Appendix 1

TfL's quarterly finance, investment and operational performance reports

Quarter 3, 2015/16

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

About Transport for London

We are the integrated transport authority for London. Our purpose is to keep London working and growing and to make life in the Capital better. We reinvest all of our income to run and improve London's transport services.

Our operational responsibilities include London Underground, London Buses, 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.

On the roads, we regulate taxis and the private hire trade, run the Congestion Charging scheme, manage the city's 580km red route network, operate all of the Capital's 6,200 traffic signals and work to ensure a safe environment for all road users.

We are delivering one of the world's largest programmes of transport capital investment, which is building Crossrail, modernising Tube services and stations, improving the road network and making the roads safer, especially for more vulnerable road users, such as pedestrians and cyclists.

We are pioneers in integrated ticketing and providing information to help people move around London. Oyster is the world's most popular smartcard, and contactless payment is making travel ever more convenient. Real-time travel information is provided by us directly and through third parties who use the data TfL makes openly and freely available to power apps and other services.

Improving and expanding transport in London is central to driving economic growth, jobs and housing across the country.

Executive Summary

Quarter 3 (Periods 7-9), 20 September 2015 – 12 December 2015

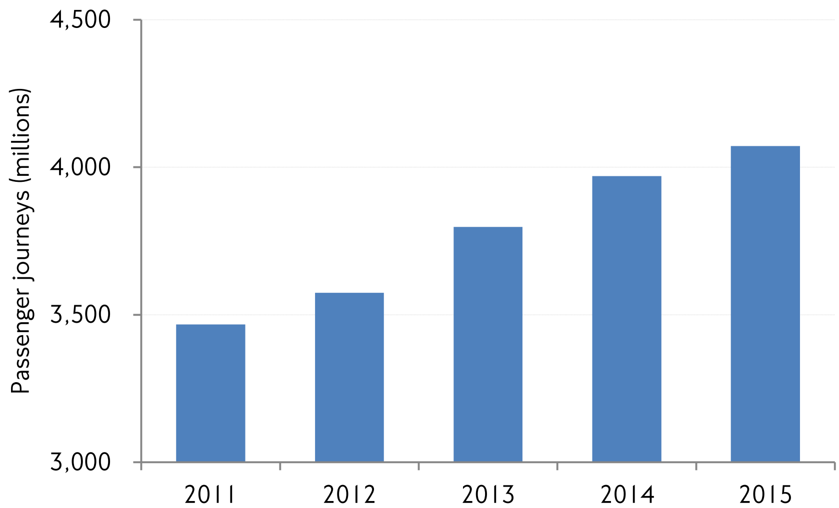
We continued to perform well in Quarter 3, with record passenger journeys on the Tube while also maintaining record high levels of customer satisfaction. Bus passenger journeys continue to be under target as a result of a slight deterioration in reliability levels; we now expect bus reliability and passenger journeys to start picking up in 2016/17.

Our finances show some slippage from Quarter 2, with cash balances at the end of the Quarter £345m higher than we expected. This is primarily the result of rephasing of £400m of project expenditure to later this year and future years.

Customer

- Customer satisfaction levels remain high, with all services better, or equal to, target. LU maintained its record customer satisfaction levels in the quarter – this is now the third successive quarter this score has been achieved. The number of customers stating they had experienced a delay or disruption remained at a record low of four per cent, first achieved in Quarter 2, 2015/16. This has been achieved against a backdrop of record passenger journeys.
- Bus customer satisfaction has dropped from its record level of 86; reliability and time waited scores have dropped by two points, returning to levels from Quarter 3 last year.
- Quarter 3 saw a record breaking number of journeys on the Tube, with four out of five of the busiest weeks and the five busiest days on record. Daily demand topped 4.8 million twice, and weekly demand exceeded 29 million journeys for the first time. Passenger journeys have increased by almost 18 per cent in LU's busiest period, in the weeks immediately prior to Christmas, between 2011 and 2015.

Chart 1: LU average daily passenger journeys in Period 9, 2011-2015

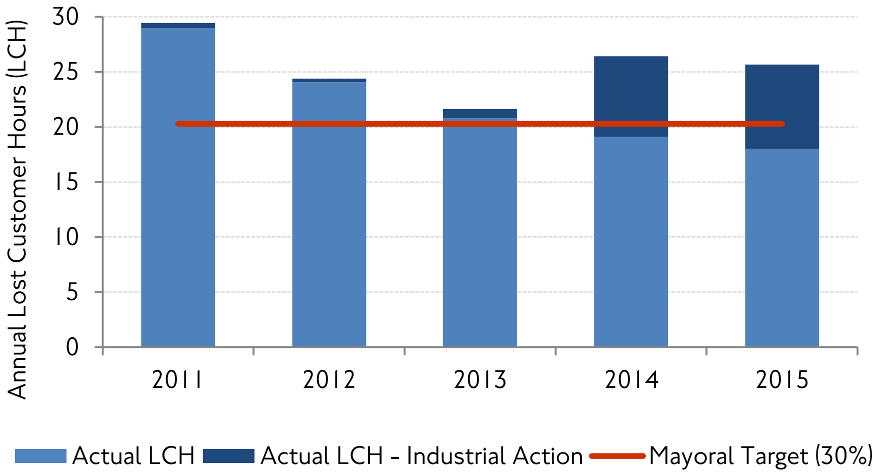


- Bus passenger journeys remain down against target and last year. Over the full year we expect bus passenger journeys to be 19 million lower compared to last year and 79 million under target. The primary cause of this decline in demand is due to the deterioration in bus reliability from increased congestion - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population – and short-term disruption from our Road Modernisation Plan (which will improve London's roads and alleviate congestion once complete).

Reliability

- LU delivered a 38 per cent reduction in delays from 2011 to 2015, with delays on the Tube now at their lowest ever level. On the Victoria, Jubilee and Northern lines, reliability has improved by 74 per cent, 67 per cent and 40 per cent respectively.

Chart 2: LU reliability measured by Lost Customer Hours, 2011-2015



- Quarter 3 LU reliability was better than the same period last year, although was below target. Reliability was affected by poor fleet availability on the Central line and a high number of trains which were unfit for service on the Piccadilly line.
- Both bus excess wait time and Transport for London Road Network (TLRN) journey time reliability continue to be affected by increased traffic levels, a rapidly rising population, and by our Roads Modernisation Plan and town centre improvements. In Quarter 3, TLRN journey time reliability (JTR) was 0.8 index points better than target, but worse than the comparable quarter last year.
- This has led to a worsening in bus reliability. Quarter 3 bus excess wait time was 1.4, 0.1 minutes worse than target and last year. We have introduced measures to improve reliability and reduce the impact from the Roads Modernisation Plan, but we expect reliability over the full year to be 1.2 minutes, 0.1 worse than target and last year.

Safety and security

- The number of people killed and seriously injured (KSI) continued to fall. Quarter 3 saw the lowest level of KSIs on record for this quarter, with KSIs down by 46.4 per cent from the 2005-2009 baseline.[1] We expect to reduce KSIs by 42.4 per cent this year and are on track to achieve a 50 per cent reduction from the baseline by 2020.
- Crime rates are stable on the LU and DLR network. Nevertheless we saw some increases in crime on buses and London Overground in the Quarter. We are continuing to encourage more reporting of sexual offences on London's transport network through Project Guardian.

Financial update

- At the end of Quarter 3, TfL's net service expenditure was £245m under Budget, due to:
- Lower fares income of £23m, due to £48m lower bus fare income – from less passengers as a result of a deterioration in bus reliability - which was partly offset by higher income on the Tube and London Rail

[1] The UK standard for measuring reductions in KSI statistics: *Strategic framework for road safety* (May, 2011)

- Operating expenditure is £142m under Budget, due to rephasing of projects (including Fit for the Future – Stations, Night Tube, and commercial development initiatives) and cost savings of £59m
- Capital expenditure is £60m under Budget in the year to date, a result of significant rephasing to later this year and future years, with key slippages including the Four Lines Modernisation project (£90m), LU station upgrades (including Victoria station fit-out works) (£33m), Borough programmes (£23m) and the Northern Line Extension (£19m).
- At the end of Quarter 3, total TfL cash balances (including funds ring fenced for the Crossrail project) stood at almost £4.0bn, £345m higher than Budget.
- By year end, we now expect our cash balances to reduce to £3.1bn, £84m more than Budget, with£1.4bn of our cash balances committed to the completion of Crossrail, and the remainder - up to a prudent minimum cash level of £500m - to finance key improvements set out in our new Business Plan and Budget:

£2.6bn cash funding for investment projects

Crossrail	£1.4bn
Cycle Superhighways	£0.1bn
New Routemasters	£0.1bn
Jubilee, Northern and Victoria line upgrades	£0,5bn
Bank and Victoria station upgrades	£0.5bn

Delivery

Reliability

Rail reliability	Quarter 3	Variance to Target
LU: Lost Customer Hours [1]	4.9	0.5 ▲
LU: Excess Journey Time [2]	4.8	0.4 ▲
DLR departures [3]	96.5	-2.5 ▼
DLR departures (excl. industrial action)	99.0	0.0 ▶
London Overground PPM [4]	94.2	-0.3 ▼
TfL Rail	93.6	1.6 ▲

LU has achieved a 38 per cent reduction in delays from 2011 to 2015, with delays on the Tube now at their lowest-ever level. On the Victoria, Jubilee and Northern lines, reliability has improved by 74 per cent, 67 per cent and 40 per cent respectively.

Quarter 3 LU reliability was better than the same period last year, although below target. Reliability was affected by poor fleet availability on the Central line and a high number of trains which were unfit for service on the Piccadilly line. Underlying DLR reliability was three index points up on last year. Service was also affected by industrial action in November 2015. London Overground performance was lower than target and the same quarter last year; performance was down due to weather related infrastructure problems, and a high volume of small incidents. TfL Rail's reliability has now improved in every quarter we have run this service.

Bus and roads reliability	Quarter 3	Variance to Target
Buses: Excess Wait Time [5]	1.4	0.1 ▲
TLRN journey time reliability [6]	86.9	0.8 ▲

Both bus excess wait time and Transport for London Road Network (TLRN) journey time reliability continue to be affected by increased traffic levels and roadworks. In Quarter 3, TLRN journey time reliability (JTR) was 0.8 index points better than target, but worse than the comparable quarter last year.

This has led to a worsening in bus reliability. Quarter 3 bus excess wait time was 1.4, 0.1 minutes worse than target and last year. We have introduced measures to improve reliability and reduce the impact from the Roads Modernisation Plan and we expect reliability over the full year to be 1.2 minutes, 0.1 worse than target and last year.

[1] Total additional journey time, measured in million hours, experienced by all customers as a result of delays that lasted two minutes or longer
[2] The average extra time that it took to complete a journey, compared to the time it would have taken if there were no delays, measured in minutes
[3] Docklands Light Railway (DLR) departures: the percentage of actual train departures of the base service departures
[4] The percentage of trains which arrive at their destination on time
[5] The number of minutes that a passenger has had to wait in excess of the time that they should expect to wait if buses ran as scheduled
[6] Transport for London Road Network (TLRN) journey time reliability: the percentage of journeys completed within an allowable excess of 5 minutes for a standard 30 minute journey during the AM peak

Crime and safety

Recorded crime [1]	Quarter 3	Variance to Target
LU and DLR	7.2	0.8 ▲
London Overground	6.8	-1.2 ▼
London Buses	7.6	0.6 ▲

We have reduced the rates and levels of crime across our services over recent years; from 2010/11 to 2014/15 the crime rate fell by over 40 per cent on the bus network and by 31 per cent on the LU and DLR networks.

Crime rates on the LU, DLR and bus network were, however, above target in the Quarter. There is evidence to suggest crime rates have risen from the combined effects of increases in the recording violence against the person (VAP) offences and more reporting of sexual offences. Increases in VAP offences reflect wider increases across London and the UK, primarily due to new recording practices established in Summer 2014. VAP offences are being closely monitored and resources have been put in place to address the increases.

In line with Project Guardian expectations, there has been an increase in the number of sexual offences reported to the police on the bus network and on LU and DLR. Project Guardian was launched in July 2013 to reduce unwanted sexual behaviour on public transport in London, which has been historically underreported. Project Guardian aims to increase confidence in reporting of sexual offences, to reduce the risk of becoming a victim and to target offenders.

Safety	Quarter 3	Variance to target
Cumulative reduction in killed and seriously injured[2]	46.4	2.4 ▲

The number of people killed and seriously injured (KSI) continued to fall. Quarter 3 saw the lowest level of KSIs on record in any quarter 3, with KSIs down by 46.4 per cent from the 2005-2009 baseline. We expect to reduce KSIs by 42.4 per cent this year and are on track to reduce KSIs by 50 per cent from the baseline by 2020.

During Quarter 3 we published 'Safe London Streets: Our Approach' with the Mayor, setting out our new approach to further improve road safety by more effectively targeting the key sources of road danger, and to reduce KSIs by 50 per cent by 2020. This was launched alongside a new 'One Risk is One Too Many' campaign consisting of posters, radio adverts and an online interactive quiz. We also introduced average speed camera trials went live on the A40 and we hosted a conference for all London boroughs to promote best practice in delivering 20 mph schemes.

[1] Recorded crime per million passenger journeys
[2] The UK standard for measuring reductions in KSI statistics: *Strategic framework for road safety* (May, 2011).

Project and milestone progress

Budget milestone completion [1]	Full-year forecast
Completed on time or early	89%
Late by less than 90 days	5%
Late by 90 days or more	6%

£m	Year to date actuals	Variance to Budget	Full-year forecast variance to Budget
Capital expenditure	(1,822)	44 ▲	43 ▲
Revenue investment	(205)	20 ▲	50 ▲
Total investment	(2,027)	64 ▲	92 ▲

We now expect to complete 89 per cent of our planned milestones on time. This quarter:

- We took formal control of the Metropolitan line extension following its transition from Hertfordshire County Council
- On the Northern Line Extension we started construction of the retaining walls within which the new Battersea and Nine Elms Underground stations and track junctions will be built in subterranean boxes
- the Central line platforms at Tottenham Court Road re-opened following an 11-month closure, during which we constructed a new step-free access lift shaft, a new passageway that will link to the new larger ticket hall, and refitted the platforms and refurbished escalators
- The Department for Transport approved the Bank station capacity Transport and Works Act order application. The works, which will increase space and step-free access for customers and reduce interchange times, are expected to start in spring 2016.

Investment expenditure[2] – including all capital expenditure and £330m of operating costs that are included in investment projects in 2015/16 – is £64m lower than Budget in the year to date, a variance of just over three per cent. The variance to Budget was largely due to project timing (£314m), including the Four Lines Modernisation project, LU Capacity Optimisation projects, the Northern Line Extension, and New Routemaster and Cycle Superhighways. This was partially offset by £236m of central overprogramming provision. Over the full year, investment expenditure is now forecast to be £92m – also just over three per cent - lower than Budget.

[1] Automatic Train Control (ATC) milestones have been excluded from these scores following the cancellation of the ATC contract in December 2013

[2] A reconciliation between the investment programme financials and the OFR is provided in Appendix B, page 44.

Value

Financial summary

£m	Year to date actuals	Variance to Budget	Full-year forecast variance to Budget
Fares income	3,216	(23) ▼	(56) ▼
Other income	484	35 ▲	34 ▲
Operating expenditure	(4,381)	142 ▲	141 ▲
Group Items	(224)	16 ▲	26 ▲
Margin	(905)	170 ▲	145 ▲
Net capital expenditure	(1,390)	60 ▲	58 ▲
Crossrail expenditure	(1,055)	15 ▲	(78) ▼
Net service expenditure	(3,350)	245 ▲	125 ▲
DfT grants	1,070	(27) ▼	(41) ▼
GLA precept	4	0 ►	0 ▲
Business rates retention	565	0 ►	(75) ▼
Other grants	84	(18) ▼	(23) ▼
Crossrail funding sources	696	32 ▲	13 ▲
Working capital	(356)	138 ▲	88 ▲
Net borrowing	589	(24) ▼	(3) ▼
Cash movements	698	(345) ▲	(84) ▲

At the end of Quarter 3, TfL's net service expenditure was £245m under Budget, although we expect to close the year £125m lower than Budget. At the end of Quarter 3, total TfL cash balances (including funds ring fenced for the Crossrail project) stood at £3.9bn, £345m higher than Budget. By year end, we now expect these to reduce to £3.1bn, £84m more than Budget.

Year to date variances are driven by a combination of:

- Lower fares income of £23m mainly due to £48m lower bus fare income, due to less passengers as a result of a deterioration in bus reliability. This has been partly offset by better than expected performance on the Tube and London Rail from increased passenger journeys.
- Operating expenditure is £142m under Budget in the year to date from a combination of rephasing of revenue projects (including £23m for Fit for the Future – Stations and Night Tube implementation and £26m for commercial development), £20m from staff savings, and lower bus contract costs of £18m due to lower diesel prices than assumed when we completed the Budget.
- Group items are £16m under Budget, mainly as a result of lower debt service costs where we have benefitted from low market rates and from executing a low-cost £400m Green Bond at the start of the financial year
- Overall our operating margin is £170m lower than Budget. Our operating account, after taking in to account revenue grants, is £142m lower than Budget, which reflects the reduction in Department for Transport (DfT) General Grant of £34m following the Summer Budget
- Capital expenditure is £60m under Budget in the year to date, a result of rephasing. Key slippages include the Four Lines Modernisation project (£90m), LU station upgrades (including Victoria station fit-out works) (£33m), Borough programmes (£23m), including Cycle Quietways (£11m) and the Northern Line Extension (£19m)
- Crossrail project expenditure is £15m lower than Budget.

Cash balances and movements

£m	End of Quarter 3	End of Quarter 3 variance to Budget	End of year forecast variance to Budget
Crossrail SFA	1,809	17 ▲	(126) ▼
Other TfL	2,171	328 ▲	210 ▲
Closing cash	3,980	345 ▲	84 ▲

TfL has cash reserves which it uses solely for investment; in the year to date we have used almost £700m of cash reserves to help fund our extensive investment programme, and plan to use a further £900m in the final quarter. By the end of 2017/18 we expect to have fully used cash reserves funding the improvements outlined in the new Business Plan and updated in the 2016/17 Budget.

£m	End of Quarter 3 variance to Budget	End of year forecast variance to Budget
Timing differences		
Investment rephasing	400 ▲	482 ▲
Crossrail	15 ▲	(78) ▼
Overprogramming	(218) ▼	(191) ▼
Grant changes	14 ▲	(11) ▼
Working capital	138 ▲	88 ▲
Total timing differences	349 ▲	290 ▲
Underlying differences		
Net cost reductions/ (increases)	5 ▲	(99) ▼
Group items	16 ▲	26 ▲
Fares income	(23) ▼	(56) ▼
Grant changes	(27) ▼	(115) ▼
Other	25 ▲	38 ▲
Total underlying changes	(4) ▼	(206) ▼
Total cash movements	345 ▲	84 ▲

Efficiencies

£m	Year to date actuals	Variance to Budget	Full-year forecast variance to Budget
Gross savings secured	83	(2) ▼	(19) ▼
Implementation costs	(26)	4 ▲	29 ▲
Net efficiencies	58	1 ▲	9 ▲

Our £16bn efficiency programme aims to deliver improvements to London's transport network ensuring the Capital continues to work and grow, while keeping fares affordable and managing with less government funding. We have already secured £14bn of our long-term savings target of £16bn and have plans to secure at least a further £2bn by the end of 2020/21.

Our efficiencies programme is largely in line with Budget in the year to date. New initiatives are currently being identified to mitigate the shortfall over the rest of the Business Plan.

The recent government Spending Review has presented us with a significant new challenge to reduce our cost base. As a result we will reset the savings target to zero from 2016/17 and develop new cost reduction targets which will run over one to three years. These costs reductions will be hard wired into the annual budget and long-term business plan.

Customer

Passenger journeys

Million	Quarter 3	Variance to Target
London Underground	338.4	1.5 ▲
London Buses	559	-34 ▼
DLR	27.9	-1.2 ▼
London Overground	47.3	5.8 ▲
Tramlink	6.6	-1.0 ▼
Emirates Air Line	0.3	0.0 ▲
TfL Rail	11.8	2.7 ▲
London River Services	1.9	-0.2 ▼

Quarter 3 saw a record breaking number of journeys on the Tube with four out of five of the busiest weeks and the five busiest days on record. Daily demand topped 4.8 million twice, and weekly demand exceeded 29 million journeys for the first time. Passenger journeys were up 4 per cent from the same quarter last year. Bus passenger journeys are down against target and last year. Over the full year we expect bus passenger journeys to be 19 million lower compared to last year and 79 million under target. The primary cause of this decline in demand is due to the deterioration in bus reliability from increased congestion - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population – and short-term disruption from our Road Modernisation Plan (which will improve London's roads and alleviate congestion once complete). Underlying passenger growth remains strong on the DLR. Quarter 3 was under target, due to 48-hour strike; passenger journeys remained 3 per cent higher than the same quarter last year.

Cycling

Cycling levels	Quarter 3	Variance to Target
Cycling growth per cent	0.2	-2.8 ▼
Cycling levels on TLRN[1]	317	-43 ▼
Cycle Hire	2,190	64 ▲

More than 645,000 journeys are made by bike every day in London, and cycling in London has more than doubled in the last decade. Levels of cycling in central London reached a daily average of 527,931 kilometres, or an estimated 172,600 journeys. This represents a 0.2 percent increase in cycling compared to the same quarter in 2014. Over the full year, we expect cycling levels to increase two per cent from 2014. Since 2010, cycling journeys in Central London have trebled.

The highest levels of cycling are usually reported during the summer and weather conditions are associated with this increase. Cyclists are more sensitive than other road users to the weather and Quarter 3 of 2015 was both colder and wetter than the same quarter during 2014, with over 50 percent more rainfall. August 2015 was the wettest August since 1977. This may have contributed to a slowing of cycling growth within central London during Quarter 3 of 2015.

£913m will be spent on cycling schemes up to 2021/22, to boost cycling levels, delivering a step-change in cycling provision to support the growing numbers of cyclists in the

[1] Cycling levels on the Transport for London Road Network (TLRN), indexed at 100 in March 2000

capital.

Customer satisfaction and complaints

CSS score	Quarter 3	Variance to Target
London Underground	85	1 ▲
London Buses	85	1 ▲
DLR	89	1 ▲
London Overground	83	1 ▲
Tramlink	89	1 ▲
Emirates Air Line	94	1 ▲
TfL Rail	83	3 ▲
Dial-a-Ride	92	0 ▶

Customer satisfaction levels remain high, with all services better, or equal to, target. LU maintained its record overall Customer Satisfaction Survey in the quarter – this is now the third successive quarter this score has been achieved. The number of customers stating they had experienced a delay or disruption remained at a record low of four per cent first achieved in Quarter 2, 2015/16. This has been achieved against a backdrop of record passenger journeys. Bus customer satisfaction has dropped from its highest level of 86; reliability and time waited scores have dropped by 2 points, returning to levels from Quarter 3 last year. Customer satisfaction with Dial-a -Ride reached 92, in line with target and one point higher than last quarter.

Complaints per 100,000 journeys	Quarter 3	Variance to Quarter 3, 2014/15
London Underground	0.98	-0.16 ▼
Docklands Light Railway	1.30	-1.05 ▼
London Overground[1]	3.40	0.21 ▲
Emirates Air Line	2.89	-2.25 ▼
London Buses	3.76	0.47 ▲
Congestion Charge	7.89	0.31 ▲
Santander Cycle Hire	4.06	-1.54 ▼
London Tramlink	2.72	1.10 ▲
Dial-a-Ride [2]	95.89	-67.74 ▼

Dial-a-Ride, the EAL, Santander Cycle Hire and the DLR all saw significant reductions in their complaints rate in the Quarter. London Tramlink complaints have increased, focussing on service reliability and crowding following the reopening of the service to Wimbledon. Customers' expectations were that the frequency of trams would improve with the new platform, but extra trams are not planned until Spring 2016. Bus complaints are up 0.47 per million journeys this quarter, largely due to reduced reliability levels. Short-term changes to timetables have been introduced where possible to mitigate against planned works, and options for improved bus priority are being considered.

[1] Includes West Anglia services from 31 May 2015
[2] Per 100,000 journey requests

People

Headcount

FTE	End of Quarter 3	End of Quarter 3 variance to Budget	End of year variance to Budget
London Underground	21,725	(548) ▲	(1,240) ▲
London Rail	354	(46) ▲	(71) ▲
Surface Transport	3,785	(69) ▲	(119) ▲
Shared Services	4,376	(322) ▲	(390) ▲
Crossrail	1,006	56 ▼	0 ▼
Total TfL	31,246	(929) ▲	(1,820) ▲

At the end of Quarter 3, TfL's headcount – measured in full-time equivalent (FTE) - was 31,246, 929 higher than Budget due to:

- 143 additional headcount to deliver the Four Lines Modernisation programme
- 98 additional FTE in Taxi and Private Hire due to higher volumes and enhanced licencing & compliance activities, which are funded from the licence fee
- 141 project-funded additional staff in IM working on projects including Fit for Future - Stations, Mobile Desktop, SAP Run Better and Night Tube
- 52 additional roles on projects across Customer Experience, Marketing and Communications including the London Road User Project and Web Integration, and various others
- A central vacancy overlay of 260, reducing the Budget to adjust for anticipated recruitment delays, which is no longer required.

At the end of the financial year, we expect to employ 31,063 FTE, 1,820 more than Budget with:

- 810 higher in LU Operations, as a result of the Budget anticipating that staff members affected by the Fit for the Future Stations programme would leave during the final quarter of 2015/16; the majority of these staff will now leave in the first quarter of 2016/17. The impact on staff costs is small as these staff have been employed for an additional three periods
- 385 FTE higher in LU capital programmes, mainly due to 203 additional staff on the Four Lines Modernisation programme following review. The cost was included in the Budget, but we then anticipated staff would be employed indirectly through the contractor. In addition, 134 Project Management Office (PMO) staff transferred from shared services, where the cost impact to TfL is neutral
- A further 45 FTE in LU to support commercial activities and Fit for the Future Stations, which is an unbudgeted increase in staff costs
- 30 increase in Trams mainly relating to maintenance being brought in-house. This is cost beneficial, with

reduced maintenance costs

- 33 increase in LO including additional project resource including Barking Riverside Extension, and Gospel Oak to Barking electrification. The costs of employing staff was included in the Budget, but not the FTE
- 167 additional third-party funded FTEs in Surface Transport, including Taxi & Private Hire to process increased numbers of applications which have been partly offset by vacancies in other areas
- 371 project staff across shared services, including: 272 in IM; 71 in Customer Experience, Marketing and Communications working on Cycle Hire re let and the Future Ticketing Project; 17 in Finance; and a further 28 additional staff to support transformation projects. The staff costs for these additional roles were fully costed into the project, but were not included as FTE in the Budget
- an increase of 50 FTEs in HR to support higher recruitment demand across the business. This is an unbudgeted increase in staff costs
- 20 additional FTEs in Planning to support Crossrail 2 feasibility work. As above, this is also an increase in staff costs
- A further 53 FTEs across shared services, including additional Lost Property Office staff to deal with increased demand. This is an unbudgeted increase in staff costs
- These were offset by a transfer of 104 FTEs from Project Management Office into LU, which has no financial impact on TfL
- Overall staff costs are expected to be £6m – 0.3 per cent - higher than Budget over the full year. The costs of additional non-project funded staff have been largely mitigated through lower than budgeted pay awards - as a result of lower inflation and a new pay for performance framework – and through employment of staff on lower pay grades.

Operational and Financial Performance Report

Quarter 3, 2015/16

Operational and Financial Performance Report

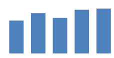
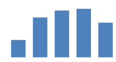
Quarter 3 (Periods 7-9), 20 September 2015 – 12 December 2015

Contents

Delivery

Reliability

Table 1: Rail and Underground reliability

Performance indicator	Unit	Quarter 3, 2015/16			Full year 2015/16			
		Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▼ *lower is better*								
London Underground: total lost customer hours	Millions of hours	4.9	0.5 ▲	-0.2	25.8	7.0 ▲	3.1	
London Underground: total lost customer hours (excl. industrial action)	Millions of hours	4.9	0.5 ▲	-0.1	18.2	-0.6 ▼	-0.6	
London Underground: excess journey time	Minutes	4.8	0.4 ▲	-0.2	4.6	0.1 ▲	-0.1	
London Underground: excess journey time (excl. industrial action)	Minutes	4.8	0.4 ▲	-0.2	4.3	-0.2 ▼	-0.2	
▲ *higher is better*								
DLR: Departures	%	96.5	-2.5 ▼	-2.7	98.5	-0.5 ▼	-0.8	
DLR: Departures (excl. industrial action)	%	99.0	0.0 ▶	3.1	99.1	0.1 ▲	-0.2	
London Overground: public performance measure [1]	%	94.2	-0.3 ▼	-1.6	94.0	-0.5 ▼	-1.2	
TfL Rail	%	93.6	1.6 ▲	2.4	94.0	1.4 ▲	1.8	N/A
Emirates Air Line: availability	%	91.7	-3.3 ▼	-5.7	95.0	0.0 ▶	-1.3	

Rail and Underground reliability

1.0 LU delivered a 38 per cent reduction in delays from 2011 to 2015, with delays on the Tube now at their lowest-ever level. On the Victoria, Jubilee and Northern lines, reliability has improved by 74 per cent, 67 per cent and 40 per cent respectively. This has been achieved from:

- sustained investment in modernisation of Tube signalling, track and trains
- New techniques to predict when maintenance on the lines is required to prevent unexpected equipment failure and delays to customers
- Working with the British Transport Police to respond to incidents more quickly by getting engineers to incidents under 'blue light' conditions

[1] Includes services between Liverpool Street and Enfield, Chestnut and Chingford from 31 May 2015

- Locating engineering and operations staff in one control centre to speed up incident recovery times
- The installation of covers on train passenger alarms, which has significantly reduced the number of accidental activations.

1.1 Underlying LU reliability in Quarter 3 was better than last year, although down on target. The Central line experienced poor fleet availability in Period 7 of the quarter, due to train motors failing with flashovers four times more frequently than expected. We have taken steps to improve this, and our recovery plan has seen reduced frequency of flashovers in subsequent periods. Towards the end of the quarter, the Piccadilly line saw a high number of trains unfit for service due to wheel flats. The causes are currently being investigated but are likely to be a combination of seasonal rail adhesion issues and driving technique.

1.2 DLR departures in the Quarter were down on both last year and target. This was due to the 48-hour strike on 3 and 4 November 2015. Excluding strike action, reliability was very good, up 3.1 index points from the same quarter last year.

1.3 LO's operational performance -measured by the public performance measure (PPM) moving annual average (MAA) - was 94.2 per cent in the Quarter, lower than both target and the comparable quarter from 2014/15. LO had a challenging quarter in terms of rail adhesion and weather related infrastructure issues. Network Rail performance was down across the network, most notably due to the volume of small incidents created by the challenging conditions on the worst days of autumn, but also due to infrastructure faults affecting key routes. Despite missing target. LO performance continues to exceed the national average for Train Operating Companies (TOCs) - of 89.3 per cent - and is ranked as the fourth most reliable TOC in the national PPM table. [1]

1.4 Performance has continued to improve on TfL Rail services running from Liverpool Street to Shenfield, which will form part of Crossrail. The PPM MAA has improved in every period TfL has controlled these services and is now comfortably better than target. TfL Rail is now ranked fifth in the national PPM league (based on the MAA) and performance in Period 9 was the second best out of all the TOCs in the country.

1.5 Quarter 3 performance on the Emirates Air Line (EAL) was significantly affected by gusting winds, particularly in Period 9 when availability was reduced to only 78.1 per cent. Despite this, operational availability averaged 91.7 per cent over the full Quarter, achieving 99.9 per cent availability in Period 7.

[1] Latest data on TOC performance can be found at http://www.networkrail.co.uk/about/performance/

Road and bus reliability

1.6 Since late 2014/15 roads and bus reliability has been affected by increased traffic levels - driven by London's strong economic growth (including extensive building and construction projects across London) and a rapidly rising population - and construction of the Road Modernisation Plan.

1.7 In Quarter 3, traffic levels were down 1.6 index points from the same quarter last year; however, this has not resulted in improvement to journey time or bus reliability. Journey time reliability achieved target in Quarter 3 with reliability of 86.9 per cent, but was 0.6 index points lower than the comparable quarter last year. Journey time reliability in Central London in the morning peak was 85.7 per cent; this is 0.4 index points lower than the same quarter in 2014/15.

1.8 Bus reliability – measured by excess wait time (EWT) – was 0.1 minutes worse than both target and the comparable quarter from last year. Reliability was adversely affected by a high level of major road schemes, including those for the East-West and North-South Cycle Superhighways. Congestion was particularly severe at locations where these works coincided with other improvement schemes, such as at Aldgate and Elephant and Castle. As a result, reliability over the full year is forecast at 1.2 minutes. A range of measures has been introduced to reduce the impacts of major roadworks and a wider deterioration in traffic congestion upon service reliability.

1.9 Congestion and bus reliability is expected to improve during 2016 as individual road schemes are completed and the benefits of the Road Modernisation Plan start to materialise.

Table 2: Road and bus reliability

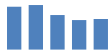
Performance indicator	Unit	Quarter 3, 2015/16			Full year 2015/16			
		Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▼ *lower is better*								
London Buses: excess wait time	Minutes	1.4	0.1 ▲	0.1	1.2	0.1 ▲	0.1	
TLRN: planned serious and severe disruption	Hours	509	N/A	320	1,500	- ►	569	
TLRN: unplanned serious and severe disruption per event	Hours per event	2.0	- ►	0.1	2.0	- ►	N/A	N/A
▲ *higher is better*								
TLRN: journey time reliability (AM peak)	%	86.9	0.8 ▲	-0.6	87	0.0 ►	-1.3	
TLRN: carriageway in state of good repair	%	Annual measure			92	0.0 ►	1	
Dial-a-Ride: trip requests scheduled	%	88.6	-2.4 ▼	-0.8	90.0	-1.0 ▼	-0.2	

1.10 In Quarter 3, 88.6 per cent of Dial-a-Ride trip requests were scheduled. This was 2.4 index points below target; the service continues to experience difficulties in covering core driving duties, due to a shortage of drivers. Dial-a-Ride has reduced the levels of trips allocated to taxi and private hire contractors following concerns about reliability. Our contracted community transport groups - whilst maintaining existing service levels - are unable to provide any further additional assistance due to their own lack of driving staff.

1.11 Dial-a-Ride is now expecting full-year performance of 90 per cent, which is one per cent lower than target, but in line with last year. This is at risk if delays in Enhanced Disclosing and Barring Service certification continue, delaying new drivers from entering active service in Quarter 4.

Safety and security

Table 3: Crime

Performance indicator	Unit	Quarter 3, 2015/16			Full year 2015/16			
		Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▼ *lower is better*								
LU and DLR recorded crime[1]	Million passenger journeys	7.2	0.8 ▲	0.3	7.1	0.3 ▲	0.3	
London Overground recorded crime	Million passenger journeys	6.8	-1.2 ▼	1.2	7.5	0.0 ►	1.8	N/A
London Buses: recorded crime	Million passenger journeys	7.6	0.6▲	0.2	7.3	0.1 ▲	0.1	

1.12 The rate of crime per million passenger journeys on the LU, DLR and bus network is above the Quarter 3 target and the same quarter last year, although remains historically low. Maintaining the low rates of crime throughout 2015/16 is challenging due to the combined impact of continued increases in the recording of violence against the person (VAP) offences, increased reporting of sexual offences and, for the bus network, the recent decline in bus passenger numbers.

1.13 Recorded sexual offences have increased, with a rise of 52.8 per cent - 214 additional offences on the LU and DLR network, and 19.8 per cent - an additional 87 offences - in the first three quarters of 2015/16 (April – November 2015) compared with the same period last year. This was anticipated and is considered a positive result of Project Guardian. Project Guardian was launched in July 2013 in partnership with the British Transport Police, City of London Police and the Metropolitan Police Service to reduce unwanted sexual behaviour on public transport in London which has historically been underreported. Project Guardian aims to increase the confidence in reporting sexual offences which occur on the London's public transport system, reduce the risk of becoming a victim, challenge unwelcome sexual behaviour and target offenders. With the Metropolitan Police Service we launched a joint communications campaign – Report it to stop it - to encourage passengers to report any unwanted sexual behaviour on the transport network, which is helping to narrow the underreporting gap. The campaign is running in parallel to ongoing targeted police activity and investigation of these offences. Project Guardian has received very positive feedback and wide public and political support.

1.14 The increase in VAP on the transport network reflects a wider increase in VAP across London and other UK police forces, primarily due to changes in national recording practices in Summer 2014. In the first three quarters of 2015/16 (April – November), there was a 20.7 per cent increase - 302 additional offences - in VAP offences on the LU and DLR network and a 16.8 per cent increase - an additional 622 offences - on the bus network. Levels of VAP across the network are being monitored closely, with resources reallocated and additional measures put in place to address this

[1] Quarter 3 refers to snapshot crime figures for September – November 2015. The information reported here may be different to other quarterly crime information published by TfL.

increase in some areas on the network; BTP patrols of the network have been stepped up every Thursday, Friday and Saturday evenings in hotspot locations.

1.15 The rate of crime on LO in Quarter 3 was significantly below target, but is above 2014/15 levels. The increase in crime on LO reflects the higher levels of crime that have historically been seen on the West Anglia part of the network which we started operating from May 2015. Currently, crime on the West Anglia part of the network accounts for approximately 35 per cent of crime on the LO network. TfL and the BTP have put measures in place such as infrastructure improvements and proactive policing operations to tackle the higher levels of crime seen on this part of the network. Despite the increase seen during Quarter 3, both the rate and volume of crime on LO remains at a very low level and LO continues to be one of safest modes of travel in London.

Table 4: Safety

Performance indicator	Unit	Quarter 3, 2015/16			Full year 2015/16			
		Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▼ *lower is better*								
London Underground & Rail significant injuries per million hours	Rate	0.18	-0.22 ▼	-0.21	0.18	-0.22 ▼	-0.21	NA

1.16 Rail & Underground significant injuries per million hours includes death (excluding suicide) and RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) reportable injuries to all customers, staff and contractors. It is aligned with the revised Office of Roads and Rail (ORR) standard. The downward trend throughout last year has continued throughout 2015/16, with the rate in Quarter 3 at 0.18. This was 54 per cent better than the same quarter last year and18 per cent better than the previous quarter.

Road safety

Table 5: Killed and seriously injured (KSI) reduction from 2005-2009 average

Performance indicator	Unit	Quarter 3, 2015/16			Full year 2015/16			
		Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▲ *higher is better*								
Cumulative reduction in KSI Londonwide [1]	%	46.4	3.7▲	4.7	42.4	2.4▲	2.1	

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1.17 Provisional data for Quarter 3 of 2015 shows that 494 people were killed or seriously injured (KSI) on London's roads. This is the lowest level of KSIs on record for Quarter 3 and a 46.4 per cent reduction from the 2005-2009 baseline.[2]

1.18 Our full-year target is to reduce KSIs by 40 per cent against the 2005-09 baseline, which will ensure we are on track to achieve the Mayor's new long-term target of a 50 per cent reduction by 2020. We now expect to reduce KSIs by 42.4 per cent this year, solidly on track to achieve the 2020 target.

1.19 During Quarter 3 of 2015, the Mayor and TfL published 'Safe London Streets: Our Approach', which sets out our new approach to further improve road safety by more effectively targeting the key sources of road danger, and to reduce KSIs by 50 per cent by 2020. This was launched alongside a new 'One Risk is One Too Many' campaign consisting of posters, radio adverts and an online interactive quiz. We also introduced average speed camera trials went live on the A40 and we hosted a conference for all London boroughs to promote best practice in delivering 20 mph schemes. Work continued on the Pedestrian Town Centre programme in Tooting and Peckham, which will improve pedestrian safety through a combination of behaviour change, marketing and enforcement activities. The Intelligent Speed Assistance (ISA) trial on London buses, which limits vehicles to the speed limit of the road it is driving on, has continued and will enable us to better understand the benefits of ISA and the potential to widen its use on the bus fleet.

[1] Reduction from a baseline of the 2005-2009 average, July 2015 to September 2015
[2] [2] The UK standard for measuring reductions in KSI statistics: *Strategic framework for road safety* (May, 2011)

Value

The operating and capital accounts below show financial variances for actuals as of the end of Quarter 3 2015/16 against the Budget, as well as our full-year forecast as of the end of Quarter 3. The table highlights TfL's operating contribution to fund investment, after revenue grants, including DfT General Grant, Business Rates Retention and the Greater London Authority (GLA) precept. The operating contribution is used to help fund investment and is allocated to projects through the annual business planning process.

Table 6: TfL group finances – Operating account

TfL group	Year to date		Full year 2015/16			
(£m)	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget	
Fares income	3,216	(23)	4,584	(8)	(56)	-1%
Other operating income	484	35	675	13	34	5%
Total income	3,700	12	5,259	4	(22)	0%
Operating expenditure (net of third-party contributions)	(4,381)	142	(6,492)	30	141	-2%
Operating margin	(681)	154	(1,234)	34	119	-9%
Interest income [1]	19	4	23	(0)	0	-1%
Debt interest	(262)	18	(378)	(0)	23	-6%
Contingency and group items	18	(6)	37	(0)	2	7%
Margin	(905)	170	(1,552)	34	145	-9%
Finance sources						
General grant	403	(34)	591	(0)	(48)	-8%
Overground grant	27	7	37	(0)	8	26%
GLA precept	4	0	6	(0)	0	0%
Business Rates Retention	565	0	773	(0)	(75)	-9%
Other revenue grants	0	0	1	(0)	1	
Total revenue grants	998	(27)	1,408	(0)	(115)	-8%
Operating contribution to fund investment [2]	93	142	(144)	34	30	-17%

[1] Includes interest on the Crossrail Sponsors' Fund Account
[2] The operating contribution to fund investment is allocated to projects in our annual Business Plan. Any in-year variances to these values are assessed as part of our planning process.

Table 7: TfL group finances – Capital account

TfL group (£m)	Year to date		Full year 2015/16			
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget	
Capital expenditure	(1,822)	44 ▲	(2,526)	74	43 ▲	-2%
Third-party contributions – capital	50	15 ▲	65	(0)	7 ▲	13%
Sales of property and other assets	381	1 ▲	393	(0)	8 ▲	2%
Net capital expenditure excl. Crossrail	(1,390)	60 ▲	(2,068)	74	58 ▲	-3%
Crossrail capital expenditure	(1,055)	15 ▲	(1,613)	(82)	(78) ▼	5%
Net capital expenditure incl. Crossrail	(2,445)	75 ▲	(3,681)	(8)	(20) ▼	1%
Finance sources						
Surplus/ -deficit to fund investment	93	142 ▲	(144)	34	30 ▲	-17%
Investment grant	640	0 ▲	925	(0)	0 ▲	0%
Crossrail funding sources	696	32 ▲	906	(0)	13 ▲	1%
Other capital grants	84	(18) ▼	141	(0)	(24) ▼	-15%
Working capital	(356)	138 ▲	(339)	7	88 ▲	-21%
Net borrowing and reserve movements	1,287	(368) ▼	2,192	(33)	(87) ▼	-4%
Total	2,445	(75) ▼	3,681	8	20 ▲	1%

Fares income

2.0 As in previous quarters, fares income remains close to Budget, with a variance of £23m – 0.7 per cent. LU and London Rail have both seen higher than expected levels of passenger journeys, as both the economy and population continue to grow. Bus fares income is 4.2 per cent lower than Budget in the year to date, from lower than expected passenger numbers. This is largely due to reduced bus reliability, which has been affected by high levels of traffic flows and our Road Modernisation Plan.

Table 8: Fares income

Fares income (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
London Underground	1,804	16 ▲	2,561	(0)	5 ▲
London Rail	331	9 ▲	489	5	17 ▲
London Buses	1,081	(48) ▼	1,534	(14)	(77) ▼
Total fares income	3,216	(23) ▼	4,584	(8)	(56) ▼

2.1 LU passenger demand has remained strong, with record passenger numbers in December 2015; the Tube saw its busiest day ever on Friday 4 December 2015 with 4,821 million customers. Four of the busiest days on the network were in Quarter 3.[1] Fares income was £16m higher than Budget in the year to date:

- £37m additional income largely due to increased passenger numbers coupled with a favourable travelcard allocation and ticket yield
- Offset by £16m lower income due to industrial action in July and August 2015 and £5m due to Night Tube delays.

2.2 Over the full year, LU fares income is expected to be £5m higher than Budget.

- £49m increase from higher passenger demand and travelcard apportionment, offset by
- £19m reduction from lower fare increases in January 2016 – due to a lower than previously assumed inflation rate and a real terms fares freeze
- industrial action and the delayed Night Tube launch resulted in shortfalls of £16m and £9m respectively.

2.3 LR (including TfL Rail) fares income was £9m higher than Budget in the year to date. This was mainly due to continued passenger journey growth in London Overground and improved ticket yield on DLR.

2.4 Over the full year, fares income in LR is expected to be £17m higher than Budget. This is driven by higher passenger demand and improved yield totalling £20m, offset by £3m from the real terms fares freeze.

2.5 Bus fares income was £48m down against Budget in the year to date. This is due to lower fare paying passengers - down 60 million against Budget –than anticipated, with lower travelcard and

[1] 4 December 2015 (4.821 million); 27 November 2015 (4.795 million); 9 October 2015 (4.735 million); 28 November 2014 (4.734 million); 29 October 2015 (4.719 million)

PAYG journeys than previously budgeted. This decline in bus passengers is due to the deterioration in bus reliability, which has been affected by increased congestion – due to higher traffic levels from economic and population growth - and TfL's Road Modernisation Plan.

2.6 The previous fares forecast assumed a return to year-on-year passenger growth from January 2016 following signs of recovery mid year. However, the latest projections are that whilst conditions will ease from January 2016, year-on-year declines will continue for the remainder of 2016/17. The bus fares income forecast has been adjusted down by £14m and is now expected to be £77m under Budget over the full year.

Other operating income

Table 9: Other operating income

Other operating income (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
London Underground	96	2 ▲	147	7	7 ▲
London Rail	19	0 ▲	28	0	3 ▲
Congestion Charge, LEZ and Road Network Compliance	214	1 ▲	300	(0)	(1) ▼
Santander Cycles	12	0 ▲	16	(0)	0 ▲
Other Surface Transport	80	9 ▲	115	1	13 ▲
Shared services	63	22 ▲	68	5	10 ▲
Total other income	484	35 ▲	674	13	34 ▲

2.7 LU other operating income was £2m higher than Budget in the year to date. The increase was mainly property rental income due to backdated rents and phasing which will unwind later in the year. For the full year, LU other operating income is expected to be £7m higher than Budget, mainly due to increased advertising income resulting from additional advertising space and contractual rebate.

2.8 Other Surface Transport operating income is £9m higher than Budget in the year to date. Increases in income are partly due to £4m from higher than expected private hire licensing income, with driver licenses up by 38 per cent compared to last year and private hire vehicle licenses up by 27 per cent. This trend is expected to continue over the rest of the year, with an additional £5m income added to the latest forecast. This income is reinvested to meet the higher cost of licencing and compliance activities associated with more private hire vehicles and drivers. In addition, income was £2m up from the provision of replacement bus services to Network Rail and from higher advertising revenue on New Routemasters.

2.9 Shared services income was up £22m in the year to date. £11m of income was received earlier than expected, including £7m of tax rebates, £2m from early vacating of leased property, and £2m of backdated rents across TfL's property portfolio. In addition, we received £9m of higher income, with £4m from increased levels of applications for Oyster cards such as 16, 18 and 60+ schemes £5m from higher income for GLA and Crossrail projects with services provided by us. The latter offsets additional operating expenditure (see Section 2.17).

Operating expenditure

Table 10: Operating expenditure

Operating expenditure (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
London Underground	(1,547)	57 ▲	(2,306)	10	43 ▲
London Rail	(365)	10 ▲	(544)	9	13 ▲
Surface Transport	(1,974)	37 ▲	(2,898)	11	58 ▲
Shared services	(495)	39 ▲	(744)	(0)	28 ▲
Total operating expenditure	(4,381)	142 ▲	(6,492)	30	141 ▲

2.10 Total TfL operating expenditure is £142m under Budget in the year to date, a variance of 3.1 per cent. This is due to rephasing of project expenditure totalling £127m (offset by a £33m overprogramming provision) and cost savings of £59m, including £18m from bus contracts and £16m from lower staff costs.

2.11 LU operating expenditure (including Renewals and Reliability expenditure) was £57m lower than Budget in the year to date. Key changes include:

- £68m of rephased expenditure, including £23m on the Fit for the Future – Stations programme and Night Tube implementation, £27m on operations largely from Central and Victoria line heavy overhaul maintenance delays and £9m from Legacy Train systems due to revised ramp up of bearing replacement work from last year and prolongation of the track monitoring system works (ATMS) from changes to scope
- Staff costs were £15m lower than Budget – mainly due to lower than expected pay awards – which were offset by additional maintenance expenditure and contractual incentive fees
- Project rephasing was offset by the release of a £19m overprogramming provision.

2.12 Over the full year, LU operating expenditure is now forecast to be £43m lower than Budget:

- £28m of deferred expenditure including delayed heavy overhaul maintenance, Night Tube and Fit for the Future – Stations
- £12m from the Legacy Trains Systems revised view of currently unapproved works reprofiled to later years
- £6m from a 3-month deferral within the Integrated Stations Programme following a scope review
- £6m due to rephasing on Greenwich power station due to extended contractual negotiations
- Offset by increased maintenance costs and contractual incentive fees.

2.13 LR and TfL Rail operating expenditure was £10m lower than Budget in the year to date. This was mainly driven by lower operational performance payments and increased profit share in relation to the LO train operating company.

2.14 For the full year, LR and TfL Rail operating expenditure is expected to be £13m lower than budget. The main movements include:

- Cost decreases of £8m, mainly due to DLR project savings from reduced scope and LO profit share received on concession contract
- Phasing of £9m across a number of areas including DLR Customer Experience project and LO West Anglia stations and staff accommodation works
- These reductions were partly offset by increased expenditure for additional rail devolution work and expenditure carried over from last year.

2.15 Surface Transport operating expenditure was £37m under Budget in the year to date:

- Bus contract costs are £18m under Budget due to lower bus contract costs, mainly due to lower than expected diesel prices and worse than expected bus contractor performance. An Outer London Incentive scheme has been introduced for bus contractors from Quarter 2 2015/16 to improve reliability for the participating routes
- £15m of expenditure has been rephased to later this year including strategic outcome planning on marketing and various activities including Cycle Super Hubs, Monitoring and Research, Road Safety & Environment), which are now expected to be delivered during the latter part of the year
- Staff costs were £8m lower than Budget due to slower recruitment in the first half of the year with average staff vacancies of 42 FTEs
- The Borough LIPs programme was £8m behind schedule at Quarter 3 due to a combination of resource issues and phasing of Crossrail complementary measures following more detailed plans being available
- Ticket commission was £4m below budget as a result of lower bus fares revenue
- These underspends were partly offset by £8m of London Highways Alliance Contract (LoHAC) costs for contractual entitlements for prior year compensation events and north west area emergency call out clause
- £14m overprogramming to offset project rephasing
- additional spend on service initiatives to prevent a further deterioration in bus reliability and rephasing of costs associated with installing Selective Catalytic Reduction Technology (SCRT) on buses with £4m of expenditure carried forward from 2014/15.

2.16 Over the full year, Surface Transport forecast to be £58 million below Budget:

- £31m lower bus network costs, with £26m from reduced contract costs and £5 from lower ticket commission
- £8m of project expenditure rephased into future years, including Bus Priority reliability and growth schemes
- £6 million of Mini Hollands construction costs now expected in 2016/17
- £6 million on Local Implementation Plans (LIPs) rephased to next year, with major schemes at Twickenham and Ealing behind schedule due to resources being allocated to the Mini Hollands Programme and a further £3 million reprofiling for LIPs bridge works.

2.17 The £11m change in the Quarter 3 forecast from Quarter 2 is largely due to savings on bus contract costs as a result of lower performance payments under the quality incentive scheme and savings on planned emergency mitigation schemes. Performance under the Outer London incentive Scheme in Q2 was not as good as previously anticipated. Of the 168 participating routes 43 saw an improvement in EWT over the quarter when compared to 2014-15.

2.18 Shared services operating expenditure is £39m under Budget in the year to date:

- £36m of rephased expenditure to future years, including £26m for Property and Asset Management initiatives and £10m of phasing for a payment to the Garden Bridge Trust, the latter delayed following discussions with Lambeth Council
- Lower costs of £8m, with £4m from lower card merchant fees following the introduction of a cap by the EU
- Offset by £5m of higher costs for work for the GLA and Crossrail, for which we have received corresponding income.

2.19 Over the full year shared services expenditure is now forecast to be £28m under Budget:

- £30m of net opex to capex reclassifications (including Retail and Arches project and Earls Court) and £20m of re-profiling of Business Development activities
- £3m budget transfer of the Project Management Office to LUL
- £2m of additional expenditure for various Crossrail and GLA projects , which is offset by increased income.

Interest income, debt service and other group items

Table 11: Interest income, debt service and other group items

Interest income, debt service and other group items (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
Interest income	19	4 ▲	23	(0)	0 ▲
Debt service	(262)	18 ▲	(378)	(0)	23 ▲
Contingency and other group items	18	(6) ▼	37	(0)	2 ▲
Total interest, debt service and other group items	(224)	16 ▲	(318)	(0)	26 ▲

2.20 In Quarter 1 we completed most of the planned borrowing for the full year. A combination of low market rates and a successful execution of £400m Green Bond and £120m private placement transactions allowed TfL to achieve an overall favourable rate of interest, significantly lower than expected when completing the Budget. This has resulted in a £18m saving in debt service in the year to date, which is now expected to be £23m lower than Budget over the full year.

2.21 In the full year contingency and other group items are expected to be £2m higher than Budget. This is largely due to £3m of savings credited at the time of the Budget; these savings are now forecast to be achieved in the business areas. This has no net effect on TfL's financial position.

Capital expenditure

Table 12: Capital expenditure

Gross Capital expenditure (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
London Underground	(807)	24 ▲	(1,162)	51	55 ▲
London Rail	(166)	7 ▲	(284)	16	17 ▲
Surface Transport	(354)	(7) ▼	(501)	(13)	(1) ▼
Shared services	(494)	20 ▲	(578)	21	(29) ▼
Gross capital expenditure	(1,822)	44 ▲	(2,526)	74	43 ▲

2.22 Total TfL capital expenditure is £44m – 2.4 per cent - lower than Budget in the year to date, which is largely due to project rephasing of £268m, which has been partly offset by an overprogramming provision of £217m to adjust for optimism bias. Over the full year, we now expect capital expenditure to be £43m higher than Budget, a variance of 1 per cent, with £357m of expenditure rephased to future years (offset by an overprogramming provision of £163m) and cost increases and new expenditure totalling £105m.

2.23 LU capital expenditure was £24m lower than Budget in the year to date. This was predominantly due to £191m of project rephasing (offset by £143m of overprogramming) and new expenditure of £28m for the Metropolitan Line Extension. Capital rephasing includes:

- £90m for Four Lines Modernisation, driven by £27m caused by delays due to issues in identification of sufficient storage capacity for new rolling stock spares (which have since been resolved) and a mutually beneficial agreement with the supplier to slow down train production; and £39m in ATC reflecting the alignment to both the new ATC signalling contractor's schedule - which was awarded after the Budget had been finalised - and to the Platform Train Interface's revised works programme The Stations programme saw £33m of rephasing from a combination of minor variances including the rephasing of the Victoria Station Upgrade, following a revised plan from the main contractor leading to a revision of the fit-out works profile
- £23m of rephasing across a number of activities within the World Class Capacity programmes including the Victoria Line Upgrade where there have been delays to the commencement of activities with contractors
- £19m from the Northern Line Extension due to a combination of design changes from the developer, delays in tunnel boring machine procurement, and the rephasing of utility works by the contractor for the programme
- Project rephasing was largely offset by the release of a £143m overprogramming provision.

Additionally, there is a cost increase of £28m from the Metropolitan Line Extension programme, due to the agreement made with the Department for Transport to take on the responsibility for delivering the programme and inclusion of the Local Enterprise Partnership contribution.

2.24 Over the full year, LU capital expenditure is expected to be £55m lower than budget. Expenditure totalling £249m has been rephased into future years, including:

- £80m of rephasing on the Four Lines Modernisation programme driven by the rephasing of the ATC programme due to alignment to the new contractor's programme, and the supporting ATC enabling works £60m for the Northern Line Extension due to the impact of design changes from the developer
- £26m rephasing on the Metropolitan Line Extension due to alignment of the now integrated programme and the related Local Enterprise Partner funding
- £21m for Bank and Victoria Stations Upgrade costs
- Further rephasing across a number of other projects totalling £62m, including infrastructure renewal projects, where there has been alignment of costs with a number of revised contractor programmes and Legacy Trains Systems, where the expenditure of unapproved projects have been moved out to later years to align with the sponsors plan for commencing life extension works
- Project rephasing is partly offset by the release of £89m of overprogramming.

Offsetting project rephasing, expenditure increased by £105m, including:

- £55m for the Metropolitan Line Extension, which is largely offset by external funding
- £38m for the Northern Line Upgrade programme due to a re-estimate of the scope required to deliver the required benefits; and
- Other net increases totalling £12m.

2.25 LR and TfL Rail capital expenditure was £7m lower than Budget in the year to date. This was largely due to:

- £8m of rephased expenditure on DLR projects including North Route double tracking and Limehouse escalators
- £4m delayed spend on LO stations works and the Gospel Oak to Barking electrification project, the latter now planned from June 2016
- Offset by accelerated spend on Crossrail stations upgrades.

2.26 Over the full year, LR and TfL Rail capital expenditure is forecast to be £17m lower than Budget, due to:

- £8m of rephased expenditure on DLR projects including North Route double tracking and Limehouse escalators
- £6m rephased LO stations works
- £5m rephased expenditure for the Gospel Oak to Barking electrification project
- This rephasing was partly offset by an increase of £6m due to accelerated spend on the Barking Riverside project following the transfer from TfL Planning.

2.27 Surface Transport capital expenditure was £7 million higher than Budget in the year to date, with £54 million of slippages (£17 million to later this year and £37 million into future years); £12m unutilised management contingency, £10 million net cost reductions and £3m reclassification of capital to operating expenditure (for Silvertown tunnel planning and consultancy costs) offset by £86 million of overprogramming.

2.28 In-year slippage totals £17m:

- £10m of delays on cycling projects and Congestion Charge relet, the former including East - West Cycle Super Highway and Better Junctions schemes, the latter including Westminster Bridge and Stockwell Gyratory (where work began in October 2015)

- delays of £4m for the Regional and Corridor Improvement programme and Corridor Improvement Programme (including Bike SCOOT, Pedestrian SCOOT, Call Cancel and Signal efficiency) which have been rescheduled to later this year due to slow contractor mobilisation.

2.29 A further £37m of capital expenditure has slipped to future years, including:

- £23 million on Borough programmes including £11m for cycle Quietways following the re-design of schemes in Lewisham and subsequent borough re-organisation, delays in other boroughs due to extensive consultation and public engagement and design and build resource restrictions, and £8m on London Cycle Grids due to schemes not progressing through the detailed design stage as expected
- In addition, £11 million of capital rephasing for Structures and Tunnels schemes including Highbury Corner Bridge (delays due to asbestos removal), Upper Holloway Bridge, delays to start of main works on Ardleigh Green Bridge due to difficulties obtaining Network Rail approvals.
- The Quarter 2 forecast reflected these slippages which was £12 million below budget.

2.30 Over the full year, Surface Transport capital expenditure is forecast to be £1m above Budget. This is due to:

- £6m from further slippage on Borough works due to construction works in Greenwich slipping into 16/17 due to Borough requiring redesign of schemes and Mini-Holland in Kingston slipped some works into next year due to delays in appointing contractors
- Rephasing was offset by £7m of accelerated expenditure on Asset Capital Programme brought forward from 2016/17 and by an overprogramming provision of £12m reflecting current confidence in delivery of 2015/16 Investment Programme.

2.31 Shared service capital expenditure is £20m lower than Budget in the year to date, due to:

- Rephasing of £16m expenditure into future years, including £5m for Commercial Development initiatives, £5m for SAP development projects and £4m for LU projects Investment Programme
- A reduction in project contingency by £8m, which is no longer required.

2.32 Over the full year, shared services expenditure is now forecast to be £29m higher than Budget, due to net rephasing of £17m, a reclassification of £30m and £10m of expenditure reprofiled from last year:

- £27m of expenditure has been rephased to future years with £11m from delays in construction and land acquisition for Earl's Court Joint Venture, £7m for the Asset Management programme due to difficulties recruiting for specialist roles
- £30m from a reclassification of net operating to capital expenditure, for commercial development schemes including the Retail and Arches project and Earls Court
- £10m for Business Development activities re-profiled from 2014/15.

Capital third-party contributions

Table 13: Capital third-party contributions

Third-party contributions (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
London Underground	37	17 ▲	45	(0)	12 ▲
London Rail	2	(4) ▼	3	(0)	(4) ▼
Surface Transport	11	2 ▲	16	(0)	0 ▲
Shared services	0	(1) ▼	0	(0)	(1) ▼
Capital third-party contributions	50	15 ▲	65	(0)	7 ▲

2.33 LU third-party contributions were £17m higher than budget in the year to date, mainly due to rephased works on Metropolitan Line Extension. For the full year, LU third-party contributions are expected to be £12m higher than budget, mainly driven by phasing of the third-party funded element of the Metropolitan Line Extension.

2.34 LR and TfL Rail third-party contributions were £4m lower than budget in the year to date, mainly due to phasing of LO and DLR funded works.

2.35 In Surface Transport, the £2m year to date variance is due to a timing difference on the drawdown of deferred income for capital renewals on the A201 Blackfriars Road to offset year to date costs.

Sales of property and other assets

Table 14: Sales of property and other assets

Sales of property and other assets (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
Total sales of property and other assets	381	1 ▲	393	0	8 ▲

2.36 In the year to date property sales expenditure is £381m, predominantly from the sale of £376m of land for the Earl's Court joint venture in exchange for loan notes.

Crossrail

Table 15: Crossrail

Crossrail (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
Crossrail	(1,055)	15 ▲	(1,613)	(82)	(78) ▼

2.37 Crossrail has spent £15m less than Budget in the year to date. Direct costs (including risk) are £19m below Budget in the year to date, due to:

- Systemwide - underspend of £80m primarily due to lower than budgeted procurement, signalling design work and lower than expected production;
- Operations – underspend of £10m predominantly due to works at Old Oak Common no longer required; and
- Civils – overspends of £72m driven by Tunnels West where works were expected to complete but remain ongoing; by Portals and Shafts due to additional scope, remedial works and Systemwide interface issues; and by Ilford Yard due to increased staffing to support the Programme.

2.38 Over the full year Crossrail expenditure is forecast to be £78m higher than Budget:

- direct costs (including risk) are £60m above Budget. This reflects costs associated with the programme-wide initiative to bring forward dates for dynamic testing, as well as costs relating to additional scope, schedule mitigation and contractor performance;
- indirect costs are £5m above budget for the full year. This is due to costs being transferred from Direct to Indirect subsequent to the submission of the 2015/16 Budget. These relate primarily to cost of resources required for Testing and Commissioning, and the cost of relocation of the combined CRL and Contractor personnel to a single central office location
- Forecast Land and Property costs are £13m above budget for the full year. This is driven by a number of upwards property revaluations – most notably at Farringdon and Ealing Broadway, and a new commitment at Plumstead Portal; neither of which were included in the Budget.

Government grants and other funding

Table 16: Government grants and other funding

Government grants and funding (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Quarter 3 variance to Quarter 2	Quarter 3 variance to Budget
DfT General grant	403	(34) ▼	591	0	(48) ▼
DfT Investment grant	640	0 ▲	925	0	0 ▲
DfT Overground grant	27	7 ▲	37	0	8 ▲
GLA precept	4	0 ▲	6	0	0 ▲
Business Rates Retention (BRR)	565	0 ▲	773	0	(75) ▼
Crossrail funding sources	696	32 ▲	906	0	13 ▲
Other capital grants	84	(18) ▼	141	0	(24) ▼
Other revenue grants	0	0 ▲	1	0	1 ▲
Total grants and funding	2,418	(14) ▼	3,380	0	(126) ▼

2.39 In the year to date total grants and funding were £14m under Budget.

2.40 DfT general grant is down by £34m, with the grant reduced by £31m over the full year in the 2015 Summer Budget. The Overground grant received from the DfT is up by £7m, reflecting a one-off upside following periodic review. Crossrail funding sources are up by £31m, with £12m received from the London Borough of Hackney and £19m higher receipts from the Community Infrastructure Levy (CIL). Crossrail funding is capped at the levels outlined in the initial prospectus (and from subsequent changes agreed in the 2010 Spending Review).

2.41 Other capital grants reflect the lower than expected expenditure profile on the Northern Line Extension.

2.42 Grants and funding are unchanged from the previous quarter and are forecast to be £126m lower than Budget:

- DfT General Grant at £48m lower than Budget, due to a reduction of £31m from the Summer Budget, £7m due to the West Anglia transfer and £11m for Garden Bridge (which was received earlier than expected in the 2014/15 financial year)
- Other Capital Grants are £24m lower reflecting reduced expenditure on the Northern Line Extension, with the funding profile matched to the value of work done
- These reductions have been partially offset by higher than expected Crossrail funding sources, from Section 106 and Community Infrastructure Levy (CIL) receipts, and additional DfT Overground grant of £8m following the periodic review.

Working capital

Table 17: Working capital

Working capital (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2	Variance to Budget
Working capital	(356)	138 ▲	(339)	7	88 ▲

2.43 Working capital at the end of Quarter 3 shows a favourable variance of £138m, due to an earlier than expected receipt of concessionary fares payments from London Councils of £79m and £70m for lower advances of the short-term loan to Network Rail.

2.44 At the end of the year, working capital is expected to have a £88m variance against budget. This remains broadly in line with our earlier forecast in Quarter 2, reflecting higher levels of creditors from project rephasing. Further details on Balance Sheet movements are given in Appendix C.

Borrowing and reserve movements

Table 18: Net borrowing and reserve movements

Borrowing, repayments and cash reserve movements (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2	Variance to Budget
Borrowings Raised	603	(23) ▼	623	(1)	(3) ▼
Borrowings Repaid	(14)	0 ▼	(25)	0	0 ▼
Net borrowing	589	(24) ▼	598	0	(3) ▼
Reserve movements	698	(345) ▼	1,594	(33)	(84) ▼
Net borrowing and reserve movements	1,287	(368) ▼	2,192	(33)	(87) ▼

2.45 In the year to date, TfL has borrowed £602m, £23m less than expected at the time of the Budget. This variance is due to timing differences; we expect that the planned level of borrowing will be completed by the end of the financial year.

Cash balances and movements

Table 19: Cash movements

Cash summary (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2	Variance to Budget
Crossrail Sponsors' Funding Account	1,809	17 ▲	1,448	(39)	(126) ▼
Other TfL cash balances	2,171	328 ▲	1,636	72	210 ▲
Closing cash	3,980	345 ▲	3,084	33	84 ▲

2.46 TfL has cash reserves which it uses solely for investment; in the year to date we have used almost £700m of our cash reserves to help fund our extensive investment programme, and plan to use a further £900m in the final quarter. By the end of 2017/18 we expect to have fully utilised our cash reserves.

2.47 Cash reserves at the end of Quarter 3 are £345m higher than Budget. We expect this to reverse over the latter part of the year, expecting to close the year out £84m higher than Budget. A causal analysis of cash movements is shown in Table 19 overleaf.

Table 20: Causal analysis of cash movements, 2015/16

Cash movement (£m)	Year to date variance to Budget	Latest full-year forecast variance to Budget
Timing differences		
Investment rephasing	400 ▲	482 ▲
Crossrail	15 ▲	(78) ▼
Overprogramming	(218) ▼	(191) ▼
Investment acceleration	0 ▶	0 ▶
Grant changes	14 ▲	(11) ▼
Working capital	138 ▲	88 ▲
Total timing differences	349 ▲	290 ▲
Underlying differences		
Net cost reductions/ (increases)	5 ▲	(99) ▼
Group items	16 ▲	26 ▲
Fares income	(23) ▼	(56) ▼
Grant changes	(27) ▼	(115) ▼
Other	25 ▲	38 ▲
Total underlying differences	(4) ▼	(206) ▼
Total movements	345 ▲	83 ▲

TfL's efficiency programme

Table 21: Efficiencies

Efficiencies Programme [1] (£m)	Year to date		Full year 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2	Variance to Budget
Gross Savings Secured	83	(2) ▼	177	6	(19) ▼
Implementation costs to secure savings	(26)	4 ▲	(92)	0	29 ▲
Net Efficiencies secured	58	1 ▲	86	6	9▲

2.48 Our £16bn efficiency programme is allowing us to deliver improvements to London's transport network ensuring the Capital continues to work and grow, while keeping fares affordable and managing with less government funding. We have already secured £14bn of our long-term savings target of £16bn and plan to secure a further £2bn by the end of 2020/21. The targets shown above relate to the unsecured portion of the efficiencies programme only.

2.49 Our efficiencies programme is largely in line with Budget in the year to date. Over the full year, we expect to secure £9m of additional savings. This variance is due to a reduction in implementation costs, where we have stopped an initiative following review of its delivery plans. Implementation costs for this project outweighed savings in the year, leading to a net increase in savings in-year. New initiatives are currently being identified to mitigate the shortfall over the rest of the Business Plan.

Our long-term savings programme

2.50 Our existing efficiencies programme has allowed us to safeguard our investment programme, delivering more for London while managing with less government funding.

2.51 The recent government Spending Review has presented us with a significant new challenge to reduce our cost base. As a result we will reset the savings target to zero from 2016/17 and develop new cost reduction targets which will run over one to three years. These costs reductions will be hard wired into the annual budget and long-term business plan.

[1] Efficiencies are quoted net of implementation costs

Customer

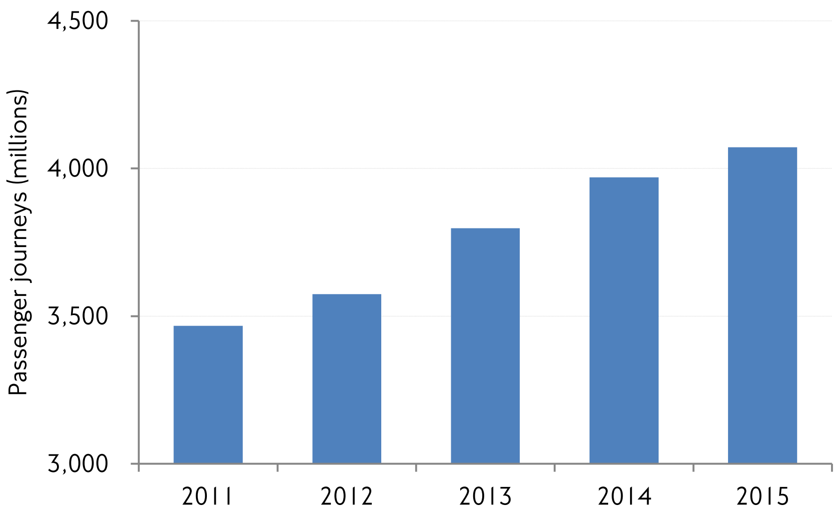
Passenger journeys

Table 22: Passenger journeys

Millions	Quarter 3, 2015/16			Full year 2015/16			
	Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▲ *higher is better*							
London Underground	338.4	1.5 ▲	14.5	1,349.6	5.9 ▲	44.2	
London Buses	559	-34 ▼	-26	2,366	-79 ▼	-19	
DLR	27.9	-1.2 ▼	0.8	120.4	1.1 ▲	10.2	
London Overground	47.3	5.8 ▲	14.2	182.9	14.4 ▲	43.1	
London Tramlink	6.6	-1.0 ▼	-1.0	29.6	-1.5 ▼	-1.1	
Emirates Air Line	0.3	0.0 ▲	0.0	1.7	0.0 ►	0.2	
TfL Rail	11.8	2.7 ▲	N/A	39.1	7.3 ▲	N/A	N/A
London River Services	1.9	-0.2 ▼	-0.2	10.2	0 ▲	0.2	

3.0 Quarter 3 saw a record breaking number of journeys on the Tube with both the five busiest weeks and five busiest days on record. Daily passenger journeys topped 4.8 million twice, and weekly demand exceeded 29 million journeys for the first time. Passenger journeys were up 4 per cent from the same quarter last year. Passenger journeys have increased by almost 18 per cent in LU's busiest period, in the weeks immediately prior to Christmas, between 2011 and 2015.

Chart 1: LU average daily passenger journeys in Period 9, 2011-2015



3.1 Bus passenger journeys were 34 million - 5.7 per cent – below target in the Quarter. The primary cause of this decline in demand is due to the slight deterioration in the reliability of the bus network, due to increased traffic levels driven by London's strong economic growth (including extensive building and construction projects across London), a rapidly rising population, our Roads Modernisation Programme and by town centre improvements. Fare paying passenger journeys were just over 25 million lower than target, with non-fare paying passengers 8.6 million less than target. Over the full year, passenger journeys are expected to be 79.3 million lower than target, 19 million less than last year.

3.2 Despite a 48-hour strike passenger journeys on the DLR in were 3.0 per cent higher than last year at 27.9 million.

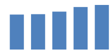
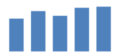
3.3 London Trams passenger journeys were 6.6 million in the Quarter, 1.0 million lower than target. Demand was affected by the Wimbledon stop closure, which was completed on 2 November 2015. A lower than expected number of shoppers throughout November also appears to have affected demand.

3.4 London Overground carried 47.3 million people in Quarter 3, 42.8 per cent more than last year. Over 60 per cent of this increase was driven by the additional passengers carried on the West Anglia services.

Cycling

3.5 More than 645,000 journeys are made by bike every day in London, and cycling in London has more than doubled in the last decade. Levels of cycling in central London reached a daily average of 527,931 kilometres, or an estimated 172,600 journeys. This represents a 0.2 percent increase in cycling compared to the same quarter in 2014. Over the full year, we expect cycling levels in central London to increase two per cent, missing the targeted four per cent increase in cycling.

Table 23: Cycling journeys on the Transport for London Road Network (TLRN)

	Unit	Quarter 3, 2015/16			Full year 2015/16			
		Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▲ *higher is better*								
Central London Cycling CC Zone – per cent growth	per cent	0.2	-2.8▼	0.2	2.0	-2.0▼	N/A	N/A
Cycling levels on the TLRN [1]	Index	317	-43▼	-17	339	-9▼	9	
Cycle Hire	000s	2,190	64 ▲	-167	10,338	38 ▲	254	

3.6 The highest levels of cycling are usually reported during the summer of each year and weather conditions are associated with this increase. Cyclists are more sensitive than other road users to the weather and Quarter 3 of 2015 was both colder and wetter than the same quarter during 2014, with over 50 percent more rainfall, and August 2015 was the wettest since 1977. This may have contributed to a slowing of cycling growth within central London during Quarter 3 of 2015.

3.7 Levels of cycling on the Transport for London Road Network (TLRN) are presented as an index of flow relative to a baseline of March 2000, which represents 100 on the index. This shows that levels of cycling on London's main roads, in Quarter 3 of 2015/16, were five percent (17 index points) lower than the same quarter last year and 12 percent (43 index points) below the quarter 3 target.

3.8 The full-year index of cycle flows forecast on the TLRN for 2015/16 is 339, an increase of three per cent (9 index points) from last year, which is below the full-year target of a six per cent increase in cycling between 2014/15 and 2015/16.

3.9 The TLRN cycling index has been in place for over 15 years and uses 38 automatic counters to measure cycling on London's main roads. This provides a long-term and detailed view of changes in cycling levels on London's main roads, which have more than tripled since the index began. Over time, however, some counters have stopped working and the index is not sufficiently representative of cycling on London's main roads. TfL is developing an enhanced TLRN cycling index that is representative of cycling flows on London's main roads, which will be in place for reporting from 2016/17 onwards.

3.10 Santander Cycle Hires were strong over the Quarter, some 3 per cent higher than target. This reflects the impacts of a successful Christmas marketing campaign and efficient management and distribution of bicycles, ensuring maximum availability for customers.

Table 24: Mayor's Vision for Cycling: expenditure, 2012/13 to 2021/22

Cycling vision £m	Year to date		Full Year 2015/16		2012/13 – 2021/22	
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Budget	Original budget	Variance to original budget
Net Cycling Vision expenditure	(102)	(14) ▼	(145)	0 ▶	(913)	0 ▶

3.11 Since its beginning £259m has been invested in the Cycling Vision, TfL's 10-year cycling investment programme with a total budget of £913m to 2021/22.

3.12 So far in 2015/16, £102m of the £145m full-year Budget has been delivered. This is ahead of the expected profile due principally to the good progress being made on the implementation of Cycle Superhighways. As a result of schemes being delivered, 2015/16 is already a record year of cycling expenditure. The latest full year estimate remains £145m, and so this is shaping up to be the most accurate budget since the start of the Cycling Vision, demonstrating the work TfL has done to address underspends in previous years. £145m is 4 per cent of TfL's total net expenditure.

3.13 Significant progress has been made on the delivery of the infrastructure programmes of the Cycle Vision during Quarter 3 of 2015/16:

- Construction has progressed on the new and upgraded Cycle Superhighway routes, which are now over 70 per cent complete
- Cycle Superhighway CS5 Inner, between Oval and Pimlico, was completed and launched by the Mayor in November 2015; cyclists make up approximately 40 per cent of traffic through Vauxhall during the busiest peak hour
- All three Mini-Holland boroughs have begun construction and two pilot schemes and two cycle hubs in Waltham Forest are now complete
- The Better Junctions programme launched an innovative 'Hold the Left' junction at Oval, which utilises low-level cycle signals and fully segregated lanes
- Alongside infrastructure delivery we are supporting behaviour change measures, including cycle training for adults and children and engagement of businesses through Cycling Workplaces.

Customer satisfaction

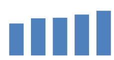
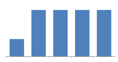
3.14 LU maintained its record overall Customer Satisfaction Survey in the Quarter – this is now the third successive quarter this score has been achieved. The number of customers stating they had experienced a delay or disruption remained at a record low of four per cent. Customers' satisfaction with train temperature has recovered in the quarter, following the seasonal deterioration in Quarter 2, resulting in customers giving higher scores for journey comfort.

3.15 Overall bus customer satisfaction is 85, up from the previous quarter, but 1 point down from the same quarter last year. Reliability and time waited scores have dropped by 2 points, returning to levels from Quarter 3 last year. Customers also gave lower scores for crowding (on bus and at bus stops), seat availability and ease of making journey, also in line with Quarter 3 last year.

3.16 LO scored 83 in the Quarter, one point down from the previous quarter, with lower scores for ease of making the journey, feeling valued as a customer, and value for money.

3.17 Overall satisfaction with DLR remained high at 89 and Tramlink dropped slightly to 89. The EAL increased to 94, matching its highest score since it began operating.

Table 25: Customer satisfaction by service

Score (out of 100)	Quarter 3, 2015/16			Full year 2015/16			
	Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year	2011/12 – 2015/16
▲ *higher is better*							
London Underground	85	1 ▲	1	85	1 ▲	1	
London Buses	85	1 ▲	1	84	0 ▶	-1	
DLR	89	1 ▲	0	89	1 ▲	0	
London Overground	83	1 ▲	0	83	1 ▲	0	
London Tramlink	89	1 ▲	0	89	1 ▲	0	
Emirates Air Line	94	1 ▲	1	93	0 ▶	0	
TfL Rail	83	3 ▲	N/A	83	3 ▲	N/A	N/A
Transport for London Road Network (TLRN)	73	0 ▶	-1	74	0 ▶	0	N/A
Dial-a-Ride	92	0 ▶	0	92	0 ▶	0	

3.18 LO customer satisfaction scored 84 in Quarter 2. The West Anglia lines scored 81 and the existing lines stayed at 85. In its first quarter of inclusion in the surveys, TfL Rail scored a very encouraging 84, as a result of solid reliability and station improvements.

3.19 Overall satisfaction with DLR remained high at 89 and Tramlink stayed at 90, reflecting high satisfaction with reliability and travelling conditions. The EAL remained stable at 93.

3.20 Overall customer satisfaction among TLRN users was 73 in Quarter 3, down from 75 last quarter and one point lower than the comparable quarter last year. Customer satisfaction dropped for key drivers linked to movement (keeping moving in traffic and congestion levels) at the network level, and particularly for bus passengers and car drivers. Satisfaction with management of roadworks was also lower this Quarter for bus, car and pedestrians.

3.21 Dial-a -Ride CSS in Quarter 3 was 92, in line with target and 1 point higher than the previous quarter. This performance was achieved despite the ongoing difficulties in scheduling trip requests due to a driver shortage.

Customer satisfaction – environment

Table 26: Environmental performance

Numbers	Quarter 3, 2015/16			Full year 2015/16		
	Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year
▲ *higher is better*						
Hybrid bus introduction	1,600	N/A	35 ▲	1,650	- ▶	397

3.22 The proportion of the bus fleet served by low-carbon emission and quieter diesel-electric buses has risen to 17.5 per cent. There are currently around 1,600 hybrids in the fleet and this total will grow to 1,700 hybrids (including the 800 New Routemasters) by the middle of 2016 when they will represent around 20% of the fleet. In addition, the bus fleet now has around 900 of the latest ultra-low emission Euro VI engine vehicles, many of which are hybrids.

Customer complaints

Table 27: Customer complaints

No. complaints per 100,000 journeys	Quarter 3, 2015/16	
	Actual	Variance to Quarter3, 2014/15
▼ lower is better		
London Underground	0.98	-0.16 ▼
Docklands Light Railway	1.30	-1.05 ▼
London Overground	3.40	0.21 ▲
TfL Rail	3.43	N/A
London Tramlink	2.72	1.10 ▲
Emirates Air Line	2.89	-2.25 ▼
London Buses	3.76	0.47 ▲
Streets	0.17	0.00 ▶
Congestion Charge	7.89	0.31 ▲
Dial-a-Ride	95.89	-67.74 ▼
River Services	0.64	-0.12 ▼
Santander Cycle Hire	4.06	-1.54 ▼
Taxi and Private Hire	5.84	0.00 ▶
Contactless payments	0.16	-0.67 ▼
Oyster	0.19	0.00 ▶

3.23 The complaints rate across most TfL services shows improvement on last year, with some modest increases on London Tramlink, due to current engineering works and associated route closures, and buses, the latter largely due to reduced reliability. We have seen significant reductions in complaints for Dial-a-Ride, continuing the trend from the previous two quarters, as well as the main increases are on London Tramlink, due to current engineering works and associated route closures, and buses, the latter largely due to reduced reliability.

3.24 Complaints about buses increased in Quarter 3. While this is a seasonal trend, we have seen a larger impact than last year. Driver complaints continue to be the highest category, with failing to stop making up 20 per cent of all buses complaints. We are providing a new customer service training programme to 25,000 bus drivers which will help address this issue.

3.25 Docklands Light Railway complaints have dropped to 1.05 per 100,000 journeys compared to last year. Ticket Machine issues remain the most frequent cause for complaint in the area, but are a significant 84 per cent down on last year. Improvements in the reliability of machines s is the biggest reason for the reduction.

3.26 Although Contactless Payment Card journeys have increased by 280 per cent, complaints have reduced by 0.67 per 100,000 journeys. This majority of this decrease can be attributed to a large drop in touching in/ out complaints, as customers become more familiar with the technology.

3.27 London Tramlink complaints increased by 1.10 per 100,000 journeys compared to last year. Issues around the service reliability occurred at the end of the quarter after the reopening of the Wimbledon service. We've produced posters for this service to explain that the frequency will improve in the spring when more trams are added to the network.

3.28 Cycle Hire complaints continue to decline. The most frequent complaint was issues with getting refunds and problems with individual docking stations.

3.29 Complaints to Dial-a-Ride have decreased significantly from Quarter 3 last year; the rate has dropped by 41per cent following improved training for their outsourced taxi service. The highest proportion of complaints related to vehicles not turning up, and poor driver conduct. Overall Dial-a-Ride has achieved a high customer service rating, with 92 per cent last quarter.

Customer services

Table 28: Customer communications and correspondence

	Quarter 3, 2015/16			Full year 2015/16		
	Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year
▲ *higher is better*						
Correspondence Service level agreement	87.8	7.8 ▲	11.2	80	- ▶	N/A
Mystery shopper quality assessment scores	88.1	3.1 ▲	4.7	85	- ▶	N/A
▼ *lower is better*						
Call abandonment rate	16.5	1.5 ▼	-6.5	15	- ▶	N/A

3.30 We improved our correspondence service levels by 13 per cent compared to Quarter 2 and 11 per cent to Quarter 3 of last year. We achieved this despite a 24 per cent increase (25,000 cases) in demand compared to Q2. Buses demand increased by 48 per cent on Q2 with contacts regarding reliability and staff having the biggest impact.

3.31 Our telephony demand increased by 6 per cent compared to last year as the annual student photocard application peak had more impact than in previous years. For the first time 100 per cent of these calls were routed to our outsourced supplier Novacroft and there were issues with repeat calls for resolving issues. Therefore call volumes rose by 41 per cent from Q2 and 35 per cent from last year. This had a significant impact on our abandonment rate over Q3.

3.32 Despite an increase in both telephony and correspondence demand, we achieved a very high quality standard throughout the quarter. We performed particularly well on telephony with an average of 94 per cent.

Ticketing

Table 29: Ticketing system availability [1]

	Quarter 3, 2015/16			Full year 2015/16		
	Actual	Variance to target	Variance to last year	Forecast	Variance to target	Variance to last year
▲ *higher is better*						
London Underground- ticketing system overall availability	98.38	-0.42▼	-0.42	98.6	◄-	N/A
London Buses- ticketing system overall availability	99.49	0.49▲	n/a	99.3	- ►	N/A

3.33 London Underground ticketing system availability was below target in Quarter 3, largely because of increased use of self-service ticket machines as LU ticket offices close. An improved maintenance programme is expected to increase availability in Quarter 4. London Buses availability was above target, this measure now being of validation on bus readers as cash is no longer accepted on buses.

[1] TfL entered into a new Revenue Collection Contract during Quarter 2, 2015/16. This changed the measurement of availability and figures are not precisely comparable with previous quarters.

Website and social media

3.34 Social media, including Twitter and Facebook continues to be an increasingly important method of communicating with our customers. Our 21 Twitter feeds provide real time travel updates, ticketing information and weekend engineering work schedules..

3.35 At the end of Quarter 3, we had over 3.5 million Twitter followers, up from 1.9 million in the same quarter last year.

Chart 2: Social media followers, 2014/15 to 2015/16

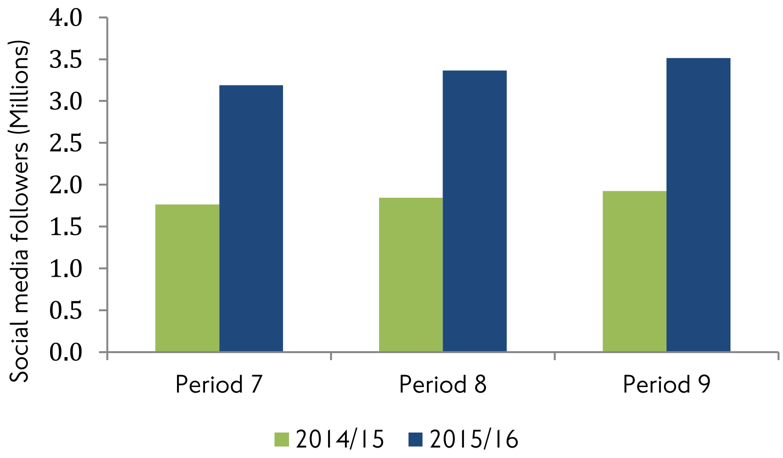
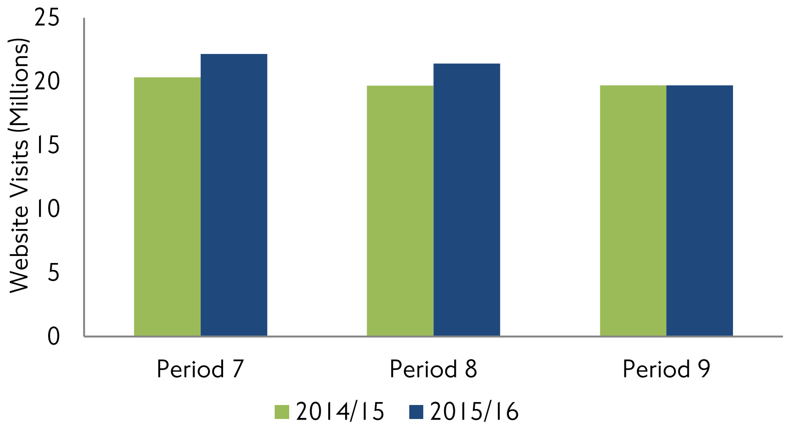


Chart 3: Website visits, 2014/15 to 2015/16



People

Headcount levels at the end of Quarter 3

4.0 At the end of Quarter 3, TfL's headcount – measured in full-time equivalent (FTE) - was 31,246, 929 higher than budgeted.

Table 30: Headcount (FTE and staff costs up) to the end of Quarter 3)

FTE	End of Quarter 3	Variance to Budget	Average year to date FTE	Average variance to Budget	£m – YTD variance
London Underground	21,725	(548) ▲	21,299	(272)	15 ▲
London Rail	354	(46) ▲	326	(19)	4 ▼
Surface Transport	3,785	(69) ▲	3,656	42	8 ▲
Shared services	4,376	(322) ▲	4,258	(171)	3 ▼
Crossrail	1,006	56 ▼	984	105	- ▶
Total TfL	**31,246**	**(929)** ▲	**30,523**	**(315)**	**16** ▲

4.1 At the end of Quarter 3 LU headcount was 548 higher than Budget. Underlying headcount was 288 – or just over one per cent higher - in addition to an unutilised vacancy provision of 260. The key drivers of the underlying headcount variance were:

- 130 Project Management Office staff transferred from shared services to LU
- 143 additional headcount to deliver the Four Lines Modernisation programme

The vacancy provision was not utilised as recruitment levels are now running closer to the underlying budget than previously.

4.2 LR/TfL Rail headcount was 46 higher than budget at the end of Q3 mainly due to the use of agency staff on Trams maintenance instead of consultants (as budgeted) and additional resource for projects including Barking Riverside Extension.

4.3 As at Period 9 Surface Transport was 69 FTE (2%) over the headcount Budget. This is primarily due to 98 additional FTE in Taxi & Private Hire, due to higher volumes and enhanced licencing & compliance activities, which are paid for from the licence fees.

4.4 Over the year to date Surface Transport staff costs are £8m – five per cent - under the gross staff cost Budget. Over the course of the year average headcount was 42 FTE – one per cent - under Budget, leading to costs £5m lower than Budget. Pay awards were under those assumed in the Budget, with £2m of further savings. Salaries for new staff in Taxi & Private Hire are below the average rate of pay, leading to further savings against Budget.

4.5 Shared service's headcount is 322 higher than Budget:

- 141 project-funded additional staff in IM working on projects including Fit for Future - Stations, Mobile Desktop, SAP Run Better and Night Tube
- 52 additional roles on projects across Customer Experience, Marketing and Communications including the London Road User Project and Web Integration, and various others

- 45 additional staff due to increased recruitment demand
- 28 staff supporting transformation projects across TfL
- The overall variance was increased by a central vacancy provision of 64, the rest are minor variances.

Table 31: Forecast headcount at the end of 2015/16

FTE	End of Quarter 3	Forecast FTE net starters/ leavers - Periods 10-13	Latest Forecast - Year end FTE	Variance to Budget	£m – full-year variance
London Underground	21,725	237	21,488	(1,240) ▲	3 ▼
London Rail	354	(23)	377	(71) ▲	4 ▼
Surface Transport	3,785	(62)	3,847	(119) ▲	6 ▲
Shared services	4,376	29	4,347	(390) ▲	(5) ▼
Crossrail	1,006	2	1,004	0 ▼	- ▶
Total TfL	**31,246**	**163**	**31,063**	**(1,820)** ▲	**(6)** ▼

4.6 By the end of the year, LU headcount is now expected to be 1,240 higher that Budget largely due to:

- 810 higher in LU as the majority of the staff leaving as part of FftF-S, including additional staff to act as training cover, will now leave in the first quarter of 2016/17
- 385 higher in capital programmes mainly due to additional staff on the Four Lines Modernisation programme following review and 134 Project Management Office staff transferred from shared services
- Due to the worsening variance to Budget since the end of Quarter 3, the year-to-date staff cost underspend will be eliminated, resulting in a £2.8m - 0.2 per cent - adverse variance at the year end.

4.7 For the full year, LR/TfL Rail headcount is expected to be 71 FTE higher than budget. The LR increase is mainly due to:

- 30 increase in Trams mainly relating to maintenance being brought in-house
- 33 increase in LO including additional project resource including Barking Riverside Extension, and Gospel Oak to Barking electrification.

4.8 Surface Transport's full year is to be 119 FTE over Budget. This includes 167 FTE externally funded (either Taxi & Private Hire licence fees or developers funded projects) that were not budgeted. After adjusting for these new roles, the underlying position is under Budget.

4.9 By the end of the year, shared services headcount is expected to be 390 FTE higher than budgeted:

- 255 project funded roles in IM and a further 17 across Finance. These were offset by a transfer of 104 FTEs from Project Management Office into LU
- A further 71 project-funded staff in Customer Experience, Marketing and Communications working on Cycle Hire relet and the Future Ticketing Project
- an increase of 50 FTEs due to the higher recruitment demand across the business

- a further 28 additional staff to support various transformation projects.

Appendix A: Business Unit financial tables

Rail and Underground

London Underground & London Rail (£m)	Year to date		Full year 2015/16			Section
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2	Variance to Budget	
London Underground	1,804	16 ▲	2,561	(0)	5 ▲	2.1 and 2.2
London Rail	326	9 ▲	482	5	17 ▲	2.3 and 2.4
Emirates Air Line	5	(1) ▼	7	(0)	(0) ▶	
Total fares income	2,135	24 ▲	3,050	5	21 ▲	
Other operating income	116	3 ▲	176	7	11 ▲	2.7
Total operating income	2,251	27 ▲	3,226	12	32 ▲	
Chief Operating Officer	(1,165)	14 ▲	(1,735)	0	(13) ▼	
Capital programmes directorates operating costs	(31)	(4) ▼	(47)	0	(7) ▼	2.11 and 2.12
Other Operational Expenses	(260)	20 ▲	(400)	7	30 ▲	
London Rail Operations	(365)	10 ▲	(544)	9	13 ▲	2.13 and 2.14
Renewals and reliability Projects	(90)	26 ▲	(124)	3	33 ▲	
Total operating expenditure	(1,913)	66	(2,850)	18	55 ▲	
Capital expenditure						
London Underground	(807)	24 ▲	(1,162)	51	55 ▲	2.23 and 2.24
Third-party capital contributions	37	17 ▲	45	(0)	12 ▲	2.33
LR	(166)	7 ▲	(284)	16	17 ▲	2.25 and 2.26
Third-party capital contributions	2	(4) ▼	3	(0)	(4) ▼	2.34
Net capital expenditure	(934)	44 ▲	(1,398)	67	81 ▲	
Net Service Expenditure	(596)	137 ▲	(1,023)	97	168 ▲	

Surface Transport

Surface Transport (£m)	Year to date		Full year, 2015/16			Section
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget	
Bus fares income	1,081	(48)	1,534	(14)	(77)	2.5 and 2.6
Bus contract costs	(1,382)	24	(2,003)	12	33	2.15, 2.16 and 2.17
Direct Bus Subsidy	(302)	(24)	(469)	(1)	(44)	
Other Bus Income	20	1	33	(0)	4	2.8
Bus operating Expenditure (net of third-party contributions)	(53)	4	(79)	(0)	6	2.15, 2.16 and 2.17
Bus Capital Expenditure (net of third-party contributions)	(84)	5	(126)	(0)	15	2.27, 2.29 and 2.30
Net Bus Service Expenditure	(418)	(14)	(641)	(2)	(19)	
Other Surface Transport						
Other Operating Income	279	7	390	(0)	7	2.15, 2.16 and 2.17
Other Operating Expenditure (net of third-party contributions)	(531)	10	(807)	0	21	2.15, 2.16 and 2.17
Other Capital Expenditure (net of third-party contributions)	(260)	(10)	(359)	(12)	(17)	2.27, 2.29 and 2.30
Net Service Expenditure	(930)	(6)	(1,417)	(14)	(7)	

Shared services

Corporate (£m)	Year to Date		Full year, 2015/16			Section
	Actual	Variance to Budget	Quarter 2 forecast	Variance to Quarter 1	Variance to Budget	
Other Operating Income	62	22	67	5	10	2.9
Operating Expenditure (net of third-party contributions)	(495)	39	(744)	(0)	28	2.18 and 2.19
Net capital Expenditure	(113)	21	(184)	21	(21)	2.31 and 2.32
Net Service Expenditure	(545)	83	(862)	26	17	

Appendix B: Reconciliation to the Investment Programme Report (IPR)

TfL group (£m)	Year to date		Full year, 2015/16		
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Quarter 2	Variance to Budget
TfL gross capital expenditure					
London Underground	(807)	24 ▲	(1,162)	51	55 ▲
London Rail	(166)	7 ▲	(284)	16	17 ▲
Surface Transport	(354)	(7) ▼	(501)	(13)	(1) ▼
Shared services	(494)	20 ▲	(578)	21	(29) ▼
Total gross capital expenditure	(1,822)	44 ▲	(2,526)	74	43 ▲
London Underground	(91)	26 ▲	(124)	4	33 ▲
Surface Transport	(115)	(6) ▼	(206)	0	17 ▲
TfL revenue investment	(205)	20 ▲	(330)	4	50 ▲
London Underground	(898)	50 ▲	(1,287)	54	88 ▲
London Rail	(166)	7 ▲	(284)	16	17 ▲
Surface Transport	(469)	(13) ▼	(707)	(13)	16 ▲
Shared services	(494)	20 ▲	(578)	21	(29) ▼
TfL gross investment programme	(2,027)	64 ▲	(2,856)	78	92 ▲

Appendix C: Balance Sheet

TfL Group Balance Sheet at Quarter 3 (£m)	End of Quarter 3, 2015/16		End of 2015/16	
	Actual	Variance to Budget	Quarter 3 forecast	Variance to Budget
Non-current assets (-higher / lower than budget)	34,609	115	35,534	(34)
Current assets (exc. cash & investments) (-higher / lower than budget)	687	(92)	615	(37)
Short term loans receivable – (higher) / lower than budget	1,098	70	1,283	27
Cash & investments (-higher / lower than budget)	3,980	(355)	3,084	(94)
Creditors (higher / -lower than budget)	(2,882)	106	(3,102)	108
Derivative liabilities (higher / -lower than budget)	(100)	21	(98)	19
Borrowings (higher / -lower than budget)	(9,104)	(23)	(9,111)	(4)
Provisions (higher / -lower than budget)	(3,140)	29	(3,029)	(37)
Total Net Assets – (higher) / lower than budget	25,148	(129)	25,176	(52)

Non-current assets

5.0 Non-current assets at the end of Quarter 3 were £34,609m, £115m below the Budget. £46m of the variance was due to lower capital expenditure activity; £23m was for lower Crossrail expenditure, with £35m across the rest of TfL. Offsetting these was a £12m variance for higher property costs related to Crossrail within TfL. Other fixed asset movements to depreciation and revaluations totalled £62m. Additionally, long term cash investments were £10m below Budget with the balance reverting to short term investments and long term debtors were also £3m lower than Budget. Offsetting all of the above was a £6m increase in TfL's share of the net assets of the Earl's Court associate, arising from unrealised revaluation gains.

5.1 The Quarter 3 non-current asset forecast has long-term assets at £35,544m, an increase of £17m from the Q2 forecast and £44m higher than Budget, mainly due to a £52m higher capital expenditure activity forecast. The Crossrail project's expenditure is expected to outturn £82m above Budget reflecting the programme wide initiative to bring forward dates for dynamic testing as well as increased costs due to new scope, schedule mitigation and poor contractor performance (£67m) allied to higher property costs (£15m). The rest of TfL are forecasting to underspend on capital by £30m in the year, with lower spend on Four Line modernisation and London Rail station renewals in R&U, and Future Bus systems in Surface being offset by higher spend in Corporate for Future Ticketing and Prestige in relation to 24-hour tube services. Other long-term debtors are £8m lower than Budget largely due to the re-classification of the Hybrid Bus prepayment to short term debtors.

Current assets

5.2 Short-term debtors were £79m above Budget at the end of Quarter 3. In Corporate, Rail Settlement Plan (RSP) balances were £26m higher than the Budget as TfL has sold a smaller proportion of tickets for our own and National Rail services than assumed, meaning TfL is now due to receive higher amounts from the Train Operating Companies. In Rail & Underground, pre-payments (£10m) and capital and trade debtors (£11m) were higher than Budget, all of which are expected to reverse over time, whilst in Surface Transport, pre-payment balances were £23m higher due to the transfer of the Hybrid Bus pre-payment from long-term assets, payments to suppliers following delays in commercial contracts, as well as some utility and payroll payments made in advance of the budgeted date. Stocks were £13m higher than Budget, mainly in R&U due to increased levels of maintenance items such as new S-stock parts. These are expected to reduce closer to Budget by year end.

5.3 The full-year position for short term debtors is forecast at £34m above Budget. Within R&U and Surface a number of contractual prepayments are forecast at £27m higher than Budget, mainly due to timing issues.

5.4 The short term loan receivable balance represents the amount loaned to Network Rail as part of the Crossrail project, currently due to be repaid in full in May 2016. The variance at Quarter 3 and the full year reflect the latest phasing of spend by Network Rail.

Cash and investments

5.5 Cash and short term investments at Quarter 3 were £3,980m, some £345m above Budget and although these are forecast to reduce to £3,084m by year end, this is still £84m above Budget. Appendix D below summarises actual and forecast cash movements compared to Budget.

Creditors

5.6 Year-to-date creditors were £106m, or 3.8% higher than Budget, of which £95m was for earlier than expected receipt of concessionary fares payments from the London Boroughs, increased Oyster deposits and amounts owed to National Rail operators for use of Pay As You Go cards on their services. The full-year forecast for creditors is £108m (3.6%) above Budget. In R&U, capital creditors are expected to be £40m higher than Budget in as a result of spend on major projects slipping to later in the year whilst in Crossrail they are expected to be £71m due to works being brought forward from future periods.

Derivatives

5.7 The derivatives position at Quarter 3 is based on market values. TfL is obliged to record the fair value of its derivatives on the balance sheet. Where hedge accounting applies, any movement in the fair value of the derivative liability is recognised directly in reserves; otherwise the movement is recorded in the income statement. The fair value movement is expected to reverse by maturity in future years.

Borrowings

5.8 Borrowings at Quarter 3 were £23m below budget following a decision to defer a small amount of new borrowings until later in the year. The small forecast variance arises from increased levels of fees and discounts on borrowings raised in the year.

Provisions

5.9 Provisions at the end of Quarter 3 were £29m higher than Budget mainly related to the Crossrail project, with lower payments for property claims of £24m and an £11m increase in the balance for contractual claims. The forecast position has provisions at the year end £37m below Budget. Again, most of this is in respect of the Crossrail project at £39m below Budget with higher property related payments of £26m and a £25m reduction in expectations on contractual disputes, offset lower amounts provided for new property claims of £12m.

Balance Sheet (£m)	Year to date			Full year, 2015/16	
	Actual	Budget	Variance to Budget	Quarter 3 Forecast	Variance to Budget
Intangible assets	131	102	(29)	90	7
Property, plant & equipment	33,547	33,684	137	34,511	(59)
Investment properties	438	438	-	438	-
Investment in associate	50	44	(6)	44	-
Long term investments	-	10	10	-	10
Long term debtors	443	446	3	451	8
Non Current Assets	34,609	34,724	115	35,534	(34)
Stocks	67	54	(13)	56	(3)
Assets held for Sale	620	541	(79)	559	(34)
Short term debtors	4	23	19	5	18
Short term derivative	1,098	1,168	70	1,283	27
Cash and Short Term Investments	3,980	3,625	(355)	3,084	(94)
Current Assets	5,769	5,411	(358)	4,987	(86)
Short term creditors	(2,117)	(1,986)	131	(2,353)	137
Short term derivatives	(13)	(1)	12	(11)	10
Short term borrowings	(782)	(784)	(2)	(784)	-
Short term lease liabilities	(42)	(61)	(19)	(95)	42
Short term provisions	(191)	(159)	32	(100)	(37)
Current Liabilities	(3,145)	(2,991)	154	(3,343)	152
Long term creditors	(84)	(105)	(21)	(79)	(40)
Long term borrowings	(8,322)	(8,343)	(21)	(8,327)	(4)
Long term lease liabilities	(639)	(624)	15	(575)	(31)
Long term derivatives	(91)	(101)	(10)	(92)	(9)
Other provisions	(65)	(67)	(2)	(49)	2
Pension provision	(2,884)	(2,885)	(1)	(2,880)	(2)
Long Term Liabilities	(12,085)	(12,125)	(40)	(12,002)	(84)
Total Net Assets	25,148	25,019	(129)	25,176	(52)
Capital and Reserves					
Usable reserves	3,982	3,618	(364)	2,853	29
Unusable reserves	21,166	21,401	235	22,323	(81)
Total capital employed	25,148	25,019	(129)	25,176	52

Cash and Investments					
CRL Sponsor funding account	1,809	1,792	(17)	1,448	126
Other cash and investments	2,171	1,843	(328)	1,636	(210)
Total as above [1]	3,980	3,635	(345)	3,084	(84)

[1] Includes Cash and Investments, and long-term investments

Appendix D: Cash summary

Cash Summary In / (Out) Flow (£m)	Year to date			Full year, 2015/16	
	Actual	Budget	Variance to Budget	Quarter 2 Forecast	Variance to Budget
Margin	(905)	(1,075)	(170)	(1,552)	(145)
Working Capital Movements	48	(39)	(87)	(10)	51
Cash Spend on Operating Activities	(857)	(1,114)	(257)	(1,562)	(94)
Net Capital Expenditure	(1,390)	(1,450)	(60)	(2,068)	(58)
Crossrail	(1,055)	(1,069)	(14)	(1,613)	78
Working Capital Movements	118	212	94	411	(89)
Cash Spend on Capital Activities	(2,327)	(2,307)	20	(3,270)	(69)
Cash Settlement of derivatives	-	-	-	-	-
Non-cash items included in activity	152	80	(72)	143	(32)
Fair value adjustment for long term investments	-	-	-	-	-
Loans to third parties (paid) / repaid	(673)	(746)	(73)	(883)	(17)
Non-Activity Cash Movements	(521)	(666)	(145)	(740)	(49)
Grants, Precept & other contributions	2,418	2,432	14	3,380	125
Borrowings Raised	603	626	23	623	3
Borrowings Repaid	(14)	(14)	-	(25)	-
Total Funding	3,007	3,044	37	3,978	128
Net Movement in Cash	(698)	(1,043)	(345)	(1,594)	(84)

Appendix E: Financial comparison with 2014/15

TfL group finances – operating income, expenditure and funding

TfL group (£m)	Year to date				Full-year			
	Year to date, 2014/15	Year to date, 2015/16	Year on year change		Full-year actuals, 2014/15	Quarter 2 forecast, 2015/16	Year on year change	
Fares income	2,935	3,216	281	10%	4,281	4,584	303	7%
Other operating income	489	484	(5)	-1%	720	675	(45)	-6%
Total income	3,424	3,700	276	8%	5,002	5,259	258	5%
Operating expenditure (net of third-party contributions)	(4,179)	(4,381)	(203)	5%	(6,152)	(6,492)	(340)	6%
Operating margin	(754)	(681)	73	-10%	(1,150)	(1,233)	(83)	7%
Interest income	18	19	1	6%	28	23	(5)	-19%
Debt interest	(244)	(262)	(18)	7%	(358)	(378)	(20)	6%
Contingency and group items	18	18	0	1%	27	37	10	36%
Margin	(962)	(905)	56	-6%	(1,453)	(1,552)	(99)	7%
Finances sources								
General grant	578	403	(176)	-30%	897	591	(306)	-34%
Overground grant	20	27	7	36%	26	37	11	41%
GLA precept	4	4	0	0%	6	6	0	0%
Business Rates Retention	675	565	(110)	-16%	828	773	(55)	-7%
Other revenue grants	6	0	(6)	-99%	8	1	(7)	-88%
Total revenue grants	1,283	998	(285)	-22%	1,766	1,408	(358)	-20%
Operating contribution to fund investment	321	93	(228)	-71%	313	(144)	(457)	-146%

TfL group finances – capital expenditure, income and funding

TfL group (£m)	Year to date, 2014/15	Year to date, 2015/16	Year to date: Year on year change		Full-year actuals, 2014/15	Quarter 2 forecast, 2015/16	Full-year: Year on year change	
Capital expenditure	(1,364)	(1,821)	(457)	33%	(1,979)	(2,526)	(547)	28%
Third-party contributions – capital	22	50	28	128%	25	65	40	159%
Sales of property and other assets	30	381	351	1171%	47	393	346	737%
Net capital expenditure excl. Crossrail	(1,312)	(1,389)	(77)	6%	(1,907)	(2,068)	(161)	8%
Crossrail capital expenditure	(1,015)	(1,055)	(40)	4%	(1,475)	(1,613)	(138)	9%
Net capital expenditure incl. Crossrail	(2,326)	(2,444)	(118)	5%	(3,382)	(3,681)	(299)	9%
Finance sources								
Surplus/ -deficit to fund investment	321	93	(228)	-71%	313	(144)	(457)	-146%
Crossrail funding sources	1,240	696	(544)	-44%	1,702	906	(796)	-47%
Investment grant	629	640	11	2%	909	925	16	2%
Other capital grants	100	84	(16)	-16%	124	141	17	14%
Working capital	(148)	(356)	(208)	140%	(389)	(339)	50	-13%
Net borrowing and reserve movements	182	1,287	1,105	607%	722	2,192	1,470	204%
Total	2,325	2,445	120	5%	3,382	3,681	300	9%

Glossary

Measure	Unit	Description
London Underground: total lost customer hours	Hours	The total additional journey time, measured in hours, experienced by all customers as a result of delays that lasted two minutes or longer. A delay at a busy location or during peak hours results in more 'lost customer hours' because more customers are affected.
London Underground: excess journey time	Perceived minutes	The average extra time that it took to complete a journey, compared to the time it would have taken if there were no delays. This can be affected by many things, such as queues to buy tickets or board trains, escalators being out of service, delays to trains, longer walking routes within stations, or planned weekend closures. A lower EJT figure means customers experience less delay whether planned or unplanned. TfL weight the figures according to when and where the delay occurred. For example, we know that for customers, waiting on a train that is delayed in the tunnel feels longer than waiting on a platform for a delayed train to arrive, even if the total length of delay is the same. This means that the 'minutes' used in the measure are not actual minutes, but reflect customers' perception of the delay they experience.
London buses: excess wait time	Minutes	Excess wait time (EWT) represents the amount of time that a passenger has had to wait in excess of the time that they should expect to wait if buses ran as scheduled. EWT is the key measure of reliability of high frequency bus services as experienced by passengers and is also used to calculate operator performance bonuses or penalties.
Transport for London Road Network (TLRN): serious and severe disruption	Hours	The KPI measures the numbers of hours of serious and severe disruption on the Transport for London Road Network (TLRN) as a result of planned and unplanned interventions.

Docklands Light Railway: on-time performance	%	The number of valid train departures expressed as a percentage of the base service departures: valid departures must have a minimum dwell of 5 seconds, the correct number of carriages and complete the whole of the scheduled route.
London Overground: public performance measure	%	The Public Performance Measure (PPM) shows the percentage of trains which arrive at their destination on time. The PPM combines figures for punctuality and reliability into a single performance measure. It is the rail industry standard measurement of performance. PPM measures the performance of individual trains advertised as passenger services against their planned timetable as agreed between the operator and Network Rail at 22:00 the night before. PPM is therefore the percentage of trains 'on time' compared to the total number of trains planned. In London and the South East, a train is defined as on time if it arrives at the destination within five minutes (ie 4 minutes 59 seconds or less) of the planned arrival time. Where a train fails to run its entire planned route calling at all timetabled stations it will count as a PPM failure.
Emirates Air Line: availability	%	Operating availability is the ratio of actual operating hours / planned operating hours. Planned operating hours are not necessarily the same as scheduled due to instances when the EAL is open outside of schedule in support of local events – particularly those at the O_2.
TLRN: journey time reliability (am peak)	%	The key measure for monitoring smoothing traffic flow is journey time reliability (JTR). It is defined as the percentage of journeys completed within an allowable excess of 5 minutes for a standard 30 minute journey during the AM peak.

Scheduled services operated	%	The amount of service that TfL actually operated, compared to what we planned beforehand – comparing peak and off-peak times. (Peak times are 07.00 – 10.00 and 16.00 – 19.00 Monday – Friday.) This helps us check whether the service we operate at the busiest times of day is as good as during quieter periods.
Recorded crime	Per million passenger journeys	The number of recorded (or notifiable) crimes per million passenger journeys on the appropriate network.
LU and LR major injury frequency rate	Major injuries/ million hours	The KPI records the number of serious injuries to customers, employees and contractors using or working on London Underground and London Rail as a measure of customer and employee safety. A major injury is one classified as 'major' under schedule 1 of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). Injuries arising from criminal acts, alleged suicide attempts, and medical conditions are excluded.
Cumulative reduction in killed and seriously injured (KSI) Londonwide	%	The percentage reduction in Killed or Seriously injured (KSI) KPI relates to personal injury road traffic collisions occurring on the public highway, and reported to the police, in accordance with the Stats 19 national reporting system. The KPI measures the percentage change in KSI casualties on London's roads compared to the baseline average number of KSI casualties between 2005 and 2009. The Safe Streets for London (SSfL) Road Safety Action Plan published on 6 June 2013 sets out the target of a 40 per cent reduction in KSI casualties by 2020 against the 2005-09 baseline.
Vehicles operated by FORS accredited companies	Number	The KPI measures the cumulative total of vehicles operated by Fleet Operators' Recognition Scheme (FORS) accredited companies. The numbers of vehicles recognises those from at all levels (bronze, silver & gold) of accreditation. The cumulative total starts from 2008.
Passenger journeys	Millions	It's important to know how much people are travelling on TfL services. We use this information to plan for the future.

Cycling levels on the TLRN	Index	The purpose of this indicator is to assess the level of cycle use on the TLRN. The overall ambition is to increase cycling levels by 400% such that by 2025 cycling will equate to a 5% mode share of all journey trips. This indicator does not represent cycling across London as a whole; It only represents cycling on the 5% of London's roads that are the TLRN. The indicator is presented as an indexed flow relative to a baseline of March 2000 (a flow level that is represented as 100 on the index). Sixty automatic cycle counters on the TLRN provide sample counts of cyclists using the network. The indicator converts these counts into an index that is used to represent increases in cycle flows on the TLRN over time. It does not represent the total number of cyclists in London. Automatic cycling counters are pieces of monitoring equipment that emit a magnetic field that detects the presence of a moving cycle.
Customer satisfaction	%	One of our most important performance measures is customer satisfaction; this helps us understand what the people who use our services really think. An independent research company interviews around 10,000 customers every year, as they complete their trip. They are asked to make an 'overall evaluation' of their journey experience, by giving a score out of 10. We take the average of everybody's scores and multiply it by 10, to give a final result out of 100