



# Transport for London quarterly performance report

Quarter 2 2019/20 (1 April – 14 September 2019)

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 (LU), London Buses, the DLR, London Overground (LO), TfL Rail, London Trams, London River Services (LRS), London Dial-a-Ride, Victoria Coach Station (VCS), Santander Cycles and the Emirates Air Line (EAL). 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 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 freezing TfL 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.

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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 2019 was published in July 2019.

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# Introduction

The good progress made in Q1 has continued, with the net operating surplus ahead of budget and last year.

Passenger income is £63m above budget with strong performance on the London Underground. London Buses revenue continued to perform ahead of budget, with a lower than expected decline in off-peak journeys.

Other operating income is £3m below budget driven by high Ultra Low Emission Zone (ULEZ) compliance rates, resulting in income being lower than anticipated. This is a great policy outcome and an important step towards cleaner air for Londoners.

Operating costs continue to outperform budget and are £142m (five per cent) below budget. As in the first quarter, variances against budget are from a combination of lower than expected costs and timing differences on projects, and restructuring costs.

Key highlights in the capital investment programme in Q2 include commissioning of the

signalling upgrade from Latimer Road to Euston Square, and the opening of a more accessible and larger Overground station at White Hart Lane both in August 2019.

The underlying business performance remains strong. Year-on-year income is up and like-for-like operating costs are down, despite a tough external environment and delays to the Crossrail project.

The Budget was written in January on the expectation that the UK would leave the EU on 29 March 2019. Our demand and cost assumptions were cautious reflecting uncertainty in the wider economy. We are now performing significantly better than our Budget, despite continuing economic uncertainty. This performance sets us in a stronger position to face the challenges ahead.

We have reviewed our budgetary assumptions and will ask the Board to approve a revised set of targets for 2019/20. We will report against this set of revised targets from Q3.

**Simon Kilonback**  
Chief Finance Officer

**Tony King**  
Group Finance Director

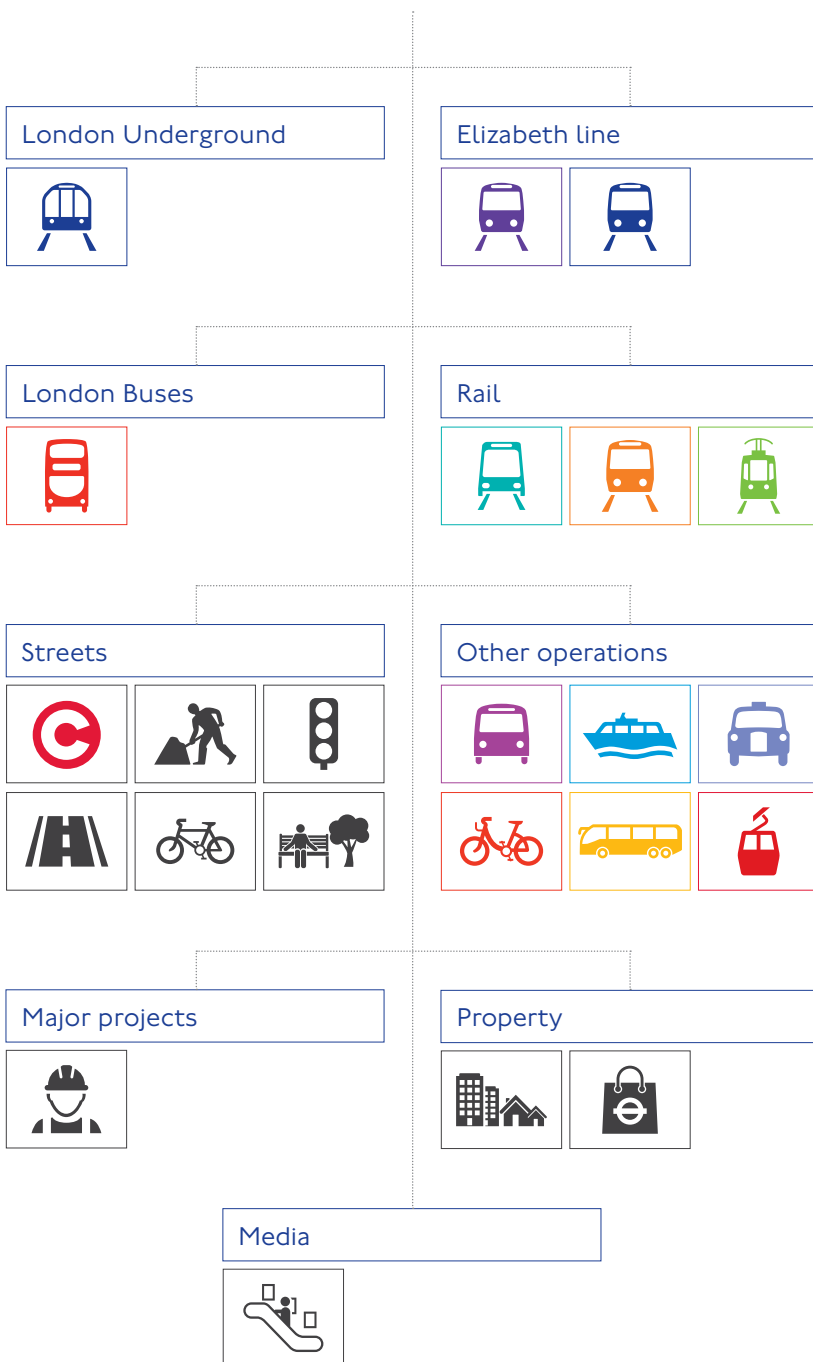




# Business at a glance

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

## How we report on our business



## Facts and figures

**945** Trains on the TfL network



**580km**

TfL-operated highways



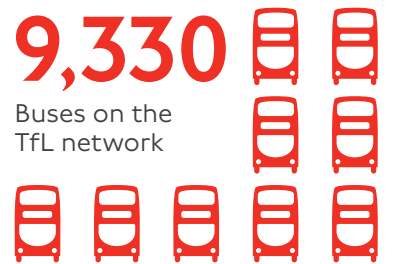
**720km**

TfL-operated Rail and London Underground routes



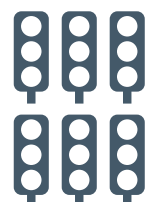
**9,330**

Buses on the TfL network

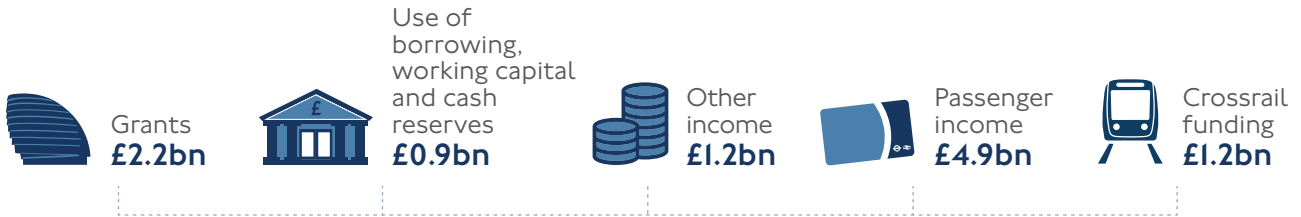


**6,365**

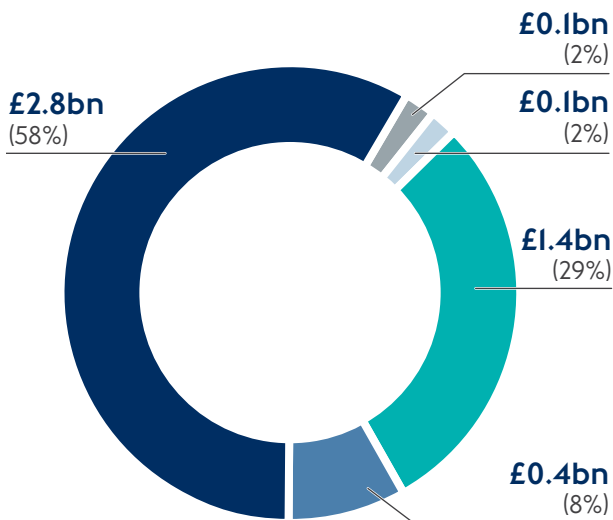
Traffic signals operated by TfL



## Budget at a glance



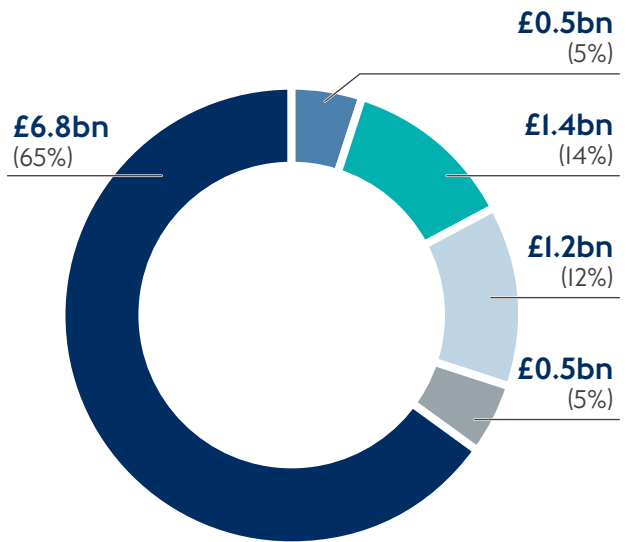
## Total passenger income



Total: **£4.9bn**

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

## Total costs



Total: **£10.3bn**

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



# Financial summary

## Performance in the year to date

### Operating account

TfL Group (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	2,220	2,157	63	2,171	49
Other operating income	453	456	(3)	372	81
<b>Total operating income</b>	<b>2,673</b>	<b>2,613</b>	<b>60</b>	<b>2,543</b>	<b>130</b>
Business Rates Retention	420	420	-	417	3
Other revenue grants	39	38	1	29	10
<b>Total income</b>	<b>3,132</b>	<b>3,071</b>	<b>61</b>	<b>2,989</b>	<b>143</b>
Operating cost	(2,868)	(3,010)	142	(2,805)	(63)
<b>Net operating surplus</b>	<b>264</b>	<b>61</b>	<b>203</b>	<b>184</b>	<b>80</b>
Capital renewals	(170)	(220)	50	(178)	8
<b>Net cost of operations before financing</b>	<b>94</b>	<b>(159)</b>	<b>253</b>	<b>6</b>	<b>88</b>
Net financing costs	(205)	(213)	8	(205)	-
<b>Net cost of operations</b>	<b>(111)</b>	<b>(372)</b>	<b>261</b>	<b>(199)</b>	<b>88</b>

### Capital account

TfL Group (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
New capital investment	(466)	(673)	207	(672)	206
Crossrail	(488)	(615)	127	(669)	181
<b>Total capital expenditure</b>	<b>(954)</b>	<b>(1,288)</b>	<b>334</b>	<b>(1,341)</b>	<b>387</b>
<b>Financed by:</b>					
Investment grant	393	393	-	429	(36)
Property and asset receipts	141	23	118	4	137
Borrowing	30	274	(244)	335	(305)
Crossrail funding sources	443	785	(342)	62	381
Other capital grants	84	124	(40)	78	6
<b>Total</b>	<b>1,091</b>	<b>1,599</b>	<b>(508)</b>	<b>908</b>	<b>183</b>
<b>Net capital account</b>	<b>137</b>	<b>311</b>	<b>(174)</b>	<b>(433)</b>	<b>570</b>



## Cash flow summary

TfL Group (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Net cost of operations	(111)	(372)	261	(199)	88
Net capital account	137	311	(174)	(433)	570
Working capital movements	(30)	(283)	253	(92)	62
<b>Decrease in cash balances</b>	<b>(4)</b>	<b>(344)</b>	<b>340</b>	<b>(724)</b>	<b>720</b>

## Passenger journey analysis

TfL Group (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Number of passenger journeys (millions)	1,799	1,764	35	1,810	(11)
Average yield per passenger journey (£)	1.23	1.22	0.01	1.20	0.03
Operating cost per journey (£)	(1.59)	(1.71)	0.12	(1.55)	(0.04)

The year-to-date net operating surplus is £203m better than budget and £80m higher than last year. The continued strong performance indicates we are on track to outperform our full-year budget.

Total income for the first half of the year is £61m favourable to budget and £143m higher than last year. Passenger income growth is driven by Underground journeys, while bus and rail journeys remain subdued. Other operating income is £81m higher than last year owing to the launch of the ULEZ in April 2019. Compliance levels are higher than budget, which was based on modelling from previous schemes, resulting in lower income than anticipated.

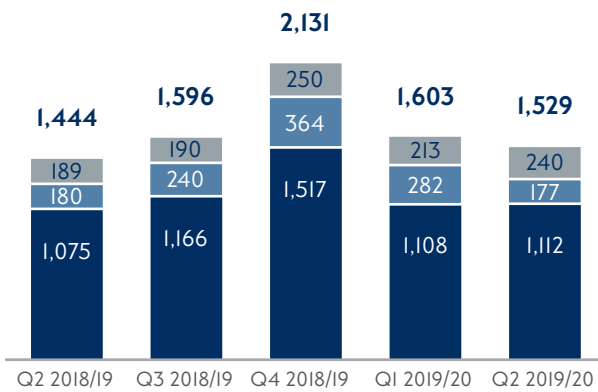
Year-to-date operating costs are £142m lower than budget, driven by underlying cost reductions and the timing of project and restructuring costs. Around 50 per cent of this represents savings which we expect to carry through to the end of the year.

Total capital renewals and investment are £257m lower than budget, but we do not expect this to affect final delivery dates. Key programme spend is below budget from a combination of timing, rephasing and some savings.

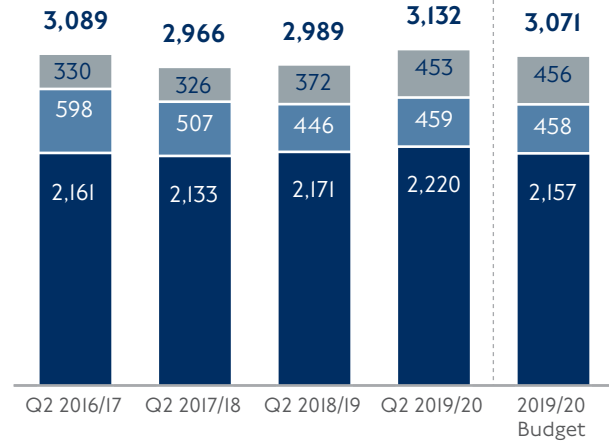
Cash balances are £340m higher than budget, boosted this quarter by the sale of a long lease of our 55 Broadway office building.

# Financial trends

## Total income\* Quarterly (£m)



## Year to date (£m)



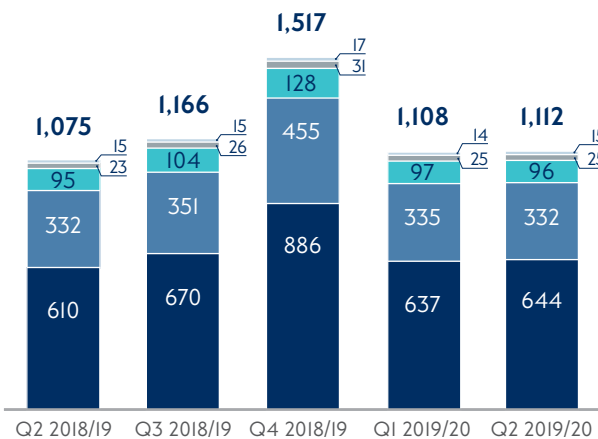
- Passenger income
- Grants
- Other income

Total income £61m above budget

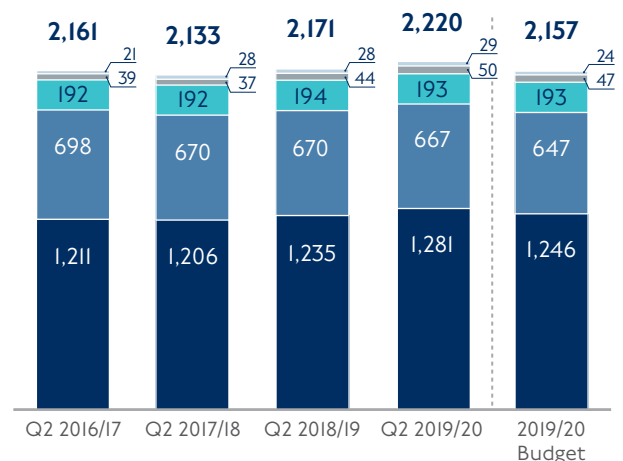
5% ▲ year on year

Total income is better than budget, mainly owing to higher passenger income from increased demand on London Underground. The launch of the ULEZ in April 2019 has contributed to the year-on-year increase.

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



## Year to date (£m)



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

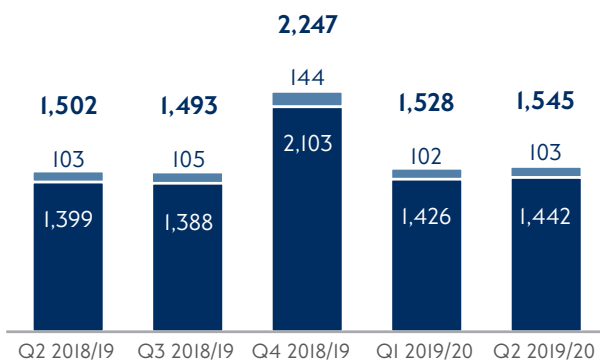
Passenger income £63m above budget

2% ▲ year on year

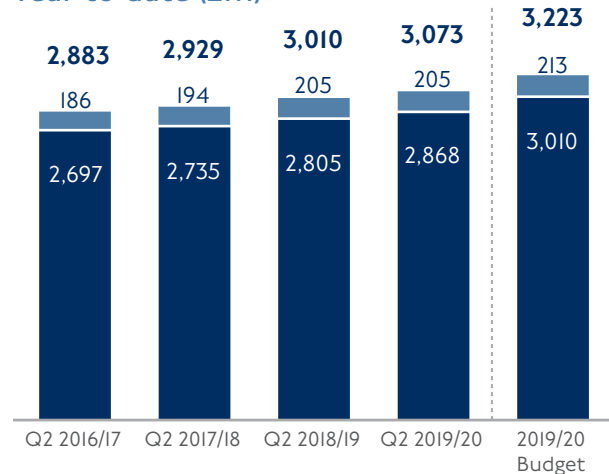
Passenger income is outperforming budget in both LU and Buses – our Budget assumptions were cautious given macroeconomic conditions and uncertainty on Brexit.

\* Q4 is longer than quarters 1 to 3 (16 weeks and one day vs 12 weeks)

**Total cost\***  
Quarterly (£m)



Year to date (£m)



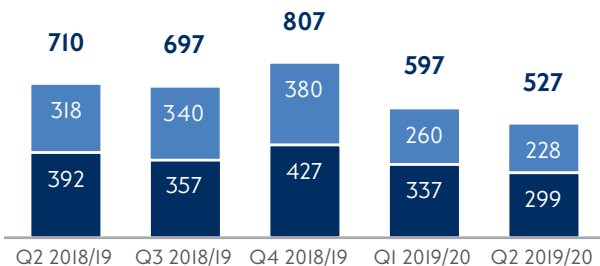
- Operating costs
- Net financing costs

**Operating costs**  
**£142m below budget**

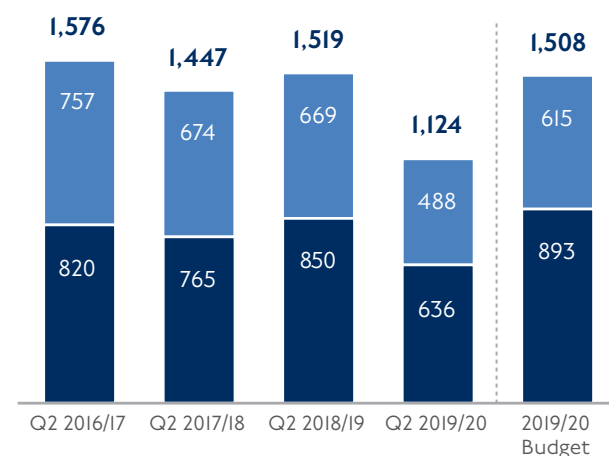
**2%** ▲ year on year

Once operating costs are adjusted for one-offs, growth (including Elizabeth line, ULEZ and new LO services) and restructuring costs. Like-for-like operating costs are down £29m on 2018/19.

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



Year to date (£m)



- Capital investment and renewals
- Crossrail

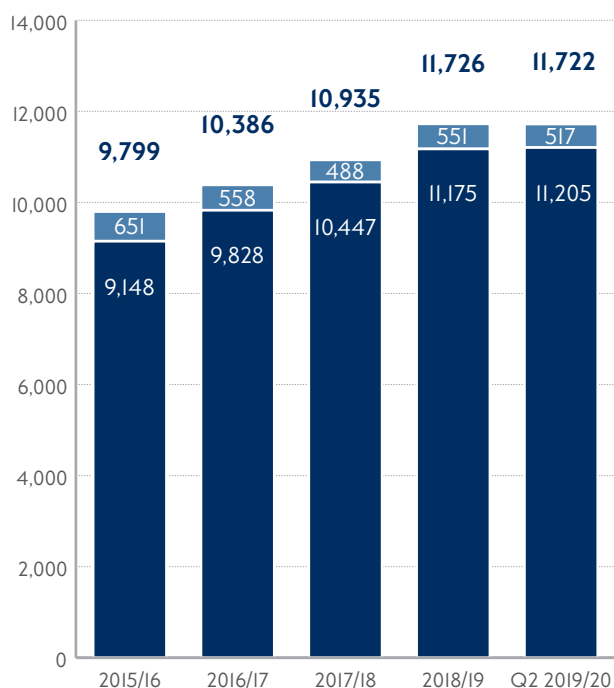
**£3.1bn full year budget**

**26%** ▼ year on year

Capital expenditure is below budget, owing to combinations of timing and rephasing on key programmes, as well as some savings which will have no impact on delivery dates.

# Debt and cash

## Total nominal value of debt (£m)

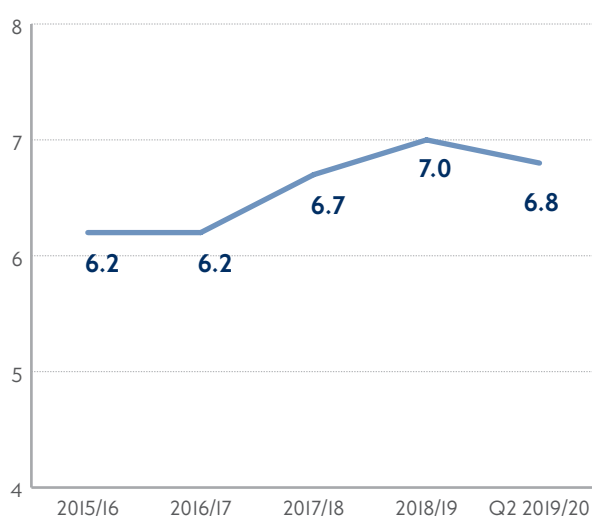


- Borrowing
- Finance leases and other financing liabilities

The Budget assumes that our borrowing will grow by £845m by 31 March 2020, within the limits agreed with the Government. At the end of Q2, our borrowing had increased by £30m, reflecting £100m of long-term borrowing partially offset by long-term debt repayments and a reduction in our outstanding commercial paper balance.

The total nominal value of borrowing outstanding at the end of the quarter was £11,205m, of which £10,500m was long term.

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



The ratio of financing costs to total income, including operating grants, helps TfL to monitor the affordability of its debt.

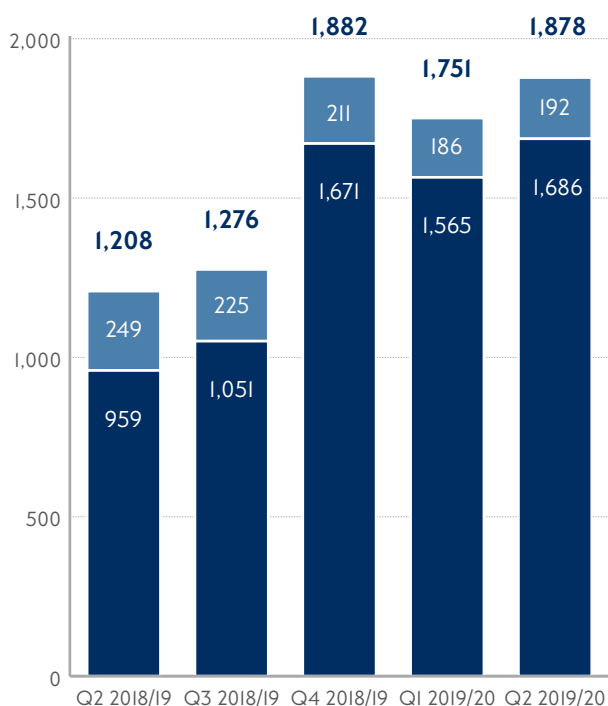
### Financing costs and income (£m)

Year to date	Q2 2019/20	Q2 Budget	Variance
Interest income	9	8	1
Financing costs	(214)	(221)	7

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



## Cash balances (£m)



- TfL cash balances
- Crossrail, LTM and LTIG cash balances

**£4m**

Decrease in cash over the year to date

Total cash balances have increased by £127m over the quarter, to stand at £1,878m. The increase is primarily because of the sale of a long lease of our 55 Broadway office building.

Of the total cash balance, £192m is held for the Crossrail project, the London Transport Museum (LTM) and London Transport Insurance Guernsey (LTIG). We aim to hold a prudent minimum level of non ring-fenced cash for exceptional circumstances and to retain a high credit rating, in line with our liquidity policy approved by the TfL Board. This level of cash reserves – currently around £560m – is driven by the size of our operating costs and the level of our debt.

We expect to continue to use our balances to fund the improvements outlined in our Business Plan and in our Budget.

## Credit ratings

We are rated by the three leading international rating agencies. Our rating with Fitch remains on Rating Watch Negative, reflecting the Rating Watch Negative on the UK Government because of the ongoing uncertainty over Brexit and the likely impact on the UK economy.

Credit ratings	
Moody's	Aa3 stable outlook
Standard & Poor's	AA- negative outlook
Fitch	AA- Rating Watch Negative

# Passenger journeys

Q2, year to date

**1,799m**  
total journeys

**1,764m**  
budget

**1,810m**  
prior year



London Underground

**629m**

2.5%▲  
budget

1.4%▲  
prior year



Buses

**993m**

1.9%▲  
budget

1.8%▼  
prior year



DLR

**55m**

1.1%▲  
budget

0.3%▼  
prior year



London Overground

**84m**

1.0%▲  
budget

2.2%▼  
prior year



London Trams

**12m**

3.9%▼  
budget

6.4%▼  
prior year



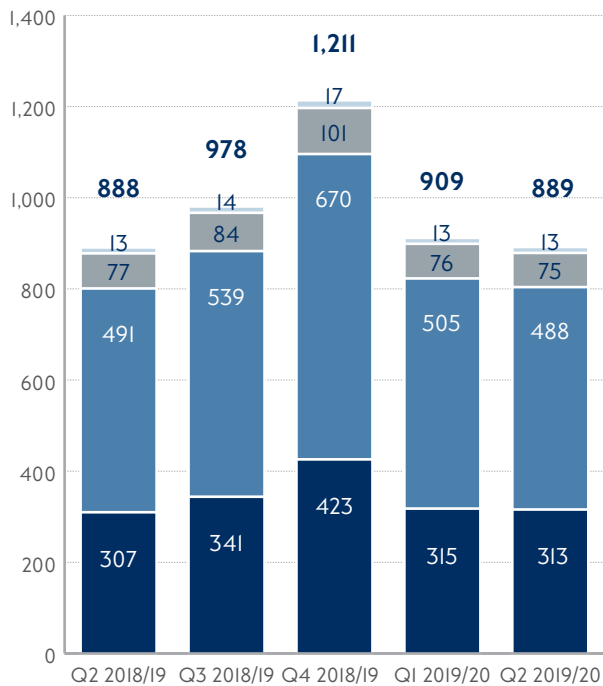
TfL Rail

**26m**

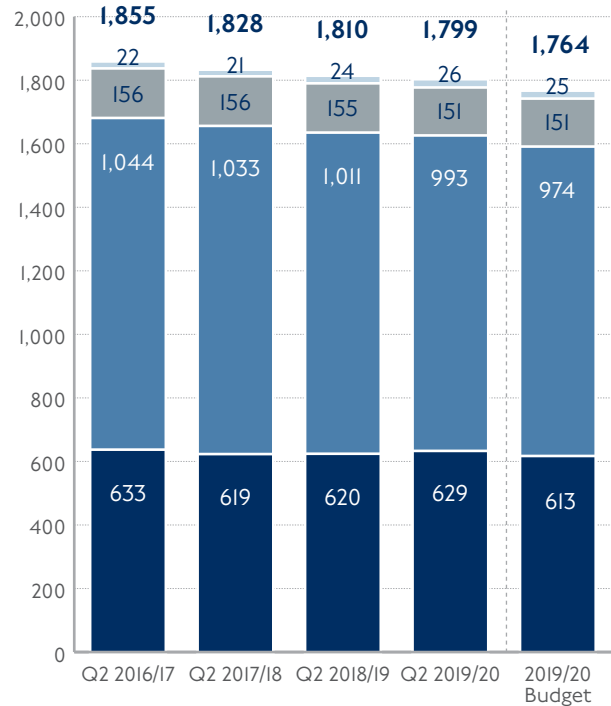
3.6%▲  
budget

8.4%▲  
prior year

### Quarterly (millions)\*



### Year to date with Budget (millions)



London Underground
  Buses
  Rail
  TfL Rail

London Underground passenger volumes are 16 million better than budget and nine million better than last year. Demand remains strong, with year-on-year journeys up by 1.4 per cent.

Bus passenger journeys are 19 million higher than budget, but 18 million lower than last year. This is a 1.8 per cent decline year on year, but there has been a slightly improving trend over the last quarter.

Rail passenger journeys are broadly in line with budget. There has been a decrease in London Tram journeys against budget, owing to a 10-day closure on the Croydon central section and reduced services to Wimbledon. Year-on-year London Tram journeys are down 6.4 per cent.

\* Q4 is longer than quarters 1 to 3 (16 weeks and one day vs 12 weeks)

# Underground

## London Underground

### Financial summary

London Underground has benefited from a trend of increasing passenger income coupled with a focus on continued savings.

London Underground (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	1,281	1,246	35	1,235	46
Other operating income	19	15	4	14	5
<b>Total operating income</b>	<b>1,300</b>	<b>1,261</b>	<b>39</b>	<b>1,249</b>	<b>51</b>
Direct operating cost	(911)	(941)	30	(936)	25
<b>Direct operating surplus</b>	<b>389</b>	<b>320</b>	<b>69</b>	<b>313</b>	<b>76</b>
Indirect operating cost	(158)	(190)	32	(158)	-
<b>Net operating surplus</b>	<b>231</b>	<b>130</b>	<b>101</b>	<b>155</b>	<b>76</b>
Capital renewals	(119)	(149)	30	(116)	(3)
New capital investment	(24)	(32)	8	(17)	(7)
<b>Total capital expenditure</b>	<b>(143)</b>	<b>(181)</b>	<b>38</b>	<b>(133)</b>	<b>(10)</b>

Total operating income is £39m higher than budget and £51m better than last year. This reflects an improvement in customer demand of 2.5 per cent against budget and, compared to last year, underlying demand of 2.2 per cent.

Direct operating costs are £30m lower than budget and £25m lower than last year. This is owing to the deferred start of the Victoria line overhaul programme and the timing of maintenance costs which are expected to be completed later in the year, without impacting front line services.

Capital expenditure is £38m lower than budget but £10m higher than last year. The year-to-date underspend is owing to operational delays to the planned completion of the Track Maintenance Unit workshop, and slippage on capital programmes on the Central and Bakerloo lines. The expectation is the new maintenance, technology and networks projects will enter delivery in the latter part of the year.



## Passenger journeys analysis

	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Number of passenger journeys (millions)	629	613	16	620	9
Average yield per passenger journey (£)	2.04	2.03	0.01	1.99	0.05
Operating cost per journey (£)	(1.70)	(1.84)	0.14	(1.76)	0.06

### Passenger journeys

Passenger journeys are 16 million better than budget and nine million higher than last year as underlying demand is showing positive growth.

### Average yield per passenger journey

Underlying fare income per journey has improved compared to last year. This is partly owing to the increase in National Rail average fares in January 2019 which has an impact on a proportion of TfL tickets, for example Travelcards.

### Operating cost per journey

Operating cost per journey is significantly below budget and last year, owing to increased passenger journeys and savings delivered while maintaining a safe and reliable network.

### Underlying passenger journeys year-on-year change (%)



2.2% ▲



0.1% ▼



0.6% ▼

Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

# Elizabeth line

Currently operating as TfL Rail 

## Financial summary

The focus is on successfully introducing Elizabeth line services.

Elizabeth line (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	50	47	3	44	6
Other operating income	5	4	1	14	(9)
<b>Total operating income</b>	<b>55</b>	<b>51</b>	<b>4</b>	<b>58</b>	<b>(3)</b>
Direct operating cost	(155)	(169)	14	(87)	(68)
<b>Direct operating deficit</b>	<b>(100)</b>	<b>(118)</b>	<b>18</b>	<b>(29)</b>	<b>(71)</b>
Indirect operating cost	(5)	(5)	-	(5)	-
<b>Net operating deficit</b>	<b>(105)</b>	<b>(123)</b>	<b>18</b>	<b>(34)</b>	<b>(71)</b>
New capital investment	(9)	(18)	9	(207)	198
Crossrail construction cost	(488)	(615)	127	(669)	181
<b>Total capital expenditure</b>	<b>(497)</b>	<b>(633)</b>	<b>136</b>	<b>(876)</b>	<b>379</b>

An increase in both passenger journeys and the average yield per passenger journey has resulted in passenger income being £3m higher than budget and £6m higher than last year. The increase compared to last year is impacted by a full Q1 of the Paddington to Hayes & Harlington and Heathrow services which began in May 2018.

The £9m reduction in other operating income compared to last year relates to one-off third party income received in 2018/19.

Operating costs are £14m lower than budget, mainly owing to lower than expected train maintenance, train leasing and concession costs. Operating costs are £68m higher compared to last year owing to the introduction of train leasing costs following the sale and leaseback of the rolling stock fleet, charges paid to Network Rail and concession costs.

New capital investment is £9m lower than budget, mainly owing to the timing of spend on station improvements. Expenditure in 2018/19 included rolling stock production costs prior to the sale of the fleet.

## Passenger journeys analysis

	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Number of passenger journeys (millions)	26.1	25.2	0.9	24.1	2.0
Average yield per passenger journey (£)	1.91	1.86	0.05	1.82	0.09
Operating cost per journey (£)	(6.13)	(6.90)	0.77	(3.82)	(2.30)

### Passenger journeys

Passenger demand is four per cent better than budget, owing to underlying demand showing positive growth. This year had a full Q1 of the Paddington to Hayes & Harlington and Heathrow services, as well as one extra Easter bank holiday compared to last year.

### Average yield per passenger journey

Passenger income per journey is 2.7 per cent better than budget and 4.9 per cent better than last year. This increase is mainly driven by a higher yield from the Paddington to Hayes & Harlington and Heathrow services.

### Operating cost per journey

Operating cost per journey is 11 per cent lower than budget, mainly owing to train maintenance, train lease and concession savings. The increase from last year is mainly owing to train lease costs and Network Rail charges.

### Underlying passenger journeys year-on-year change (%)



Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

# Buses

## London Buses

### Financial summary

Higher passenger income has contributed to the net operating deficit being £18m lower than budget. Total operating costs are increasing compared to last year, owing to the annual contract price inflation in our bus contracts.

Buses (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	667	647	20	670	(3)
Other operating income	4	5	(1)	6	(2)
<b>Total operating income</b>	<b>671</b>	<b>652</b>	<b>19</b>	<b>676</b>	<b>(5)</b>
Direct operating cost	(986)	(984)	(2)	(968)	(18)
<b>Direct operating deficit</b>	<b>(315)</b>	<b>(332)</b>	<b>17</b>	<b>(292)</b>	<b>(23)</b>
Indirect operating cost	(11)	(12)	1	(12)	1
<b>Net operating deficit</b>	<b>(326)</b>	<b>(344)</b>	<b>18</b>	<b>(304)</b>	<b>(22)</b>
Capital renewals	(1)	(3)	2	(1)	-
New capital investment	(6)	(11)	5	(10)	4
<b>Total capital expenditure</b>	<b>(7)</b>	<b>(14)</b>	<b>7</b>	<b>(11)</b>	<b>4</b>

Passenger income is £20m higher than budget, primarily as a result of a lower year-on-year reduction in demand than previously assumed. Underlying year-on-year demand shows a 1.2 per cent decline in the year to date, but is 1.4 per cent above budget.

Direct operating cost is in line with budget, but is £18m higher year on year. This is primarily owing to the annual contracted price inflation within the bus

operators' contracts which we estimate will drive a cost increase of £57m in the full year. We are continuing to deliver savings in our contracting activities.

Capital expenditure is £7m under budget as we have rescheduled some of our capital works to later in the financial year.



## Passenger journeys analysis

	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Number of passenger journeys (millions)	993	974	19	1,011	(18)
Average yield per passenger journey (£)	0.67	0.66	0.01	0.66	0.01
Operating cost per journey (£)	(1.00)	(1.02)	0.02	(0.97)	(0.03)

### Passenger journeys

Total passenger journeys are two per cent higher than budget and two per cent lower than the previous year. This was mostly owing to Q1 having one less day than the previous year. On a normalised basis, passenger journeys were one per cent lower.

### Average yield per passenger journey

The average yield per passenger journey is one pence higher than budget. Compared to the same period last year, average yield has increased by one pence. This is primarily owing to an increase in fares on Travelcards in January 2019.

### Operating cost per journey

Operating cost per journey is two pence lower than budget owing to higher passenger journeys. It is three pence greater than last year owing to a decrease in passenger journeys and an increase in operating costs, primarily because of annual contract price inflation within the bus operators' contracts.

### Underlying passenger journeys year-on-year change (%)



1.2% ▼



1.8% ▼



0.4% ▲

Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

# Streets

## Transport for London Road Network (TLRN)



### Financial summary

Operating performance is tracking ahead of budget as a result of increased income.

Streets (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	168	144	24	151	17
<b>Total operating income</b>	<b>168</b>	<b>144</b>	<b>24</b>	<b>151</b>	<b>17</b>
Direct operating cost	(205)	(207)	2	(204)	(1)
<b>Direct operating deficit</b>	<b>(37)</b>	<b>(63)</b>	<b>26</b>	<b>(53)</b>	<b>16</b>
Indirect operating cost	(34)	(38)	4	(35)	1
<b>Net operating deficit</b>	<b>(71)</b>	<b>(101)</b>	<b>30</b>	<b>(88)</b>	<b>17</b>
Capital renewals	(11)	(18)	7	(17)	6
New capital investment	(48)	(66)	18	(35)	(13)
<b>Total capital expenditure</b>	<b>(59)</b>	<b>(84)</b>	<b>25</b>	<b>(52)</b>	<b>(7)</b>

Other operating income is up £24m against budget and £17m against 2018/19. This is because of changes made to the Congestion Charge scheme, to encourage a reduction in the use of cars in central London, and the removal of the Private Hire Vehicle exemption. Continuation of our improved efficiency in Road Network Compliance is also increasing our income.

Direct operating costs are £2m better than budget and £1m higher than last year. The small year-on-year increase is owing to higher levels of cost required to support the growth in operating income.

Capital costs have increased compared to last year, owing to the delivery of cycling and other road schemes. The focus is on reducing the number of people killed or seriously injured while using London's road network and promoting healthy modes of transport such as walking and cycling.

## Volume analysis

	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Congestion Charge volumes (thousands)	7,400	6,144	1,256	6,620	780
Congestion Charge and enforcement income (£m)	119.1	104.0	15.1	108.6	10.5
Traffic volumes – all London (index)	97.0	-	-	97.0	-
Cycling growth in CCZ (%)*	10.1	10.0	-	13.0	-

### Cycling

A daily average of 563,922km was cycled in the congestion charging zone during Q2, which is a 1.6 per cent decrease compared to the same quarter last year. However the long-term trend in cycling remains upwards and the growth from the baseline is roughly the same as that of recent quarters.

### Traffic flow

Q2 London-wide flows have remained similar to last year. Flows in central London have been impacted by the introduction of ULEZ, which operates at all times. However outer London is the key driver and this has shown very modest growth which has offset the decline in central London.

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



0.1% ▲



1.1% ▲



0.2% ▲

\* Cycling data is based on calendar quarters rather than financial quarters ie Q2 is April to June and is the latest available data. It is presented as a percentage change from the previous year

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

# Rail

## DLR, London Overground and London Trams



### Financial summary

Total operating income is lower than budget and in line with last year.

Rail (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	193	193	-	194	(1)
Other operating income	14	16	(2)	13	1
<b>Total operating income</b>	<b>207</b>	<b>209</b>	<b>(2)</b>	<b>207</b>	<b>-</b>
Direct operating cost	(214)	(230)	16	(199)	(15)
<b>Direct operating (deficit)/surplus</b>	<b>(7)</b>	<b>(21)</b>	<b>14</b>	<b>8</b>	<b>(15)</b>
Indirect operating cost	(9)	(10)	1	(10)	1
<b>Net operating deficit</b>	<b>(16)</b>	<b>(31)</b>	<b>15</b>	<b>(2)</b>	<b>(14)</b>
Capital renewals	(18)	(17)	(1)	(11)	(7)
New capital investment	(21)	(21)	-	(13)	(8)
<b>Total capital expenditure</b>	<b>(39)</b>	<b>(38)</b>	<b>(1)</b>	<b>(24)</b>	<b>(15)</b>

Passenger income is in line with budget, but slightly below last year as there was one less operating day this year.

Operating costs are lower than budget as the roll out of new trains on the Overground is slower than expected. Contract savings on the Overground and DLR have also contributed to the year-to-date underspend.

A more accessible and larger Overground station is now open at White Hart Lane. The transformation includes a new ticket hall, two new entrances, new cycle parking, more ticket machines and two new lifts. The new station directly supports the regeneration in the area, which includes the new Tottenham Hotspur Stadium and museum as well as plans for a hotel and new homes.



## Passenger journeys analysis

	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
<b>London Overground</b>					
Number of passenger journeys (millions)	84.5	83.6	0.9	86.4	(1.9)
Average yield per passenger journey (£)	1.22	1.24	(0.02)	1.21	0.01
Operating cost per journey (£)	(1.69)	(1.90)	0.21	(1.54)	(0.15)
<b>DLR</b>					
Number of passenger journeys (millions)	55.4	54.8	0.6	55.6	(0.2)
Average yield per passenger journey (£)	1.44	1.43	0.01	1.41	0.03
Operating cost per journey (£)	(1.13)	(1.13)	-	(1.05)	(0.08)
<b>London Trams</b>					
Number of passenger journeys (millions)	12.3	12.8	(0.5)	13.2	(0.8)
Average yield per passenger journey (£)	0.85	0.82	0.03	0.83	0.02
Operating cost per journey (£)	(1.35)	(1.38)	0.03	(1.27)	(0.08)

## Underlying passenger journeys year-on-year change (%)



0.3% ▼



2.8% ▲



1.1% ▼

Compares underlying year-to-date passenger journey numbers with those in the previous year. Actual journey numbers are adjusted for one-off events (such as strike days), timing of Easter holidays and the number of days in each quarter.

# Other operations

London Dial-a-Ride, London River Services, London Taxi and Private Hire, Santander Cycles, Victoria Coach Station, Emirates Air Line and others      

## Financial summary

As well as the operations named above, we include the costs of the Crossrail 2 project team and the Planning team, together with certain group items in this category.

Other operations (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	29	24	5	28	1
Other operating income	132	163	(31)	69	63
<b>Total operating income</b>	<b>161</b>	<b>187</b>	<b>(26)</b>	<b>97</b>	<b>64</b>
Direct operating cost	(116)	(149)	33	(119)	3
<b>Direct operating deficit</b>	<b>45</b>	<b>38</b>	<b>7</b>	<b>(22)</b>	<b>67</b>
Indirect operating cost	(23)	(27)	4	(24)	1
<b>Net operating deficit</b>	<b>22</b>	<b>11</b>	<b>11</b>	<b>(46)</b>	<b>68</b>
Capital renewals	(10)	(18)	8	(22)	12
New capital investment	(40)	(62)	22	(37)	(3)
<b>Total capital expenditure</b>	<b>(50)</b>	<b>(80)</b>	<b>30</b>	<b>(59)</b>	<b>9</b>

Other operating income is significantly higher than last year, owing to the introduction of the ULEZ. High compliance rates have resulted in ULEZ income being £32m below budgeted levels.

The higher than budgeted ULEZ compliance rates have contributed to the year-to-date direct operating cost

underspend as the reduced income has seen our exposure to bad debts decrease.

New capital investment is lower than budget, owing to in-year timing differences on the Emergency Services Network project, the mobile network project and other technology work streams.

## Volume analysis

	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
<b>Santander Cycles</b>					
Number of hires (millions)	5.6	5.9	(0.4)	6.0	(0.4)
Average income per hire (£)	1.31	1.22	0.09	1.24	0.07
Operating cost per hire (£)	(2.23)	(2.15)	(0.08)	(2.17)	(0.06)
<b>Victoria Coach Station</b>					
Number of coach departures (thousands)	104.0	106.0	(2.0)	106.0	(2.0)
Average income per departure (£)	38.45	39.76	(1.31)	36.26	2.19
Operating cost per departure (£)	(38.31)	(36.22)	(2.09)	(36.38)	(1.93)
<b>London River Services</b>					
Number of passenger journeys (millions)	6.0	6.1	(0.2)	6.1	(0.2)
Average income per journey (£)	0.28	0.28	-	0.23	0.05
Operating cost per journey (£)	(0.94)	(0.88)	(0.06)	(1.45)	0.51
<b>London Dial-a-Ride</b>					
Number of passenger journeys (thousands)	441.0	463.0	(22.0)	470.5	(29.5)
Operating cost per trip (£)	(47.78)	(46.42)	(1.36)	(48.69)	0.91
<b>Taxi and Private Hire</b>					
Number of private hire vehicle drivers	107,123	-	-	109,192	(2,069)
Taxi drivers	22,922	-	-	23,501	(579)
Total income (£m)	16.2	16.3	(0.1)	16.5	(0.3)
Total costs (£m)*	(14.0)	(15.7)	1.7	(15.5)	1.5
<b>Emirates Air Line</b>					
Number of passenger journeys (thousands)	710.3	731.0	(20.7)	742.7	(32.4)
Average income per journey (£)	4.65	4.63	0.02	4.48	0.17
Operating cost per journey (£)**	(2.73)	(2.29)	(0.44)	(2.17)	(0.56)

\* Operating costs exclude depreciation and the management fee, which are also charged to the licence fee

\*\* Costs of Emirates Air Line are shown net of sponsorship Income.

# Major projects



## Financial summary

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

Major projects (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	1	-	1	-	1
<b>Total operating income</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>
Direct operating cost	(5)	(5)	-	(10)	5
<b>Direct operating deficit</b>	<b>(4)</b>	<b>(5)</b>	<b>1</b>	<b>(10)</b>	<b>6</b>
Indirect operating cost	(13)	(15)	2	(14)	1
<b>Net operating deficit</b>	<b>(17)</b>	<b>(20)</b>	<b>3</b>	<b>(24)</b>	<b>7</b>
Capital renewals	(11)	(15)	4	(11)	-
New capital investment	(287)	(390)	103	(323)	36
<b>Net capital expenditure</b>	<b>(298)</b>	<b>(405)</b>	<b>107</b>	<b>(334)</b>	<b>36</b>

### Four Lines Modernisation

The signalling upgrade from Latimer Road to Euston Square was commissioned on 31 August 2019. A change in contractor on some of our infrastructure works has led to a year-to-date underspend of £22m, but is forecast to be near to budget by year end. Following detailed management reviews of the estimated final cost (EFC) we are forecasting an increase of £78m, but are still within overall spend authority.

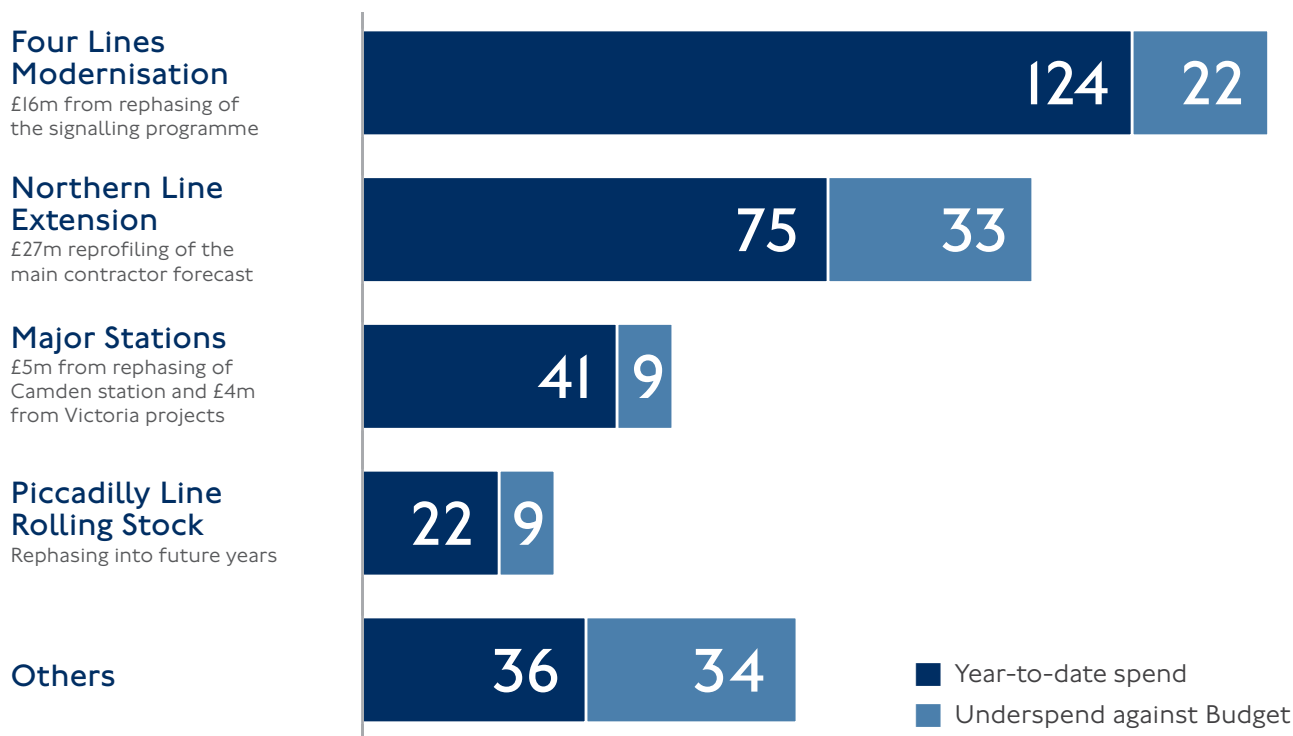
### Piccadilly Line Rolling Stock

Following the award of the Piccadilly line trains contract, Siemens is developing a concept design and the supporting activities remain on target. The year-to-date underspend reflects the revised value of activities from having a greater understanding of the main contractor.

### Northern Line Extension

As part of the signalling main works the Vehicle Control Centre detailed design has been completed. We are forecasting a reduction of £92m in the EFC, reflecting a reduced risk profile as the project progresses.

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



### Barking Riverside Extension

This is a new rail link to serve the 10,800 new homes that are planned for the Barking Riverside development area. The works to support a new viaduct have been completed following the 16 days Network Rail blockage.

### Railway System Enhancements

This programme includes upgrades to signalling, power, trains and track, with the target of maximising capacity on the Jubilee and Northern lines with the existing train fleets. Enabling work to enhance the power supply started this quarter.

### Major stations

At Bank station, the breakthrough between the new entrance on Cannon Street and the newly constructed Northern line tunnel will make further construction work easier, helping to ensure the important upgrade is delivered by 2022. Concrete works on the Northern line running tunnel have been completed.

# Property



## Financial summary

Net operating surplus is slightly higher than budget and last year, owing to lower operating costs.

Property (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	45	47	(2)	44	1
<b>Total operating income</b>	<b>45</b>	<b>47</b>	<b>(2)</b>	<b>44</b>	<b>1</b>
Direct operating cost	(12)	(17)	5	(14)	2
<b>Direct operating surplus</b>	<b>33</b>	<b>30</b>	<b>3</b>	<b>30</b>	<b>3</b>
Indirect operating cost	(4)	(4)	-	(4)	-
<b>Net operating surplus</b>	<b>29</b>	<b>26</b>	<b>3</b>	<b>26</b>	<b>3</b>
New capital investment	(27)	(67)	40	(18)	(9)
Property receipts	141	23	118	4	137
Crossrail over site development	-	59	(59)	16	(16)
<b>Net capital expenditure</b>	<b>114</b>	<b>15</b>	<b>99</b>	<b>2</b>	<b>112</b>

Other operating income is lower than budget, owing to growth being lower than our budget assumptions.

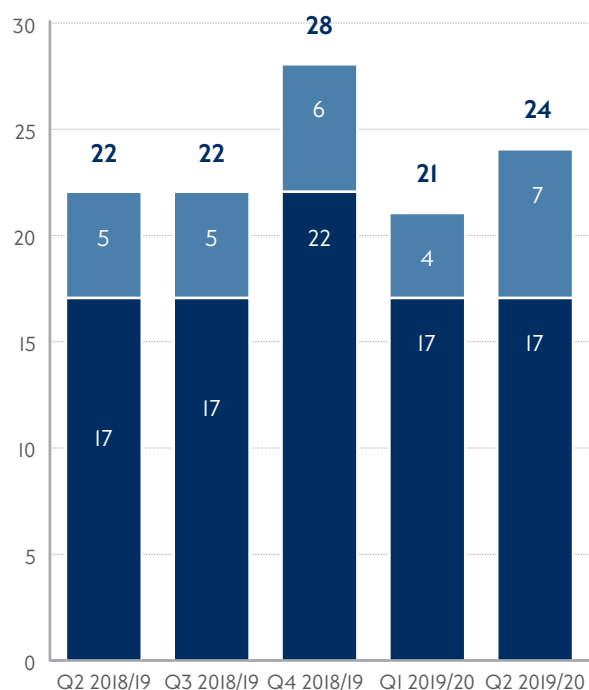
Operating costs are lower than budget and last year, owing to reduced feasibility activity and lower property expenses. These are currently forecast to occur later in the year.

Capital receipts are higher than budget as a result of the earlier than budgeted disposal of 55 Broadway, partly offset by the delayed disposal of Crossrail sites at Paddington and 65 Davies Street.

Capital investment is lower than budget mainly because of the delayed Crossrail site sales, in addition to the rephasing of costs across a number of projects.



## Property income (£m) Quarterly



- Property
- Car parking

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

Car parking income is higher compared to Q2 last year because of tariff increases after November 2018. Property income is in line with Q2 last year with income losses owing to the disposal of Kingsbourne House being offset by rent increases and new lettings.

## Building homes on our land

In Q2 groundworks at Blackhorse Road began. Working with Barratt London and L&Q, we are building 350 homes, 50 per cent of which are affordable, alongside new commercial space including affordable workspace targeted at small businesses.

We are continuing to progress planning applications and recently had two successes in Barnet. The first is at Beechwood Avenue, a site brought forward through the Mayor's Small Sites, Small Builders programme. Working with Kuropatwa, a south London-based developer, we are able to deliver 97 homes, 50 per cent of which are affordable. We were also granted planning permission at Colindale. This site will provide 313 homes and a major station upgrade, including step-free access.

We appointed Grainger as our Build to Rent partner. Our partnership, called Connected Living London, is now working on seven sites across London to deliver more than 3,000 high quality rental homes with a minimum of 40 per cent affordable, and a long-term stable income stream. We have also signed Catalyst as our partner for three more sites in Harrow, delivering more than 450 affordable homes in Rayners Lane, Stanmore and Canon's Park. Consultation and engagement is under way ahead of submitting planning applications for these sites.

# Media



## Financial summary

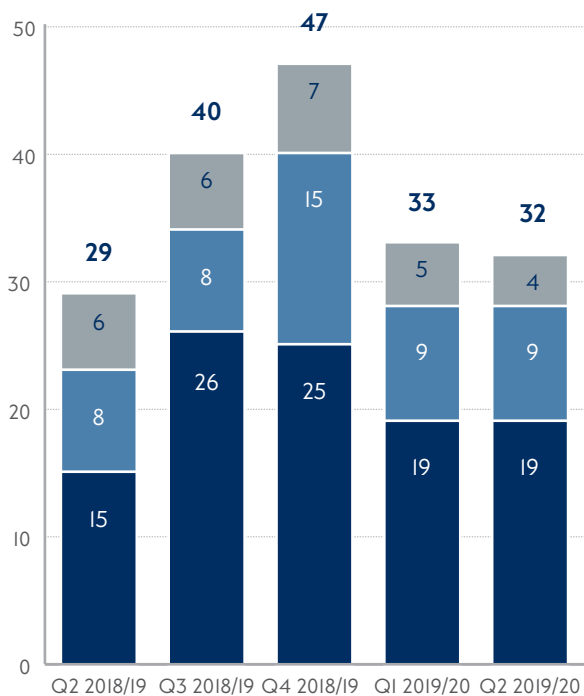
Overall performance in the year to date is slightly ahead of budget and last year.

Media (£m)	Q2 YTD 2019/20	Budget YTD 2019/20	Variance	Q2 YTD 2018/19	Variance
Passenger income	-	-	-	-	-
Other operating income	65	62	3	61	4
<b>Total operating income</b>	<b>65</b>	<b>62</b>	<b>3</b>	<b>61</b>	<b>4</b>
Direct operating cost	(2)	(2)	-	(1)	(1)
<b>Direct operating surplus</b>	<b>63</b>	<b>60</b>	<b>3</b>	<b>60</b>	<b>3</b>
Indirect operating cost	(1)	(1)	-	(1)	-
<b>Net operating surplus</b>	<b>62</b>	<b>59</b>	<b>3</b>	<b>59</b>	<b>3</b>
Capital renewals	-	-	-	-	-
New capital investment	(4)	(6)	2	(12)	8
<b>Net capital expenditure</b>	<b>(4)</b>	<b>(6)</b>	<b>2</b>	<b>(12)</b>	<b>8</b>

Operating income is £3m higher than budget, with a strong performance on the Rail estate following the continued placement of higher quality, higher impact digital advertising across the network.

Capital investment in new assets for the Rail estate continues with the programme scheduled for conclusion in early 2020. We are currently proceeding at a slightly slower rate than budgeted, owing to the design and access issues that are being addressed across some of our most complex sites on the DLR, London Overground and Crossrail.

## Advertising income (£m)\* Quarterly



- Underground and Rail
- Buses
- Other

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

Advertising income is higher in Q3, owing to Christmas trading. Q4 sees a further increase, owing to the extra weeks and the receipt of annual volume incentives from the two main advertising contracts.

During Q2 we continued our roll out of high quality digital assets across our rail network. Our new runs of digital ribbons were delivered at Bank, London Bridge and Euston. We also completed a full refresh of our digital escalator panels at Paddington, Victoria and Knightsbridge.

The delivery of our core digital portrait screens continued, with assets starting to be deployed across DLR and London Overground. More than 90 per cent have been delivered from our programme of 403 assets.

The delivery of a new series of larger format 98" digital landscape screens is also close to completion, with 52 out of 54 assets delivered across London Underground.





# Appendices

## TfL Group balance sheet

Balance Sheet (£m)	14 Sept 2019	Q2 Budget	Variance	31 March 2019	Variance
Intangible assets	105	113	(8)	113	(8)
Property, plant and equipment	41,513	41,930	(417)	40,815	698
Investment property	492	493	(1)	492	-
Investment in associate entities	219	236	(17)	233	(14)
Long-term derivatives	5	7	(2)	7	(2)
Long-term finance lease receivables	32	43	(11)	39	(7)
Long-term debtors	95	116	(21)	113	(18)
<b>Long-term assets</b>	<b>42,461</b>	<b>42,938</b>	<b>(477)</b>	<b>41,812</b>	<b>649</b>
Stocks	63	61	2	61	2
Short-term debtors	596	647	(51)	697	(101)
Assets held for sale	122	122	-	122	-
Short-term derivatives	18	12	6	12	6
Short-term finance lease receivables	18	13	5	13	5
Cash and short-term investments	1,878	1,538	340	1,882	(4)
<b>Current assets</b>	<b>2,695</b>	<b>2,393</b>	<b>302</b>	<b>2,787</b>	<b>(92)</b>
Short-term creditors	(2,049)	(1,878)	(171)	(2,167)	118
Short-term borrowings	(703)	(746)	43	(746)	43
Short-term finance lease liabilities	(48)	(52)	4	(70)	22
Short-term derivatives	(2)	(3)	1	(3)	1
Short-term provisions	(323)	(306)	(17)	(346)	23
<b>Current liabilities</b>	<b>(3,125)</b>	<b>(2,985)</b>	<b>(140)</b>	<b>(3,332)</b>	<b>207</b>
Long-term creditors	(96)	(223)	127	(61)	(35)
Long-term borrowings	(10,472)	(10,673)	201	(10,399)	(73)
Long-term finance lease liabilities	(335)	(336)	1	(348)	13
Long-term financing liabilities	(134)	-	(134)	(133)	(1)
Long-term derivatives	(50)	(44)	(6)	(46)	(4)
Long-term provisions	(56)	(53)	(3)	(55)	(1)
Pension provision	(5,368)	(5,371)	3	(5,371)	3
<b>Long-term liabilities</b>	<b>(16,511)</b>	<b>(16,700)</b>	<b>189</b>	<b>(16,413)</b>	<b>(98)</b>
<b>Net assets</b>	<b>25,520</b>	<b>25,646</b>	<b>(126)</b>	<b>24,854</b>	<b>666</b>
<b>Reserves</b>					
Usable reserves	1,634	1,368	266	1,627	7
Unusable reserves	23,886	24,278	(392)	23,227	659
<b>Total reserves</b>	<b>25,520</b>	<b>25,646</b>	<b>(126)</b>	<b>24,854</b>	<b>666</b>



# Headcount

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

	31 March 2019 Actual	YTD net (leavers)/joiners	End of Q2 Actual
Underground	18,442	(33)	18,409
Elizabeth line	263	4	267
Buses	465	19	484
Rail	274	1	275
Streets	1,307	56	1,363
Other operations	1,380	(75)	1,305
Professional services*	3,825	56	3,881
Property	140	10	150
Crossrail	541	135	676
Major Projects	614	27	641
Media	29	-	29
<b>Total</b>	<b>27,280</b>	<b>200</b>	<b>27,480</b>

TfL's organisational change programme is central to reducing cost and raising more revenue to hit the target of achieving a surplus on net cost of operations by 2022/23. The next phase of savings will come from delivering efficiencies, including reducing the cost of back and middle offices by 30 per cent.

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



## NPL

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

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

Date	Reduction since December 2015			
	Number of NPL	Weekly cost (£)	Number of NPL	Weekly saving (£)
15 December 2015	3,092	5,249,002		
31 March 2017	1,742	2,544,009	1,350	2,704,993
31 March 2018	1,422	1,874,029	1,670	3,374,973
31 March 2019	1,192	1,688,494	1,900	3,560,509
14 September 2019	1,275	1,742,917	1,817	3,506,086

The above table shows the cost reduction made from actions taken to reduce NPL costs. The weekly cost assumes seven hours a day and five days a week worked.

## NPL by length of service

Length of service	31 March 2019 Actual	YTD net (leavers)/joiners	End of Q2 Actual
0-6 months	342	114	456
6-12 months	183	19	202
1-2 years	282	(74)	208
2-3 years	220	(54)	166
3-5 years	100	31	131
5+ years	65	47	112
<b>Total</b>	<b>1,192</b>	<b>83</b>	<b>1,275</b>

There remain 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.

