Operational and Financial Performance Report – Fourth Quarter, 2012/13

Purpose of Report: For the Managing Director, Finance, to inform the TfL Board and other stakeholders of TfL's financial and operational performance.

Quarter 1 (Periods 1-3) **1 April 2012 – 23 June 2012**
Quarter 2 (Periods 4-6) **24 June 2012 - 15 September 2012**
Quarter 3 (Periods 7-9) **16 September 2012 – 8 December 2012**
Quarter 4 (Periods 10-13) **9 December 2012 – 31 March 2013**

TfL performance summary

Demand: Demand across the TfL network was strong in 2012/13, especially on the Docklands Light Railway (DLR) and London Overground (LO). This was buoyed by the 2012 Games, with London Underground experiencing its highest ever daily demand of 4.52 million journeys during the Olympics, exceeding target by over 50 million journeys over the full year. DLR has exceeded target by 6.7 million journeys over the full year, while LO journeys, helped by the opening of the orbital network in December 2012, reached record levels at 124.6 million. Demand over Quarter 4 remains strong, with LO exceeding target by over six million journeys and the Tube by 2.6 million journeys. However, the rate of passenger demand growth in LU has decreased over the last two quarters, which was reflected in the Quarter 3 forecast.

Service: Reliability was significantly better than budget across LU, DLR and LO over the full year. Excess journey time on the Tube averaged 5.27 minutes over 2012/13, the best score since the measure was introduced. On the DLR, scheduled services operated reached 98.5 per cent, half a point better than target. Strong reliability performance continued over Quarter 4, with excess journey time on the Tube standing at 5.04, almost half a minute better than the previous quarter. Customer Satisfaction Surveys (CSS) also reached highs, at 82 on Buses and LO, both exceeding target by two percentage points, 83 on the Tube, exceeding target by four points, 87 on the DLR, exceeding target by five points. The high level of customer satisfaction during the Games period has been sustained, with further improvements across LU (reaching 84 in Quarter 4), Trams and buses over the past two quarters. During the Games, almost 4,000 of TfL's non-operational staff were deployed as Travel Ambassadors and Incident Customer Service Assistants (ICSAs), making an essential contribution to the smooth running of the service during the 2012 Games.

Customer feedback: London Underground and Oyster have both received just over one complaint per 100,000 passenger journeys, in keeping with the trend over recent quarters. London Overground's complaints rate, at 3.29 per 100,000 journeys, continues to be lower than any other train operating company in the last five years. London Buses and Tramlink have maintained a consistent level of performance, receiving 2.29 and 2.33 complaints per 100,000 respectively. In Quarter 4, Dial a Ride saw complaints at 84 per 100,000 requests, continuing the full-year trend of improving complaint performance over the last five years. Congestion Charging has increased to 16.58 per 100,000 journeys and Barclays Cycle Hire received 5.37 complaints per 100,000, up from its all time low last quarter but well below last year's average of 121.97 per 100,000. The number of complaints about River Services continues to be negligible and in single figures. The complaints rate for the Emirates Air Line has been documented for the first time and stands at 20.26 complaints per 100,000.

Complaints data from across all TfL services can be found at: tfl.gov.uk/transparency/.

Financial Performance: In the full year, fares income was £21m above budget reflecting strong performance across the DLR and LO, particularly during the Games, which was partially offset by weaker than expected revenue on the Tube during Quarter 4. The favourable fares income variance was partially offset by other operating income which closed the year below budget due to lower than expected Barclays Cycle Hire income. Total operating income for the year is within 0.2 per cent of both budget and forecast.

Operating expenditure was £72m below budget due to rephasing to future years, efficiencies and cost savings across TfL more than offsetting the £107m upfront cost of bringing the LU PFI Powerlink contract in house. Combined with the higher than budget income this has resulted in an improvement of £84m in Operating Margin. This will be rolled forward in the next Business Plan and allocated to investment in future years.

Total Group items closed the year £224m below Budget, driven by the release of contingency provisions and the identification of savings incorporated into the latest Business Plan. This has been incorporated into subsequent forecasts leaving a variance of £5m to the latest forecast.

Net capital expenditure (excluding Crossrail) was £234m below Budget for the full year, largely from the rephasing of projects, including Woolwich Ferry life extension and Spend-To Save initiatives, to future years. This rephased expenditure is expected to catch up in future years, with no significant impact on key delivery milestones. The £107m variance to the Quarter 3 forecast is due to timing differences linked to commercial deals in London Underground and London Rail and the release of a central overprogramming provision.

Crossrail spent £96m less than Budget, due to the revaluation of property commitments and lower than budget indirect costs.

TfL has submitted final accounts to the ODA and LOCOG for all Games related activities. In total, £214m has been recovered to compensate TfL for additional costs associated with operating activities during the Games.

Savings: On a gross basis, TfL delivered over £1.4bn of savings, efficiencies and additional secondary revenue over the full year, £23m better than target. On a net basis after taking in to account implementation costs, TfL was £56m below the annual target. This was primarily driven by the upfront cost of bringing the LU PFI Powerlink contract in house, which will bring further savings in future years.

Cash balances: In 2012/13, TfL generated over £4.5bn of fares income, other operating and commercial income, 43per cent of its total income. Grant and other income from central and local government totalled £5.2bn, which includes over £2.0bn of ring fenced funding for the Crossrail project. TfL undertook additional borrowing of £432m in 2012/13, benefitting from low interest rates to fund future investment. Total expenditure for 2012/13 was just under £9.0bn, with £5.7bn on operating costs, over £1.5bn on capital expenditure and almost £1.4bn on delivering Crossrail. In 2012/13, capital investment has led to 33 trains per hour on the Victoria Line, new trains on the Hammersmith and City Line, and the Metropolitan Line, the opening of London Overground's orbital network, as well as further improvements to TfL's ticketing systems.

The increase in cash resulting from the release of contingency provisions and slower than anticipated capital expenditure was largely known when TfL's revised Business Plan was developed and was accordingly allocated to investment in future years, enabling the increase in investment in roads, rail infrastructure and cycling announced in December 2012. Any further changes since then, including the impact of the Government's Spending Review currently underway, will be incorporated into a revised Business Plan to be presented to the Board in the Autumn.

Staff: At the year end, TfL employed 28,202 Full Time Equivalent (FTE) staff (excluding those on maternity leave). This was 607 higher than budget, primarily due to additional staff required for project work in Tube Lines and the Corporate directorates and the transfer of staff previously employed by Programme Delivery Partners to Crossrail in order to generate cost savings. TfL is committed to optimising resources in order to deliver projects efficiently, flexing staff numbers in response to the demands of the Investment Programme.

Notes

The full-year Quarter 3 forecast financials were restated for the 2013/14 TfL Budget. The Q3 restated forecast includes an accelerated payment of £43m for rolling stock brought forward from 2013/14 and minor operating expenditure reductions of less than £1m.

All tables in this report are subject to rounding

London Underground

Operational Performance

London Underground Performance	Units	Quarter 4 2012/13			Full Year 2012/13		
		Actual	Vs target	Vs last year	Actual	Vs target	Vs last year
Passenger Journeys	m	366.2	2.6	**13.0**	**1229.3**	52.3	**58.8**
% Scheduled Services Operated	per cent	97.3	0.3	**0.6**	**97.6**	0.6	**0.6**
Excess Journey Time (Weighted)	Mins	5.04	(0.73)	**(0.75)**	**5.27**	(0.58)	**(0.57)**
Overall CSS - London Underground 2013	Score	84.0	4.0	**3.0**	**83.0**	3.0	**4.0**
LU and DLR: recorded crime per million passenger journeys Q4 2013	#	10.3	0.9	0.9	9.6	0.0	(0.3)

Green = better than or equal to target   Amber = within 5per cent of target   Red = 5per cent or more worse than target
CSS: Customer Satisfaction Survey

1.0 For the full year, London Underground has seen 52.3 million more journeys than target and 58.8m more than last year (of which 16.5m were made on either travelcards issued to Gamesmakers, or on free one-day travelcards issued to event ticket holders to the Games), and customer demand continues to rise. In Quarter 4, LU passengers made 2.6 million more journeys than target.

1.1 The percentage of schedule operated for the quarter was 97.3 per cent, 0.3 per cent better than target.

1.2 Excess Journey Time in Quarter 4 averaged 5.04 minutes. This was 0.73 minutes better than the quarter target and 0.77 better than the same quarter last year. Reliability of services, as measured by Lost Customer Hours, is at record levels.

1.3 In Quarter 4, the Customer Satisfaction survey showed again the record high score of 84, first achieved in Quarter 3, since the survey started in 1990. The strongest contributory factors to this score were Customer Safety and Security, Train and Station Information and Journey Time.

1.4 LU and DLR recorded crime per million passenger journey exceeded the target by 0.9 crimes per million passenger journeys. The adverse variance to target is attributed to an increase in theft of passenger property offences. Exceptionally high levels of policing resources were deployed across the transport network during the 2012 Games which suppressed theft offences to levels unsustainable once the additional resources were withdrawn. This 'rebound' was not factored into crime rate targets. The British Transport Police have placed renewed focus on this crime category for 2013/14 as a result and the expectation is that it will be managed down from current levels.

Financial Performance

London Underground £m	Full Year 2012/2013				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs Forecast at Q3
Fares Income	(2,124)	(2,133)	9	(2,123)	(1)
Other Operating Income	(175)	(162)	(13)	(171)	(4)
Total Operating Income	**(2,299)**	**(2,295)**	**(4)**	**(2,294)**	**(5)**
Operating Expenditure (net of third party contributions)	1,856	1,828	28	1,880	(23)
Net Capital Expenditure	1,128	1,148	(20)	1,050	78
Net Service Expenditure	**685**	**681**	**4**	**636**	**49**

Green = (underspend)/ (higher income) or equal to budget
Red = Overspend/ Lower income by more than 5 per cent
Amber = Overspend/ Lower income by 5 per cent or less

1.5 Fares Income was £9m lower than the budget, a variance of less than 0.5 per cent. The total for the year was within £1m of the Quarter 3 forecast. Year-on-year passenger growth fluctuated in the last quarter; period 11 was down with periods 12 and 13 recovering the shortfall. The 2013/14 budget requires a 5.2 per cent average growth rate and this will be closely monitored over the year.

1.6 Other operating income of £175m was £13m higher than budget. The high proportion of available advertising space available for use contributed £8m (and accounting for the variance to the Quarter 3 forecast). Increased property revenue of £4m resulted from prompt re-lets and returns from income based rentals.

1.7 Operating expenditure (net of third-party contributions) was £28m higher than budget. Underlying costs were £79m lower than budget, but this was more than offset by the impact of the £107m unbudgeted upfront costs of bringing the PFI Powerlink contract in house, which will result in significant savings in future years. Lower February 2012 RPI led to a lower wage award for staff and combined with delayed recruitment saved £15m in Operations. More efficient use of rail replacement bus services delivered £9m and savings in electricity, due mainly to effective commercial management, amounted to a further £15m. Contract negotiations and head office savings account for the remainder of the underspend. The £23m upside since the Quarter 3 forecast was due to a £15m re-imbursement following a successful contract negotiation, alongside expected recovery of £5m project costs which were previously written off and a £2m underspend in a performance related contract.

1.8 Full-year capital expenditure was £20m (1.7 per cent) lower than budget. Individual programmes were £97m lower than budget as expenditure was rephased to later years. However, much of this slippage was anticipated due to the aggressive stretch financial targets and a central adjustment of £77m was included to reflect this. The main areas of rephasing were: infrastructure including track and power works (£58m); new and upgraded engineering vehicles and automated monitoring systems (£22m); station congestion works (£23m) mainly Victoria Station Upgrades although this was mitigated by the acceleration of property purchases required for the Bank Station Upgrade and projects which contribute to the Mayor's 30 per cent reliability target (£24m). Line upgrades had accelerated spend of £20m with the bringing forward of payments for Sub Surface Lines trains (S Stock) to exploit commercial opportunities which was offset by deferred work on the 'New Tube for London'. These changes will reverse in future years with key delivery milestones not impacted. The Quarter 3 forecast was exceeded by £78m; £39m was due to a commercial deal for S stock at the end of the year. The remainder resulted from LU delivering more strongly overall than forecast, as a potential slip in Bank property purchases did not occur.

1.9 At the end of the year, London Underground employed 18,061 FTE, 43 higher than budget. This was mainly due to Asset Performance using internal staff to complete projects work; these staff were budgeted as contracted out, but delivered internally benefitting from lower costs. The year end forecast of 18,228 is 167 less than the Quarter 3 forecast, due to higher than expected attrition rates and delayed recruitment across all areas of London Underground.

Tube Lines

Financial Performance

Tube Lines £m	Full Year 2012/13				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs Forecast at Q3
Operating Income	(11)	(11)	(0)	(12)	0
Operating Expenditure (net of internal income)	391	367	24	397	(6)
Net Capital Expenditure	222	286	(64)	215	8
Net Service Expenditure	**602**	**642**	**(40)**	**600**	**2**

Green = (underspend)/ (higher income) or equal to budget
Red = Overspend/ Lower income by more than 5 per cent
Amber = Overspend/ Lower income by 5 per cent or less

2.0 Operating income was in line with both budget and the Quarter 3 forecast.

2.1 Operating expenditure was £24m above budget for the full year due to the reclassification of certain items of group income and capital expenditure. Additional maintenance expenditure of £2m in advance of the Games has been offset by maintenance and support cost savings.

2.2 Capital expenditure was £64m below budget in the year largely to rephasing of contractor costs for the Northern line Transmission Based Train Control (TBTC) upgrade (£42m), renewal works (£9m) and the capital element of the reclassification noted above (£13m). These movements were largely reflected in the Quarter 3 forecast for the full year. The increase in spend compared to Quarter 3 relates to the recognition of cumulative contractor gain-share based on projected savings on the Northern Line TBTC upgrade.

2.3 At the year end Tube Lines employed 2,755 FTE staff, 214 FTE (8 per cent) more than budget mainly due to additional temporary project resource required for additional works. The year-end figure was 28 FTE lower than the Quarter 3 forecast as a result of deferred recruitment.

London Rail

Operational Performance

London Rail Performance	Units	Quarter 4 2012/13 Actual	Quarter 4 2012/13 Vs target	Quarter 4 2012/13 Vs last year	Full Year 2012/13 Actual	Full Year 2012/13 Vs target	Full Year 2012/13 Vs last year
DLR							
Passenger Journeys	m	28.2	0.4	1.7	100.0	6.7	**13.9**
% Scheduled Services Operated	per cent	98.7	0.7	1.1	98.5	0.5	**0.9**
On-time performance	per cent	99.0	1.8	1.2	98.8	1.6	**1.3**
Overall CSS – DLR Q4 2013	Score	87.0	5.0	3.0	87.0	5.0	**4.0**
London Overground							
Passenger Journeys	m	39.9	6.1	6.4	124.6	18.4	**22.0**
PPM London Overground (MAA)	per cent	96.2	0.4	(0.3)	96.6	0.8	**0.0**
Overall CSS - London Overground Q4 2013	Score	82.0	2.0	1.0	82.0	2.0	**0.0**
Trams							
Passenger Journeys	m	9.1	0.0	0.5	30.1	0.2	**1.6**
% Scheduled Services Operated	per cent	98.4	0.4	(0.8)	98.2	0.2	**(0.7)**
Overall CSS – Tramlink Q4 2013	Score	89.0	3.0	2.0	89.0	3.0	**3.0**

Green = better than or equal to target Amber = within 5per cent of target Red = 5per cent or more worse than target
CSS: Customer Satisfaction Survey PPM (MAA): Passenger Performance Measure (Moving Annual Average)

3.0 DLR achieved 100 million passenger journeys for the first time in its history this quarter. This was 13.9 million more than last year of which an estimated 5 million was due the Games. In Quarter 4, DLR passenger responsible for driving the increase in customer demand along with an estimated 2.5m additional journeys from the Olympics.

3.1 The percentage of scheduled services operated in Quarter 4 was 98.7 per cent, 0.7 per cent better than target.

3.2 Service reliability for DLR for the quarter, measured by on time performance, reached 99.0 per cent, bettering target by 1.8 per cent.

3.3 DLR exceeded its customer satisfaction target by five points in Quarter 4 with a score of 87. The strongest factors were Freedom from Graffiti On Train, Ease Of Getting On Train, Personal Safety During Journey and State Of Repair Of The Train.

3.4 London Overground passenger journeys in Quarter 4 totalled 39.9 million, 6.1 million better than target and 6.4 million higher than the same period last year. Full-year passenger numbers were the highest on record at 124.6 million. The opening of the new South London line in Quarter 3 has been

3.5 In Quarter 4, London Overground's service reliability was 96.2 per cent, which is 0.4 per cent above target for the public performance measure; the measure fell below last year's performance due to adverse weather in Quarter 4.

3.6 London Overground exceeded its customer satisfaction target by two points in the fourth quarter of 2012/13 with a score of 82. The strongest factors were Trains Running on Time, State of Repair of Train, Personal Safety on Trains and Personal Safety on the Station.

3.7 For the first year Tramlink carried over 30 million passengers, including 9.1 million for this quarter, which was on target.

3.8 Service performance for Trams, as measured by scheduled service kilometres, was 98.4 per cent in Quarter 4 which is 0.4 per cent better than target. Performance was worse than last year due to the bedding in of six new trams. The recovery plan implemented earlier in the year has improved fleet availability, with Quarter 4 performance 0.4 per cent better than target, while Quarter 3 performance was 1 per cent worse than target.

3.9 Customer satisfaction for Quarter 4 remains three points better than target at 89, the strongest factors being Journey Time, Personal Safety, Tram State of Repair and Information.

Financial Performance

London Rail £m	Full Year 2012/13				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs Forecast at Q3
Fares Income	(276)	(246)	(30)	(270)	(6)
Other Operating Income	(10)	(16)	6	(10)	(0)
Total Operating Income	**(286)**	**(261)**	(25)	**(280)**	(6)
Operating Expenditure (net of third party contributions)	346	343	4	347	(0)
Net Capital Expenditure	101	149	(48)	76	25
Net Service Expenditure	**162**	**230**	(69)	**143**	18

Green = (underspend)/ (higher income) or equal to budget
Amber = Overspend/ Lower income by 5 per cent or less
Red = Overspend/ Lower income by more than 5 per cent

3.10 Increased patronage on the DLR and London Overground in the first half of the year, in particular at the 2012 Games, and the continued growth of London Overground during the second half of the year including the effects of opening the New South London Line, has generated £30m more fares income than budget.

3.11 Other operating income was £6m less than budget due to the deferral of 'Access For All' expenditure and the associated income from the cost recovery.

3.12 Operating expenditure net of third-party contributions for the year was £4m (1per cent) over budget. There were £9m of additional payments to both London Overground and DLR concession operators for performance related payments, including a share of the increased income, and additional maintenance work, associated with the 2012 Games. In addition, there was £1m for feasibility work on Tramlink improvements offset by the £6m deferred 'Access For All' work.

3.13 Capital expenditure at £101m was £48m under budget. Capital expenditure in Quarter 4 was £25m more than forecast at Quarter 3, due to acceleration of spend from 2013/14.

3.14 London Rail has retained and taken on additional unbudgeted staff to support the early stages of London Overground Capital Improvement Programme (LOCIP) and preparations for tendering the Crossrail operations concession. As a result staff numbers are 27 higher than budgeted but in line with both the Quarter 3 and Quarter 2 forecasts.

Crossrail

Crossrail £m	Full Year 2012/2013				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs Forecast at Q3
Net Service Expenditure	1,371	1,467	(96)	1,412	(41)

Green = (underspend)/ (higher income) or equal to budget
Amber = Overspend/ Lower income by 5 per cent or less
Red = Overspend/ Lower income by more than 5 per cent

4.0 In the full year, Crossrail spent £96m less than budget. Indirect costs are £39m under budget, largely due to the slower than planned recruitment of staff in Central Delivery and Technical areas, together with a delay in land referencing activities, and budgeted rights of light claims not materialising. Property costs are £49m under budget due to downward property commitment revaluations at Westbourne grove, Whitechapel, Abbeywood and Ealing Broadway, together with committed budget moved to later in the project (£25m). This is offset by revised scope and commitments brought forward (£25m) at Farringdon, Eleanor Street and Langley Station. Direct costs are £9m under budget.

4.1 Crossrail spent £41m less than forecast in the year, principally due to downward revaluations driven by a revised estimate of land and property commitment requirements (£21m), primarily for Whitechapel, Westbourne Grove and Custom House, in addition to commitments moved to later in the project (£20m), notably at Plumstead and Paddington Stations.

4.2 At the end of Quarter 4, Crossrail employed 769 FTE staff which was 180 FTE more than budget. As part of a cost reduction strategy a significant number of agency staff that were previously employed by the Programme Delivery Partner (PDP) have transferred to Crossrail (PDP FTEs were not included in the Crossrail FTE budget), and Crossrail have subsequently filled further roles previously budgeted as PDP. Crossrail will continue to implement this strategy, although at Quarter 4, fewer roles had been filled than anticipated, as reflected by the full year forecast of 798 FTE.

Surface Transport

Operational Performance

Surface Transport Performance	Units	Quarter 4 2012/13 Actual	Quarter 4 2012/13 Vs target	Quarter 4 2012/13 Vs last year	Full Year 2012/13 Actual	Full Year 2012/13 Vs target	Full Year 2012/13 Vs last year
London Buses							
Passenger Journeys	m	696.8	(9.6)	(6.4)	2335.0	(21.0)	(9.5)
% Scheduled Services Operated	per cent	98.1	0.3	0.3	97.6	-	-
Excess Wait Time	Mins	0.9	0.1	(0.1)	1.0	0.1	-
Overall CSS - Buses Q4 2013	Score	83	3	2	82	2	2
London Buses: recorded crime per million passenger journeys Q4 2013	#	8.7	0.8	(0.4)	8.6	0.7	0.6
Performance - Other Areas							
Cycling levels on the TLRN*	Index	210	(27)	(18)	276	(12)	4
Number of trips - Dial a Ride	m	0.4	-	-	1.4	-	-
Overall CSS - Dial a Ride Q4 2013	Score	92	-	1	92	-	1
TLRN Journey Time Reliability (am peak)	per cent	89.5	(0.3)	1.0	89.2	-	0.3
Overall CSS - Congestion Charging Scheme	Score	83	1	1	83	1	1
Cumulative reduction in KSI Londonwide - per cent reduction (from 05-09 baseline) September – November 2012	per cent	(22.4)	9.4	(4.0)	(17.7)	15.1	7.7
Overall CSS –TLRN road users Q4 2013	per cent	76	1	1	76	1	1

Green = better than or equal to target   Amber = within 5 per cent of target   Red = 5 per cent or more worse than target
CSS: Customer Satisfaction Survey   KSI: Killed and seriously injured   TLRN: TfL Road Network
* Cycling levels on the TLRN - Indexed (March 2000 = 100) measures growth in cycle flows recorded at 60 locations on the TLRN. (NB: the sample count figures are not equal to the total amount of cycling taking place on the TLRN).

5.0 Bus passenger journeys in Quarter 4 were 9.6 million (1.4 per cent) below target and 6.4 million (0.9 per cent) below the same quarter last year. This was due to poor weather conditions during January and March 2013 suppressing both fare-paying and non-fare paying journeys.

5.1 Full-year bus passenger journeys were 0.9 per cent below target and 0.4 per cent lower than last year. However, after taking into account the differences between the two years (including two extra bank holidays in 2012/13 and a leap year in 2011/12) it is estimated the underlying year-on-year growth is currently approximately 0.5 per cent. Events which have contributed to suppressed passenger journeys in the year included the industrial action in June and November, the Games Period and poor weather conditions; 2012 was the second wettest year since records began in 1910 whilst there was a prolonged exceptionally cold spell over the first 3 months of 2013.

5.2 Bus scheduled services operated achieved the full-year target offsetting the negative impact of industrial action earlier in the year. This was attributed to initiatives to protect routes from anticipated delays and improved control of services.

5.3 The full-year Overall Bus Customer Satisfaction Survey was 2 points higher than both budget and prior year, reflecting better than budgeted Excess Wait Time, continued investment in Driver Training and the provision of Real Time Bus Information.

5.4 The index of cycle flows on the TLRN was 210 in Quarter 4, 7.8 per cent lower than Quarter 4 last year. Low temperature and high rainfall across all four periods in Quarter 4 saw worse than average cycling conditions. The full-year index of cycle flows on the TLRN was 276, an increase of 1.4 per cent compared to last year. However, this was 4.1 per cent below the full-year target, attributed to adverse weather conditions throughout the year. Between March 2000 and the end of 2012/13 cycle flows on the TLRN increased by 177.1 per cent.

5.5 The journey time reliability on the TLRN in the AM peak in all directions in Quarter 4 was one percentage point higher than Quarter 4 last year, but slightly lower than target by 0.3 percentage points. The variance to target is explained by a number major incidents in the Quarter, the most significant being the helicopter crash in Vauxhall which involved prolonged road closures in its vicinity. Without these incidents delivery would have been even better than recorded. The full-year results were in line with target and 0.3 per cent higher than last year.

5.6 Provisional data for Quarter 4 of 2012/13, September 2012 to November 2012, shows that the number of people killed or seriously injured (KSI) on London's roads was 22.4 per cent below the 2005-2009 baseline, and 4.0 per cent lower than the reduction against the baseline in Quarter 4 last year.

5.7 As the year progressed KSI performance improved, with Quarter 4 data an improvement on performance in Quarter 3, when KSIs were 18.5 per cent below the 2005-2009 baseline, which was an improvement on Quarter 2 2012/13.

5.8 When considering the full year however, KSI performance was 17.7 per cent below the 2005-2009 baseline in comparison to the target reduction against baseline of 32.8 per cent. The target reduction was based on an unrepresentative period during winter 2010/11, the coldest since records began in 1910, resulting in a suppression of some journeys and casualties.

Financial Performance

Surface Transport £m	Full Year 2012/13				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs Forecast at Q3
London Buses					
Bus fares income	(1,418)	(1,419)	1	(1,417)	(1)
Bus contract costs & ticket commission	1,795	1,793	2	1,795	(0)
Direct Bus Subsidy	**377**	**374**	**3**	**378**	**(1)**
Other Bus Income	(25)	(25)	(0)	(25)	0
Bus operating Expenditure (net of third party contributions)	89	99	(9)	94	(5)
Bus Capital Expenditure	14	19	(5)	17	(3)
Net Bus Service Expenditure	**455**	**467**	**(12)**	**463**	**(8)**
Other Surface Transport			-		-
Other Operating Income	(331)	(347)	16	(332)	1
Other Operating Expenditure (net of third party contributions)	771	810	(39)	793	(21)
Other Net Capital Expenditure	102	176	(74)	107	(5)
Net Service Expenditure	**997**	**1,107**	**(110)**	**1,031**	**(34)**

Green = (underspend)/ (higher income) or equal to budget
Red = Overspend/ Lower income by more than 5 per cent
Amber = Overspend/ Lower income by 5 per cent or less

5.9 Full-year bus fares income was slightly lower than budget, including approximately £1.4m of income lost due to the Bus Driver industrial action in June and November. Although fare paying journeys were 25.4 million lower than budget, due to the factors described in the Surface Performance section, the effect on revenue was offset by higher average fare per journey resulting from the proportion of journeys using season tickets, which yield less revenue per journey than other tickets, being smaller than anticipated.

5.10 Average fare per journey was also higher than the Quarter 3 forecast because, following the fares revision, fewer passengers than anticipated switched from Cash Single fares to lower cost options, principally Pay As You Go.

5.11 Bus contract costs for the full year were £2m higher than budget due to the Bus Workers' Games settlement largely offset by lower Contract Price Adjustments driven by lower than budgeted average weekly earning index.

5.12 Other bus operating expenditure for the full year was £9m lower than budget primarily due to non-recurring savings (in areas such as marketing, Countdown 2 and iBus) and capitalisation of New Bus for London (NBfL) expenditure following the decision for TfL to purchase the buses rather than the Bus Operators. The full-year outturn was £5m below forecast mainly due to non-recurring cost reductions and technical delays on engineering projects.

5.13 Bus capital expenditure in the full year was £5m below budget, largely due to Countdown 2 savings and some rephasing into future years, which were partially offset by capitalisation of NBfL expenditure. Expenditure was £3m lower than the Quarter 3 forecast due to across-year phasing.

5.14 Full year other operating income was £16m lower than budget, most notably due to highways advertising sites income of £7m which was transferred to Corporate, lower Barclays Cycle Hire income of £8m, partly attributed to the adverse weather conditions. The Quarter 3 forecast and the future years Business Plan published in December 2012 reflected lower Barclays Cycle Hire expectations.

5.15 Full year other operating expenditure was £39m below budget primarily due equally to rephasing to future years and non-recurring net cost reductions. The main contributors to re-phasing were delays in Local Implementation Plan (LIP) works completed by the Boroughs due to the Games and Cycle Superhighways, pending the Better Junctions reviews.

5.16 The full-year operating expenditure was £21m below the Quarter 3 forecast primarily due to non-recurring cost reductions across many areas.

5.17 Other net capital expenditure in the full year was £74m below budget mainly due to rephasing of £66m, including Cycle Superhighways, Barclays Cycle Hire Phase 2, Woolwich Ferry life extension, Signal Modernisation and London Safety Camera Partnership. There were also some non-recurring savings; the largest of which were £5m on Countdown II and £3m on Bounds Green improvement project.

5.18 At the end of Quarter 4, Surface Transport employed 3,257 FTE, 72 FTE fewer than budget and 124 fewer than the Quarter 3 forecast primarily due to vacancies across a number of areas.

Corporate Directorates

Corporate Directorates £m	Full Year 2012/13				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs Forecast at Q3
Operating Income	(40)	(44)	4	(39)	(1)
Operating Expenditure (net of third party contributions)	447	532	(85)	467	(20)
Net Capital Expenditure	12	34	(22)	8	4
Net Service Expenditure	**419**	**522**	**(103)**	**436**	**(17)**

Green = (underspend)/ (higher income) or equal to budget
Red = Overspend/ Lower income by more than 5 per cent
Amber = Overspend/ Lower income by 5 per cent or less

6.0 Full-year operating income was £4m lower than budget. This was mainly due to the reprofiling of Spend-to-Save income to future years to reflect the emerging Commercial Development secondary revenue strategy. This was partly offset by the transfer of advertising income from Surface Transport and higher income for Crossrail accommodation at Pier Walk.

6.1 The full-year operating expenditure (net of third party contributions) variance to budget of £85m was mainly due to reprofiling of projects to future years, delivery of declared efficiencies across the Corporate Directorates, partially offset by new activity including project work on Aviation and Crossrail 2. The majority of the variance was incorporated into the Quarter 3 forecast with full-year operating expenditure of £20m lower than forecast due to the delivery of further savings and efficiencies in IM, Commercial Strategic Sourcing and HR, as well as lower than forecast staff and associated costs. Project expenditure has also been reprofiled to future years and capital expenditure relating to the IM Run Better programme has been reclassified.

6.2 Net capital expenditure in the full-year was £22m lower than budget. This was driven by lower than budget capital expenditure due to the reprofiling of asset disposal costs, Spend-To-Save initiatives in Finance and CEM&C and the Future Ticketing Project, partially offset by lower than budget capital income due to the reprofiling of receipts from commercial development to future years. Against the Quarter 3 forecast net capital expenditure was £4m higher than forecast due to project reprofiling in IM, Marketing and Property, partially offset by higher capital income due to the reprofiling of property sales.

6.3 At year end, there were 3,172 FTE in the Corporate Directorates, 215 higher than budget reflecting additional project-funded staff, mainly working on projects within IM and CEM&C, and roles to cover vacancies, maternity leave and secondments. These were partially offset by vacancies, for which recruitment is ongoing, and fewer graduates due to early roll-offs and lower than budgeted intake.

Group Items and Other Companies

Group items and Other Companies £m	Full Year 2012/2013				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs Forecast at Q3
Interest Income and Debt Service	271	315	(44)	274	(2)
Contingency and Other Group Items	(14)	166	(181)	(12)	(2)
Net Service Expenditure	**257**	**481**	**(224)**	**262**	**(5)**

Green = (underspend)/ (higher income) or equal to budget
Amber = Overspend/ Lower income by 5 per cent or less
Red = Overspend/ Lower income by more than 5 per cent

7.0 Full-year debt service is lower than budget. This was primarily driven by TfL issuing a combination of short-term and long-term debt at lower rates than budgeted. There has also been a positive variance on bank interest receivable due to more favourable rates than budgeted.

7.1 The full-year variance on Contingency and other Group Items relates to contingency provision not required and identification of savings as part of the new Business Plan.

Savings and efficiencies

Savings and efficiencies £m	Full Year 2012/13				
	Actual	Target	vs Target	Forecast at Q3	Vs Forecast at Q3
Rail and Underground	614	565	(49)	618	4
Surface Transport	299	291	(8)	300	1
Corporate and Group wide	504	538	34	490	(14)
Gross	**1,417**	**1,394**	**(23)**	**1,409**	**(9)**
Implementation costs	(180)	(101)	**79**	(129)	**51**
Net costs	**1,237**	**1,293**	**56**	**1,279**	**42**

8.0 Savings and efficiencies reporting is based on the approach used in the 2011 Business Plan and includes both secured and unsecured initiatives. TfL refreshed the savings programme in the new Business Plan published in December 2012, providing clearer and more challenging targets beyond those already secured. This report will move to reporting on this basis from Quarter 1 2013/14.

8.1 On a gross basis, over £1.4bn of savings, efficiencies and additional secondary revenue were delivered during 2012/13, £23m more than target. On a net basis, TfL is £56m below the annual target and £42m worse than the Quarter 3 forecast. Despite the unfavourable full year variance, TfL remains on target to deliver the savings, efficiencies and secondary revenue forecast over the life of the Business Plan.

8.2 Rail and Underground savings and efficiencies programme delivered on a gross basis, £614m of savings and efficiencies during 2012/13, exceeding the target by £49m. This was mainly due to further capital efficiencies in the station programme, on-going efficiencies associated with the provision of replacement buses and the tight management of vacancies.

8.3 Surface Transport, on a gross basis exceeded their target by £8m. This was primarily due to ongoing recruitment restrictions and from an earlier negotiated reduction to Taxicard contributions.

8.4 Corporate Directorates delivered £504m gross savings, efficiencies and secondary revenue over the full year. Whilst this was an improvement of £14m on the Quarter 3 forecast, it is £34m below target. Corporate remain on track to deliver their long-term target. The full-year variance reflects the re-profiling of various initiatives mainly within the Spend to Save and Property asset disposals programme into future years. This was partially offset in the Quarter by additional One HR savings associated with training, consultancy and IM projects.

8.5 Implementation costs for the full year are £180m. This is an increase £51m from Quarter 3, and £79m on the full-year target. Both variances are mainly due the upfront rephasing of the LU Powerlink PFI implementation costs.

Appendix One: Financial Summary

TfL Group £m	Full Year 2012/13				
	Actual	Budget	Vs Budget	Forecast at Q3	Vs forecast at Q3
Fares Income	(3,818)	(3,797)	(21)	(3,810)	(9)
Other Income	(601)	(609)	8	(596)	(5)
Total Operating Income	**(4,419)**	**(4,407)**	**(12)**	**(4,406)**	**(13)**
Operating Expenditure (net of third- party contributions)	**5,703**	**5,775**	**(72)**	**5,779**	**(75)**
Operating Margin	**1,284**	**1,369**	**(84)**	**1,373**	**(89)**
Interest Income & Debt Servicing	271	315	(44)	274	(2)
Contingency and Other Group Items	(14)	166	(181)	(12)	(2)
Total Group Items	**257**	**481**	**(224)**	**262**	**(5)**
Margin	**1,541**	**1,850**	**(308)**	**1,635**	**(94)**
Net Capital Expenditure (excl. Crossrail)	1,580	1,813	(234)	1,472	107
Net Service Expenditure (excl. Crossrail)	**3,121**	**3,663**	**(542)**	**3,107**	**14**
Capital Expenditure: Crossrail	1,371	1,467	(96)	1,412	(41)
Net Service Expenditure: TfL	**4,492**	**5,130**	**(638)**	**4,519**	**(27)**

Appendix 2: Balance Sheet

Transport for London Group Balance Sheet at Quarter 4 2012/13 £m	Full year 2012/13			
	Actual	Vs Budget	Forecast at Q3	Vs forecast at Q3
Non-current assets – (higher) / lower than budget	27,917	205	27,789	(128)
Current assets (exc. cash & investments) – (higher) / lower than budget	547	49	553	6
Cash & investments – (higher) / lower than budget	3,906	(734)	3,840	(66)
Creditors - higher / (lower) than budget	(2,976)	49	(2,986)	(10)
Derivative liabilities - higher / (lower) than budget	(116)	35	(117)	(1)
Borrowings – higher / (lower) than budget	(7,533)	(15)	(7,533)	-
Provisions – higher / (lower) than budget	(2,519)	44	(2,496)	23
Total Net Assets – (higher) / lower than budget or forecast	**19,226**	**(367)**	**19,050**	**(176)**

9.0 Non-current assets were £205m below budget at the year end, with lower fixed assets of £277m offset by a higher long term debtor for the Crossrail facility with Network Rail. The fixed asset variance is the net of lower gross activity spend of £394m allied to higher disposals and depreciation of £27m, less the impact of year end investment property revaluation of £144m. The outturn position for long term assets was £128m above the Q3 forecast, largely due to the effect of the revaluations, offset by lower Crossrail related property acquisitions.

9.1 Current assets were £49m lower than budget at year end, almost entirely due to a movement in the TTL VAT debtor following receipt of £52m from HMRC on the 27 March, which was budgeted to arrive in April. The outturn was within £6m of the Q3 forecast position.

9.2 At year end, TfL's cash balance including Crossrail is £3,906m, £734m higher than expected in the Budget. This was predominantly driven by the £638m variance arising from the reduction in net service expenditure detailed in the Financial Summary, along with favourable working capital movements of £80m and higher level of grants of £30m, the latter predominantly from Games related cost recovery.

9.3 As part of the Business Plan published in December 2012, all available funds were allocated to investment. Since the Business Plan, TfL has updated its programme for the 2013/14 Budget, including addressing reductions in government grant in both 2013/14 and 2014/15. Over the following years of the Business Plan, TfL will use its cash balances (while maintaining a prudent minimum) to fund the investment outlined in the Business Plan.

9.4 A breakdown of the cash variances to budget and the Quarter 3 forecast is shown in the table at Appendix 3.

9.5 Year end creditor balances were £49m below budget, mainly driven by the £74m reduction to lease creditors from the termination of the Power PFI, offset by minor trading variances across the group. The outturn was within £10m of the Q3 forecast, a margin of error of 0.3 per cent.

9.6 The derivative liability position, based on market values at the balance sheet date, was £35m higher than originally budgeted, and within £1m of the Quarter 3 forecast position. TfL is obliged to record the fair value of its derivatives on the balance sheet. However, as TfL only enters into such contracts to fix interest rates on its future borrowings, hedge accounting applies and any movement in the fair value of the derivative liability is recognised directly in reserves. The fair value liability is expected to reverse by maturity.

9.7 External borrowings were £15m below budget, as a result of slightly higher repayments of Tube Lines debt and discounts and fees associated with Bond Issues. The outturn was as expected at Quarter 3.

9.8 Provisions were £44m higher than budget, primarily due to timing changes for payments against the Crossrail property provision in TfL. The outturn was £23m above the forecast at Quarter 3, again due to changed assumptions on the compensation payments for Crossrail Land acquisitions.

Balance Sheet £m	**Full Year**					
	Actual	Budget	Vs Budget	Actual	Forecast at Q3	Vs forecast at Q3
Intangible assets	102	123	21	102	143	41
Property, plant & equipment	27,124	27,518	394	27,124	27,095	(29)
Investment properties	428	290	(138)	428	288	(140)
Long term derivatives	-	-	-	-	-	-
Long term debtors	263	191	(72)	263	263	-
Non Current Assets	**27,917**	**28,122**	**205**	**27,917**	**27,789**	**(128)**
Stocks	42	38	(4)	42	41	(1)
Short term debtors	505	558	53	505	512	7
Short term derivatives	-	1	1	-	-	-
Cash and Investments	3,906	3,172	(734)	3,906	3,840	(66)
Current Assets	**4,453**	**3,769**	**(684)**	**4,453**	**4,393**	**(60)**
Short term creditors	(2,017)	(1,899)	118	(2,017)	(2,005)	12
Short term derivatives	-	(8)	(8)	-	-	-
Short term borrowings	(1,135)	(2,176)	(1,041)	(1,135)	(2,176)	(1,041)
Short term lease liabilities	(95)	(68)	27	(95)	(102)	(7)
Short term provisions	(148)	(141)	7	(148)	(113)	35
Current Liabilities	**(3,395)**	**(4,292)**	**(897)**	**(3,395)**	**(4,396)**	**(1,001)**
Long term creditors	(68)	(52)	16	(68)	(76)	(8)
Long term borrowings	(6,398)	(5,372)	1,026	(6,398)	(5,357)	1,041
Long term lease liabilities	(796)	(908)	(112)	(796)	(803)	(7)
Long term derivatives	(116)	(74)	42	(116)	(117)	(1)
Other provisions	(92)	(52)	40	(92)	(105)	(13)
Pension provision	(2,279)	(2,282)	(3)	(2,279)	(2,278)	1
Long Term Liabilities	**(9,749)**	**(8,740)**	**1,009**	**(9,749)**	**(8,736)**	**1,013**
Total Net Assets	**19,226**	**18,859**	**(367)**	**19,226**	**19,050**	**(176)**
Capital and Reserves						
Usable reserves	3,824	2,829	(995)	3,824	3,644	(180)
Unusable reserves	15,402	16,030	**628**	15,402	15,406	4
Total Capital Employed	**19,226**	**18,859**	**(367)**	**19,226**	**19,050**	**(176)**

Cash and Investments:						
CRL Sponsor funding account	**1,457**	**1,414**	**(43)**	**1,457**	**1,419**	**(38)**
Other cash and investments	**2,449**	**1,758**	**(691)**	**2,449**	**2,421**	**(28)**
Total as above	**3,906**	**3,172**	**(734)**	**3,906**	**3,840**	**(66)**

Appendix Three: Cash summary

Cash Summary In / (Out) Flow £m	Full year					
	Actual	**Budget**	**Vs Budget**	**Actual**	**Forecast at Q3**	**Vs forecast at Q3**
Margin	(1,541)	(1,850)	(309)	(1,541)	(1,635)	(94)
Working Capital Movements	40	(146)	(186)	40	(92)	(132)
Cash Spend on Operating Activities	**(1,501)**	**(1,996)**	**(495)**	**(1,501)**	**(1,727)**	**(226)**
Net Capital Expenditure	(1,580)	(1,814)	(234)	(1,580)	(1,472)	108
Crossrail	(1,371)	(1,467)	(96)	(1,371)	(1,412)	(41)
Working Capital Movements	(150)	(44)	106	(150)	(59)	91
Cash Spend on Capital Activities	**(3,101)**	**(3,325)**	**(224)**	**(3,101)**	**(2,943)**	**158**
Funded by:						
Grants, Precept & other contributions	5,436	5,406	(30)	5,436	5,438	2
Borrowings Raised	432	445	13	432	432	-
Borrowings Repaid	(22)	(20)	2	(22)	(22)	-
Total Funding	**5,846**	**5,831**	**(15)**	**5,846**	**5,848**	**2**
Net Movement in Cash	**1,244**	**510**	**(734)**	**1,244**	**1,178**	**(66)**