%	(5)	(6)	1	-17%
New capital investment	(4)	(2)	(2)	100%	(13)	(15)	2	-13%
Net capital expenditure	**(4)**	**(3)**	**(1)**	**33%**	**(18)**	**(21)**	**3**	**-14%**

Commercial Development

(£m)	Period 6 Actuals	Period 6 Budget	Period 6 Variance to budget	Period 6 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	-	-	-	0%	-	-	-	0%
Other operating income	18	20	(2)	-10%	106	115	(9)	-8%
Total operating income	**18**	**20**	**(2)**	**-10%**	**106**	**115**	**(9)**	**-8%**
Direct operating cost	(3)	(5)	2	-40%	(16)	(27)	11	-41%
Indirect operating cost	-	-	-	0%	-	-	-	0%
Net operating surplus/(deficit)	**15**	**15**	**-**	**0%**	**90**	**88**	**2**	**2%**
Depreciation	-	-	-	0%	-	-	-	0%
Net cost of operations before financing	**15**	**15**	**-**	**0%**	**90**	**88**	**2**	**2%**
New capital investment	(1)	(5)	4	-80%	(8)	(20)	12	-60%
Capital receipts	6	2	4	200%	16	41	(25)	-61%
Crossrail property receipts	(1)	-	(1)	0%	-	-	-	0%
Net capital expenditure	**4**	**(3)**	**7**	**-233%**	**8**	**21**	**(13)**	**-62%**

Other operations

(£m)	Period 6 Actuals	Period 6 Budget	Period 6 Variance to budget	Period 6 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Fares income	4	4	-	0%	24	22	3	12%
Other operating income	8	9	(1)	-11%	50	52	(2)	-4%
Total operating Income	**12**	**13**	**(1)**	**-8%**	**74**	**74**	**-**	**0%**
Direct operating cost	(12)	(18)	6	-33%	(85)	(104)	19	-18%
Indirect operating cost	(2)	(2)	-	0%	(8)	(9)	1	-11%
Net operating surplus/(deficit)	**(2)**	**(7)**	**5**	**-71%**	**(19)**	**(39)**	**20**	**-51%**
Depreciation	(7)	(6)	(1)	17%	(40)	(38)	(2)	5%
Net cost of operations before financing	**(9)**	**(13)**	**4**	**-31%**	**(59)**	**(77)**	**18**	**-23%**
Capital renewals	(3)	(5)	2	-40%	(26)	(34)	8	-24%
New capital investment	(2)	(18)	16	-89%	(32)	(58)	26	-45%
Net capital expenditure	**(5)**	**(23)**	**18**	**-78%**	**(58)**	**(92)**	**34**	**-37%**

Appendix B: Fares income, passenger journeys and fares yield

Fares income

	Period 6				Year to date			
(£m)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	184	202	(18)	-9%	1,206	1,261	(55)	-4%
TfL Rail	7	7	-	0%	37	41	(4)	-10%
DLR	12	12	-	0%	78	78	-	0%
London Overground	17	18	(1)	-6%	102	111	(9)	-8%
London Trams	2	2	-	0%	11	11	-	0%
Emirates Air Line	1	1	-	0%	3	4	(1)	-25%
Buses	109	109	-	0%	670	658	12	2%
Oyster write-off and deposits	4	4	-	0%	24	22	2	9%
Total fares	**336**	**355**	**(19)**	**-5%**	**2,131**	**2,186**	**(55)**	**-3%**

Passenger journeys

	Period 6				Year to date			
Million	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	97	102	(5)	-4.6%	620	642	(22)	-3.5%
TfL Rail	3	4	(1)	-6.1%	21	21	-	-3.2%
DLR	9	9	-	-2.7%	56	57	(1)	-1.2%
London Overground	14	15	(1)	-10.0%	86	92	(6)	-6.2%
London Trams	2	2	-	-2.5%	13	13	-	2.1%
Emirates Air Line	0.1	0.1	-	-1.9%	0.8	0.9	(0.1)	-9.2%
Buses	166	164	2	1.5%	1,032	1,004	28	2.7%
Total passengers	**291**	**295**	**(5)**	**-1.5%**	**1,829**	**1,830**	**(1)**	**-0.1%**

Fares yield*

	Period 6				Year to date			
(£ per journey)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	1.90	1.98	-0.09	-4.5%	1.95	1.96	-0.02	-0.9%
TfL Rail	1.99	1.88	0.11	6.1%	1.81	1.91	-0.10	-5.2%
DLR	1.41	1.37	0.04	3.0%	1.40	1.37	0.03	2.3%
London Overground	1.22	1.20	0.01	1.0%	1.18	1.21	-0.03	-2.1%
London Trams	0.88	0.82	0.06	7.2%	0.85	0.83	0.02	2.8%
Emirates Air Line	4.48	4.61	-0.13	-2.7%	4.19	4.47	-0.28	-6.3%
Buses	0.66	0.67	-0.01	-1.4%	0.65	0.66	-0.01	-1.0%
Average yield	**1.15**	**1.20**	**-0.05**	**-3.9%**	**1.16**	**1.19**	**-0.03**	**-2.5%**

* Fares yield include the effects of retrospective Travelcard adjustments

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