Board

Date: **15 December 2016**

Item: **Finance Report**

This paper will be considered in public

1 Summary

1.1 The Finance Report sets out TfL's financial results for Period 8, 2016/17 – the four weeks ending 12 November 2016.

2 Recommendation

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

3 Financial Reporting to the Board

Finance Report

3.1 The second of the new style Finance Reports was presented to the Board on 8 November. This report had been refreshed in response to feedback from a number of stakeholders. Where possible,feedback received from Board Members and others has been taken into account in the report for period 8, which now includes the current forecast of the full year outturn. This forecast is based on our view of the year-end outturn at the end of Period 6 and is consistent with that included in the draft Business Plan, also on the agenda for this Board meeting.

3.2 The Finance Report shows the latest available management results which, for this Board meeting, are the results for Period 8.

Quarterly Performance Report

3.3 Since the last Board meeting the Quarterly Performance Report for Quarter 2 has been published on TfL's website (https://tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports).

3.4 An email address was created for comments, suggestions and observations after the Quarter 1 report was issued and this address remains open. Feedback on both of the new style reports is encouraged. Subsequent reports will take account of this feedback where possible.

List of appendices to this report:

Appendix 1: Finance Report – Period 8, 2016/17

List of Background Papers:

None

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Transport for London finance report

Period 8 2016/17

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

About Transport for London (TfL)

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

As a core element in the Mayor's overall plan for London, our purpose is to keep London moving, working and growing, and to make life in our city better. We reinvest all of our income to run and improve London's transport services and to make it safer, more modern and affordable for everyone.

Our operational responsibilities include London Underground, London Buses, Docklands Light Railway (DLR), 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 6,300 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 the Elizabeth line, modernising Tube services and stations, transforming the road network and making it safer, especially for more vulnerable road users, such as pedestrians and cyclists.

We work hard to make journeys easier through effective use of technology and data. We provide modern ways to pay through Oyster and contactless payment cards and provide information in a wide range of formats to help people move around London.

Real-time travel information is provided directly by us and through third-party organisations, which use the data we make openly and freely available to power apps and other services.

We listen to, and act upon, feedback and complaints to constantly improve our services and work with communities, representative groups, businesses and many other stakeholders to shape transport provision in London.

Improving and expanding transport in London is central to driving economic growth, jobs and housing throughout the United Kingdom. Under the Mayor's housing strategy, we are using our land to provide thousands of new, affordable homes. Our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

Contents

The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's last audited **Statement of Accounts** for the year ended 31 March 2016 was published on 28 July 2016.

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

Management results

Operating account

Period 8 – the four weeks ending 12 November 2016

	Period 8				Year to date			
(£m)	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Fares income	373	392	(19)	-5%	2,914	2,999	(85)	-3%
Other operating income	60	59	1	2%	439	437	2	0%
Total operating income	**433**	**451**	**(18)**	**-4%**	**3,353**	**3,436**	**(83)**	**-2%**
General grant	34	34	-	0%	275	275	-	0%
Business rates retention	68	68	-	0%	513	513	-	0%
Other revenue grants	5	3	2	67%	23	20	3	15%
Total income	**540**	**556**	**(16)**	**-3%**	**4,164**	**4,244**	**(80)**	**-2%**
Operating cost	(474)	(492)	18	-4%	(3,789)	(3,911)	122	-3%
Net operating surplus	**66**	**64**	**2**	**3%**	**375**	**333**	**42**	**13%**
Depreciation and amortisation	(81)	(76)	(5)	7%	(663)	(606)	(57)	9%
Net cost of operations before financing	**(15)**	**(12)**	**(3)**	**25%**	**(288)**	**(273)**	**(15)**	**5%**
Net financing costs	(29)	(29)	-	0%	(221)	(232)	11	-5%
Net cost of transport operations	**(44)**	**(41)**	**(3)**	**7%**	**(509)**	**(505)**	**(4)**	**1%**

Income

Fares income was £85m lower than budget in the year-to-date, principally driven by lower passenger volumes:

- London Underground (LU) cumulative fares income (£1,639m) is £42m (two per cent) adverse to budget, and £10m lower in the period. This was driven by lower passenger volumes – down 13.4 million – and a reduced average yield down 1.9p. These adverse variances on volume and yield account respectively for £29m and £13m. The variance on yield is driven by Stratford rezoning (creation of new Zone 2/3) and increased 60+ Oyster usage

- Bus fares income (£933m) is £39m lower than budget in the year-to-date and £8m lower in Period 8. Passenger volumes were 48.3 million (three per cent) below budget. Fare paying passenger journeys are 35.1 million less than budget and non-fare paying passenger journeys are 13.3 million below budget. Passenger volumes are lower due to increased congestion, but bus reliability is starting to improve. Excess wait time was 1.2 minutes in the period compared to 1.4 minutes in Period 8, 2015/16

- London Overground fares income is £6m lower than budget, a continuation of lower volumes and yield

- Other income is £2m higher than budget in the year-to-date. Higher income of £6m in LU has been partly offset by lower Congestion Charge income of £7m. The adverse Congestion Charge variance is due to a lower number of chargeable vehicles entering the zone, coupled with postponed issuing of PCNs as a result of additional validation checks implemented during the initial period following the start of the new contract on 26 September 2016

Passenger journeys

	Period 8				Year to date			
Million	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
London Underground	112.6	115.7	(3.1)	-2.7%	855.6	869.0	(13.4)	-1.5%
TfL Rail	3.8	4.2	(0.4)	-9.5%	29.6	29.9	(0.3)	-1.0%
DLR	10.1	10.5	(0.4)	-3.8%	75.9	78.6	(2.7)	-3.4%
London Overground	15.5	15.1	0.4	2.6%	117.2	120.8	(3.6)	-2.0%
Trams	2.2	2.5	(0.3)	-12%	18.3	19.0	(0.7)	-3.7%
EAL	0.1	0.2	(0.1)	-50%	1.1	1.3	(0.2)	-15.4%
Buses	176.4	182.9	(6.5)	-3.6%	1,407.1	1,455.4	(48.3)	-3.3%
Total passenger journeys	**320.7**	**331.1**	**(10.4)**	**-3.1%**	**2,504.8**	**2,574.0**	**(69.2)**	**-2.7%**

Costs

There is a favourable variance in operating costs compared with budget of £122m (three per cent) at the end of Period 8. This includes:

- Cost reductions of £27m across Surface Transport include £10m from initiatives that were added into the budget without delivery plans, and £5m from savings in asset management and traffic signals, with the latter switching to cheaper digital lines. Local Implementation Plan major schemes have seen some slippage (£6m) with affected projects incorporated into next year's programme
- Further cost savings of £15m on buses mainly from lower operating costs as a result of reduced performance payments, lower ticket selling commission and higher contract deductions for lost mileage due to industrial action
- Higher profit share from LOROL of £8m. This was the result of the final accounting process in advance of the transfer of operations to Arriva in November 2016, and from higher than expected income growth in 2015/16 from higher passenger volumes
- LU had £24m of cost reductions, driven by lower net ticket commission paid, reduced staff costs and the release of provisions
- Cost savings of £9m across Professional Services' back office functions, including £5m in IM and Customer Experience, and £2m on telecoms, utilities and catering from reducing demand volumes
- Lower passenger volumes resulted in lower costs of £6m from lower debit/credit card fees, reduced contact centre volume and lower compensation payments to the Train Operating Companies
- Rephasing of £32m of costs in LU to future years driven by heavy overhaul train maintenance (£11m) and delays of £11m to projects including the Integrated Stations and Maintenance Modernisation programmes
- Deferred payments of £10m to the Garden Bridge project as a result of delayed construction; this payment is expected to be made in 2017/18
- Technology projects have been cancelled or deferred totalling £12m
- These cost reductions and deferrals are partly offset by unbudgeted costs of £15m for the Transformation and Exit Programmes

Depreciation and amortisation costs are £57m (nine per cent) higher than budget.

Financing costs are £11m (five per cent) lower than budget as a result of delaying further borrowing this year to reduce interest payments.

Net cost of operations

The net operating surplus is some £42m (13 per cent) ahead of budget in the year-to-date, although because of an underestimate of the cost of depreciation when the budget was set, the net cost of operations is very close to the original budget.

Capital account

(£m)	Period 8 Actuals	Period 8 Budget	Period 8 Variance to budget	Period 8 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Capital renewals	(46)	(67)	21	-31%	(476)	(520)	44	-8%
New capital investment	(94)	(105)	11	-11%	(639)	(713)	74	-10%
Crossrail	(131)	(112)	(19)	17%	(992)	(1,012)	20	-2%
Total capital expenditure	**(271)**	**(284)**	**13**	**-5%**	**(2,107)**	**(2,245)**	**138**	**-6%**
Financed by:								
Investment grant	73	73	-	0%	581	581	-	0%
Third-party contributions	4	3	1	33%	27	25	2	8%
Property income	2	-	2	0%	4	4	-	0%
Crossrail funding sources	20	11	9	82%	81	85	(4)	-5%
Other capital grants	16	11	5	45%	109	97	12	12%
Total	**115**	**98**	**17**	**17%**	**802**	**792**	**10**	**1%**
Net capital account	**(156)**	**(186)**	**30**	**-16%**	**(1,305)**	**(1,453)**	**148**	**-10%**

Total capital expenditure is £138m (six per cent) lower than budgeted, principally as a result of the rephasing of capital projects, as follows:

- Capital expenditure on new buses was above budget by £12m as a result of accelerated delivery to secure a lower unit price
- Cost reductions in LU of £12m including £8m from the cessation of technology projects and £4m from Fit for the Future Stations descoping and project close
- The Commercial Development programme is £64m lower than budget, including £28m on property development schemes primarily due to slippage of the sales of Broadway, Southwark and London Road sidings. Costs on the Earls Court development are £12m lower
- LU has deferred £13m of net costs to future years, which include the upgrade to the Circle, District, Hammersmith & City and Metropolitan lines to realign infrastructure enabling works to accommodate the contractor's priorities (£18m) and delayed rollout of trains while outstanding defects are rectified (£7m)
- Rephased projects in London Rail including West Anglia station works and Barking Riverside extension, along with DLR Limehouse esclators and customer emergency and information points (£18m, with £10m expected to be recovered by year end). The slippage is due to a delay in contract letting for main and design works, as a result of project teams exploring value engineering options
- Further delays in asset capital programme including highways, tunnels and structure renewals due to design re-work and road space restrictions totalling £15m, which is expected to catch up by year end
- TfL Rail's station improvement programme (£12m) driven by extended contract negotiations
- Some slippage on borough cycling schemes (£10m), including £3m in Camden due in part to conflicts arising with other local schemes and activities, and £2m on the Central London Grid relating to Westminster
- £7m increase in Cycle Superhighways – mainly to civil engineering, road surfacing, traffic infrastructure and lighting – following the completion of detailed design

Latest forecast for this year

Operating account

	Full year 2016/17			
(£m)	**Full-year forecast**	**Full-year budget**	**Forecast variance to budget**	**% forecast variance to budget**
Fares income	4,723	4,861	(138)	-3%
Other operating income	702	704	(2)	0%
Total operating income	**5,425**	**5,564**	**(140)**	**-3%**
General grant	447	447	-	0%
Business rates retention	854	854	-	0%
Other revenue grants	57	43	14	31%
Total income	**6,783**	**6,908**	**(126)**	**-2%**
Operating cost	(6,356)	(6,439)	83	-1%
Net operating surplus	**427**	**470**	**(43)**	**-9%**
Depreciation and amortisation	(1,064)	(987)	(77)	8%
Net cost of operations before financing	**(637)**	**(517)**	**(120)**	**23%**
Net financing costs	(363)	(379)	16	-4%
Net cost of transport operations	**(1,000)**	**(896)**	**(104)**	**12%**

Capital account

	Full year 2016/17			
(£m)	**Full-year forecast**	**Full-year budget**	**Forecast variance to budget**	**% forecast variance to budget**
Capital renewals	(869)	(862)	(7)	1%
New capital investment	(1,147)	(1,300)	153	-12%
Crossrail	(1,597)	(1,454)	(143)	10%
Total capital expenditure	**(3,613)**	**(3,616)**	**3**	**0%**
Financed by:				
Investment grant	944	944	-	0%
Third-party contributions	59	55	4	7%
Property income	25	127	(102)	-80%
Crossrail funding sources	138	194	(56)	-29%
Other capital grants	141	168	(27)	-16%
Total	**1,307**	**1,488**	**(181)**	**-12%**
Net capital account	**(2,306)**	**(2,128)**	**(178)**	**-8%**

Cash flow summary

	Full year 2016/17			
(£m)	**Full-year forecast**	**Full-year budget**	**Forecast variance to budget**	**% forecast variance to budget**
Net cost of transport operations	(1,000)	(896)	(104)	12%
Non-cash depreciation	1,064	987	77	8%
Net capital expenditure	(2,306)	(2,128)	(178)	-8%
Borrowing	701	732	(31)	-4%
Working capital movements	26	141	(115)	-81%
(Decrease)/increase in cash balances	**(1,515)**	**(1,164)**	**(351)**	

Our latest forecast, which was prepared on the basis of Period 6 results, is the baseline for the Business Plan.

Fares income is forecast to be £138m – three per cent – lower than budget, principally as a result of lower passenger volumes on buses (£42m) and LU (£17m). The downward pressure on yield is expected to continue, accounting for a further £16m adverse variance in LU. The introduction of the Hopper fare in September 2016, making bus travel more affordable, is expected to reduce income by a further £18m compared to the original budget. We also expect to pay other train operating companies some £18m as a result of a reduced income share.

Operating costs are currently forecast to be £83m lower - one per cent - than budget, although experience in Periods 7 and 8 would suggest that the outturn is likely to be more favourable than anticipated at the end of Period 6.

- Cost reductions of £79m across Surface Transport, including £18m on buses due to lower contract cost (continuing the year-to-date trends), £19m from initiatives which were added into the budget without delivery plans, £11m on asset management and maintenance, and £9m from the higher LOROL profit share

- LU costs are £54m favourable, partly driven by £29m of cost reductions from lower ticket commission paid, staff costs and provisions. In addition, costs of £25m have been deferred to future years, including £10m for the heavy overhaul train maintenance programme and £15m of project costs including the Integrated Stations and Maintenance Modernisation programmes

- This was partially offset by a central provision for cost reductions in the divisons, which has been released

On the Capital Account, we are forecasting an adverse variance of £178m against budget, driven by lower property sales income of £102m and lower Crossrail funding sources of £56m.

Capital expenditure is forecast to be £3m lower than budget:

- Release of £114m of budgeted expenditure for initiatives from the previous Mayoralty which were added into the budget without delivery plans

- Lower property development costs of £54m as a result of fewer investment opportunities and a change in strategy

- Rephasing of £20m of project spend on TfL Rail, including the stations improvement programme

- These variances will be offset by an adverse variance of £143m for Crossrail construction costs. Costs have been brought forward to ensure the the dynamic testing is achieved in late 2017. These cost increases are partially offset by risk provisions in the original budget

Property sales income is £102m adverse to budget, principally a result of the deferral of the sale of Broadway (£98m).

Risks to the forecast

Our ability to deliver this forecast rests on a variety of factors.

- Our fares income assumes that we maintain passenger volumes at least at current levels, although there remains some uncertainty on this point. LU passenger volumes are 1.5 per cent adverse to budget in the year-to-date but Period 8 volumes were 2.7 per cent lower. It is currently too early to assess the full impact from the introduction of the Hopper fare

- Almost £2bn of our operating costs are for staff costs (salaries, National Insurance payments, and pensions). Risk here is low, as most annual pay increases were awarded in April. There is, however, some risk to costs over the longer term from general inflationary pressures

- There is some small risk that the cost of goods and services imported from outside of the UK might increase following the weakening of Sterling following the EU Referendum. We work continuously to identify any future exposures to foreign currency movements to make certain that appropriate hedging is in place where possible

- We have yet to receive all of our planned borrowing of £701m for the full year although we have fixed the interest rates on borrowings to come. We are therefore not exposed to interest rate risk in the remainder of the financial year

Headcount

Full-time equivalent (FTE) employees	End of 2015/16 actuals	P1–P7 Net (leavers)/ joiners	Period 8 Net (leavers)/ joiners	Period 8 Actual	Period 8 budget	Variance to budget
London Underground	21,685	(1,148)	(84)	20,453	21,350	(897)
Surface Transport	4,165	(62)	11	4,114	4,310	(196)
Professional Services	4,215	(206)	(57)	3,952	4,363	(411)
Commercial Development	165	18	(6)	177	212	(35)
Crossrail	983	(72)	(30)	881	882	(1)
Total FTEs	**31,213**	**(1,470)**	**(166)**	**29,577**	**31,117**	**(1,540)**

	Period 8				Year to date			
Employee costs (£m)	Actual	Budget	Variance to budget	% variance to budget	Actual	Budget	Variance to budget	% variance to budget
Permanent	(141)	(145)	4	-3%	(1,136)	(1,172)	36	-3%
Non-Permanent Labour (NPL)	(15)	(17)	2	-12%	(136)	(148)	12	-8%
Total employee costs	**(156)**	**(162)**	**6**	**-3%**	**(1,272)**	**(1,320)**	**48**	**-4%**

Headcount has reduced by 1,636 since the beginning of the year, and Period 8 headcount was 1,540 lower than budget.

LU headcount has reduced by 1,232 since the start of the year of which 580 FTE are due to leavers, which are the result of the stations modernisation programme.

Surface Transport headcount levels increased by 11 in Period 8, driven by the recruitment of 14 Taxi & Private Hire compliance officers to reduce illegal activity and improve safety. We expect to recruit a total of 125 this financial year.

Employee costs are £48m (four per cent) lower than budget in the year-to-date, with cost reductions of £36m from permanent employees and £12m from non-permanent staff.

Cash

Cash flow summary

	Period 8				Year to date			
(£m)	Actual	Budget	Variance	Variance %	Actual	Budget	Variance	Variance %
Net cost of transport operations	(44)	(41)	(3)	7%	(509)	(505)	(4)	0%
Non-cash depreciation	81	76	5	7%	663	606	57	9%
Net capital expenditure	(156)	(186)	30	-16%	(1,305)	(1,453)	148	-10%
Borrowing	-	-	-	0%	91	774	(683)	-88%
Working capital movements	156	296	(140)	-47%	(287)	(108)	(179)	166%
(Decrease)/increase in cash balances	**37**	**145**	**(108)**		**(1,347)**	**(686)**	**(661)**	

Cash balances

(£m)	2016/17 opening cash	Prior period movements	Period 8 movement	Period 8 closing cash	Variance to budget
Crossrail sponsors' funding account	1,539	(720)	169	988	107
Other TfL cash balances	1,775	(664)	(132)	979	(768)
Cash balances	**3,314**	**(1,384)**	**37**	**1,967**	**(661)**

Cash balances are £1,967m at the end of Period 8, down £1,347m in the year. Of the £1,967m, £988m is held specifically for Crossrail construction. The Group has received funding and undertaken borrowing in advance of incurring costs and completing projects and this is now being used to fund capital renewals and investment across the transport network.

Cash balances are £661m below budget principally as a result of postponing planned borrowing of approximately £700m to later in the year.

The increase in the Crossrail sponsors' funding account in the period is partly driven by the first repayment of the loan to Network Rail.

Balance sheet

TfL Group balance sheet

£m	12 November 2016	31 March 2016	Movement	12 November 2016	Period 8 Budget	Variance to budget
Intangible assets	108	123	(15)	108	106	2
Property, plant and equipment	35,923	34,402	1,521	35,923	36,113	(190)
Investment properties	518	518	-	518	518	-
Investment in associate entities	410	473	(63)	410	473	(63)
Long term derivatives	12	7	5	12	7	5
Long term debtors	29	692	(663)	29	51	(22)
Non current assets	**37,000**	**36,215**	**785**	**37,000**	**37,268**	**(268)**
Stocks	75	71	4	75	71	4
Short term debtors	1,910	1,262	648	1,910	1,783	127
Short term derivatives	21	5	16	21	5	16
Cash and short term investments	1,967	3,314	(1,347)	1,967	2,628	(661)
Current assets	**3,973**	**4,652**	**(679)**	**3,973**	**4,487**	**(514)**
Short term creditors	(2,001)	(2,188)	187	(2,001)	(2,089)	88
Short term derivatives	(9)	(21)	12	(9)	(21)	12
Short term borrowings	(835)	(832)	(3)	(835)	(832)	(3)
Short term lease liabilities	(58)	(94)	36	(58)	(41)	(17)
Short term provisions	(139)	(221)	82	(139)	(119)	(20)
Current liabilities	**(3,042)**	**(3,356)**	**314**	**(3,042)**	**(3,102)**	**60**
Long term creditors	(69)	(80)	11	(69)	(79)	10
Long term borrowings	(8,369)	(8,281)	(88)	(8,369)	(9,055)	686
Long term lease liabilities	(545)	(565)	20	(545)	(531)	(14)
Long term derivatives	(72)	(95)	23	(72)	(95)	23
Other provisions	(56)	(46)	(10)	(56)	(38)	(18)
Pension provision	(3,206)	(3,208)	2	(3,206)	(3,200)	(6)
Long term liabilities	**(12,317)**	**(12,275)**	**(42)**	**(12,317)**	**(12,998)**	**681**
Total net assets	**25,614**	**25,236**	**378**	**25,614**	**25,655**	**(41)**
Capital and reserves						
Usable reserves	2,279	3,233	(954)	2,279	2,513	(234)
Unusable reserves	23,335	22,003	1,332	23,335	23,142	193
Total capital employed	**25,614**	**25,236**	**378**	**25,614**	**25,655**	**(41)**

Balance sheet movement vs budget

- Property, plant and equipment: £190m (one per cent) lower. £109m lower capital expenditure and £53m higher than budget depreciation
- Investment in associate entities: £63m (13.3 per cent) lower, representing TfL's share of post tax losses to 30 September 2016 in the Earls Court Partnership company
- Short term debtors: £127m (seven per cent) higher, mainly relating to timing difference on VAT from HMRC
- Cash and short term investments: £661m (25 per cent) lower, mainly owing to:
  - £683m deferral of new prudential borrowings budgeted for in the first half of the year. This is a timing difference that will reverse later in the year
  - £138m lower capital expenditure
  - £53m lower net operating costs (excluding depreciation)
  - £179m of working capital movements, principally short term creditors
- Short term creditors: £88m lower than budget (four per cent) reflecting the impact of lower capital expenditure

Balance sheet movement vs prior year end

- Property, plant and equipment: £1,521m (four per cent) higher. £2,145m acquisitions less £624m depreciation
- Investment in associate entities: £63m (3.3 per cent) lower, representing TfL's share of post tax losses to 30 September 2016 in the Earl's Court Partnership company
- Long term debtors: £663m (95.8 per cent) lower, principally owing to the reclassification of Network Rail loan debtor from long to short term
- Short term debtors: £648m (51.3 per cent) higher as a result of the reclassification above. Period 8 saw the first repayment of the Network Rail loan in line with budget
- Short term creditors: £187m (eight per cent) lower, mainly due to a reduction in capital creditors and accruals caused by faster payment rates and lower capital expenditure. Payroll liabilities are also down £30m following settlement of the wage award
- Short term provisions: £82m (37.1 per cent) lower following payments out of Fit for the Future, and reductions in Crossrail contractual claims and property provisions

Appendices

Appendix A: Financial tables

London Underground and TfL Rail

	Period 8				Year to date			
(£m)	Actual	Budget	Variance	Variance	Actuals	Budget	Variance	Variance
London Underground	213	223	(10)	-4%	1,639	1,681	(42)	-2%
TfL Rail	7	7	-	0%	53	54	(1)	-2%
Total fares income	**220**	**230**	**(10)**	**-4%**	**1,692**	**1,735**	**(43)**	**-2%**
Other operating income	15	18	(3)	-17%	112	106	6	6%
Total operating income	**235**	**248**	**(13)**	**-5%**	**1,804**	**1,841**	**(37)**	**-2%**
LU direct operating cost	(165)	(172)	7	-4%	(1,325)	(1,380)	55	-4%
TfL Rail direct operating cost	(8)	(8)	-	0%	(62)	(62)	-	0%
Net operating surplus/ (deficit)	**62**	**68**	**(6)**	**-9%**	**417**	**399**	**18**	**5%**
Capital expenditure								
London Underground	(67)	(82)	15	-18%	(673)	(699)	26	-4%
TfL Rail	(30)	(30)	-	0%	(103)	(115)	12	-10%
Total capital expenditure	**(97)**	**(112)**	**15**	**-13%**	**(776)**	**(814)**	**38**	**-5%**

Surface Transport (including London Rail)

	Period 8				Year to date			
(£m)	Actual	Budget	Variance	Variance	Actuals	Budget	Variance	Variance
Buses	116	124	(8)	-6%	933	972	(39)	-4%
LO	18	18	-	0%	140	147	(7)	-5%
DLR	14	14	-	0%	103	103	-	0%
Trams	2	2	-	0%	16	16	-	0%
EAL	-	1	(1)	-100%	4	6	(2)	-33%
Total fares income	**150**	**159**	**(9)**	**-6%**	**1,196**	**1,244**	**(48)**	**-4%**
Other operating income	38	36	2	6%	285	289	(4)	-1%
Total operating income	**188**	**195**	**(7)**	**-4%**	**1,481**	**1,533**	**(52)**	**-4%**
Surface Transport direct operating cost	(215)	(225)	10	-4%	(1,712)	(1,771)	59	-3%
London Rail direct operating cost	(33)	(36)	3	-8%	(274)	(289)	15	-5%
Net operating (deficit)/surplus	**(60)**	**(66)**	**6**	**-9%**	**(505)**	**(527)**	**22**	**-4%**
Capital expenditure								
Surface Transport	(32)	(28)	(4)	14%	(224)	(221)	(3)	1%
London Rail	(8)	(15)	7	-47%	(69)	(87)	18	-21%
Total capital expenditure	**(40)**	**(43)**	**3**	**-7%**	**(293)**	**(308)**	**15**	**-5%**

Professional services and others

(£m)	Period 8 Actual	Budget	Variance	Variance	Year to date Actuals	Budget	Variance	Variance
Fares income	3	2	1	50%	25	21	4	19%
Operating income	7	5	2	40%	43	41	2	5%
Total operating income	**10**	**7**	**3**	**43%**	**68**	**62**	**6**	**10%**
Direct operating costs	(52)	(51)	(1)	2%	(415)	(408)	(7)	2%
Net operating (deficit)/surplus	**(42)**	**(44)**	**2**	**-5%**	**(347)**	**(346)**	**(1)**	**1%**
Total capital expenditure	**(4)**	**(17)**	**13**	**-76%**	**(45)**	**(110)**	**65**	**-59%**

Appendix B: Passenger journeys, fares, and yield

Fares income

(£m)	Period 8 Actual	Budget	Variance	Variance	Year to date Actuals	Budget	Variance	Variance
London Underground	212.8	223.0	(10.2)	-4.6%	1,639.4	1,681.3	(41.9)	-2.5%
TfL Rail	6.8	7.5	(0.7)	-8.4%	52.9	53.6	(0.7)	-1.3%
DLR	13.7	13.8	(0.1)	-0.4%	102.8	102.9	(0.1)	-0.2%
London Overground	18.5	18.5	-	0.0%	140.3	146.6	(6.3)	-4.3%
Trams	1.9	2.1	(0.2)	-11.4%	16.2	15.8	0.4	2.5%
EAL	0.4	0.7	(0.3)	-39.5%	4.4	5.5	(1.1)	-20.9%
Buses	115.8	124.3	(8.5)	-6.9%	933.2	972.3	(39.1)	-4.0%
Oyster write off and deposits	3.3	2.5	0.8	36.2%	24.6	20.6	4.0	19.4%
Total fares	**373.2**	**392.4**	**(19.2)**	**-4.9%**	**2,913.8**	**2,998.6**	**(84.8)**	**-2.8%**

Passenger journeys

Million	Period 8 Actuals	Budget	Variance to budget	% variance to budget	Year to date Actuals	Budget	Variance to budget	% variance to budget
London Underground	112.6	115.7	(3.1)	-2.7%	855.6	869.0	(13.4)	-1.5%
TfL Rail	3.8	4.2	(0.4)	-9.5%	29.6	29.9	(0.3)	-1.0%
DLR	10.1	10.5	(0.4)	-3.8%	75.9	78.6	(2.7)	-3.4%
London Overground	15.5	15.1	0.4	2.6%	117.2	120.8	(3.6)	-2.0%
Trams	2.2	2.5	(0.3)	-12%	18.3	19.0	(0.7)	-3.7%
EAL	0.1	0.2	(0.1)	-50%	1.1	1.3	(0.2)	-15.4%
Buses	176.4	182.9	(6.5)	-3.6%	1,407.1	1,455.4	(48.3)	-3.3%
Total passenger journeys	**320.7**	**331.1**	**(10.4)**	**-3.1%**	**2,504.8**	**2,574.0**	**(69.2)**	**-2.7%**

Fares yield

	Period 8				Year to date			
(£ per journey)	Actual	Budget	Variance	Variance	Actuals	Budget	Variance	Variance
London Underground	1.89	1.93	(0.04)	-2.0%	1.92	1.93	(0.01)	-1.0%
TfL Rail	1.79	1.79	-	0%	1.79	1.79	-	0%
DLR	1.36	1.31	0.05	4.0%	1.35	1.31	0.04	3.3%
London Overground	1.19	1.22	(0.03)	-2.2%	1.20	1.21	(0.01)	-1.4%
Trams	0.84	0.84	-	0%	0.89	0.84	0.05	6.0%
EAL	3.77	4.63	(0.86)	-18.5%	4.16	4.33	(0.17)	-3.9%
Buses	0.66	0.68	(0.02)	-3.4%	0.66	0.67	(0.01)	-0.7%
Average yield	**1.15**	**1.18**	**(0.02)**	**-2.0%**	**1.15**	**1.16**	**(0.01)**	**-0.3%**

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