Board

Date: **30 January 2018**

Item: **Finance Report – Period 9, 2017/18**

This paper will be considered in public

1 Summary

1.1 The Finance Report sets out TfL's financial results for Period 9, 2017/18 – the period ending 9 December 2017.

2 Recommendation

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

3 Financial Reporting to the Board and Committees

Finance Report – Period 9, 2017/18

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

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

Quarterly Performance Report – Quarter 3, 2017/18

3.3 The Quarterly Performance Report for Quarter 3 will be published online. This report shows TfL's provisional results for the first three quarters of this year (01 April 2017 – 9 December 2017). The report will be able to be viewed at:

https://tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports

3.4 The Quarterly Performance Report compares Quarter 3 year-to-date results with those of the last five quarters and last five years.

List of appendices to this report:

Appendix 1: Finance Report – Period 9, 2017/18

List of Background Papers:

None

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Transport for London finance report

Period 9 2017/18

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

About Transport for London (TfL)

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

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

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

We run most of London's public transport services, including the London Underground, London Buses, the Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

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

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

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

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

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

Contents

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

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

Management results

Operating account

Period 9 – the four weeks ending 9 December 2017

(£m)	Period 9 Actuals	Period 9 Budget	Period 9 Variance to budget	Period 9 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Passenger income	383	389	(6)	-2%	3,269	3,348	(79)	-2%
Other operating income	65	69	(4)	-6%	507	547	(40)	-7%
Total operating income	**448**	**458**	**(10)**	**-2%**	**3,776**	**3,895**	**(119)**	**-3%**
General grant	18	18	-	0%	158	158	-	0%
Business rates retention	68	68	-	0%	581	581	-	0%
Other revenue grants	7	2	5	250%	53	36	17	47%
Total income	**541**	**546**	**(5)**	**-1%**	**4,568**	**4,670**	**(102)**	**-2%**
Operating cost	(485)	(505)	20	-4%	(4,192)	(4,386)	194	-4%
Net operating surplus	**56**	**41**	**15**	**37%**	**376**	**284**	**92**	**32%**
Depreciation and amortisation	(83)	(83)	-	0%	(754)	(744)	(10)	1%
Net cost of operations before financing	**(27)**	**(42)**	**15**	**-36%**	**(378)**	**(460)**	**82**	**-18%**
Net financing costs	(32)	(34)	2	-6%	(292)	(304)	12	-4%
Net cost of transport operations	**(59)**	**(76)**	**17**	**-22%**	**(670)**	**(764)**	**94**	**-12%**

Income

Cumulative total income is £102m (-2%) below budget, mainly as a result of fewer passenger journeys:

- LU passenger income is £5m (-2% adverse to budget in the period and £80m (-4%) lower in the year to date, largely driven by fewer passenger journeys. Passenger journeys are 38 million (-4%) lower than budget, which equates to an adverse variance of £74m
- Bus passenger income is £17m (2%) favourable to budget in the year to date. Of this, £10m relates to increased passenger journeys, which are 37 million (2%) higher than budget. This has been due to some improvement in bus speeds and increased ticket machine reliability following software improvements. The remaining £7m relates to improved yield as passengers switch to contactless payment

Other operating income is £40m (-7%) adverse to budget in the year to date.

- Congestion Charge income is £9m below budget (-9%). The underlying volumes are down 6% compared to last year, which is tracking slightly ahead of the 5% reduction of traffic flow in central London
- Congestion Charge enforcement income is below budget by £14m (-21%). This is due to the lower traffic volumes and the fact that the budget assumed the £30 penalty charge notice increase in period 7 which, following consultation, took effect in period 10

Costs

Operating costs are cumulatively £194m (-4%) lower than budget. Of this, £85m of cost reductions have been achieved so far this year:

- LU direct operating costs are cumulatively £84m (-6%) lower than budget. This is a result of: reduced staff costs due to lower headcount (£20m); other cost reductions (£38m), including savings on lift contracts and stations maintenance. Some project costs (£26m) have been rephased, including Central line trains overhaul, station improvements and modernisation programmes
- Rail direct operating costs are £24m (-6%) lower than budget in the year to date. Savings include higher than budgeted profit share from the final year with the previous LO operator (LOROL), release of provisions and compensation payment for LO closures (£11m), TfL Rail staff savings (£3m) and maintenance and performance payment reductions (£6m) following the delayed acceptance of new trains from Bombardier
- Commercial Development direct operating costs are £17m (-40%) lower than budget. Lower employee costs (£7m) from redcued headcount will be a full-year saving. Project reprofiling accounts for a further £8m, with £3m expected to catch up by year end
- Bus operating costs are £6m (0.3%) higher than budgeted, principally as a result of lower than expected savings from mid-contract changes (£5m), and increased annual contract price adjustments due to the higher than forecast diesel price (£3m)
- Other operations direct costs are £36m (-20%) lower than budget. This is driven by savings from slower Taxi and Private Hire staff recruitment (£4m), the reprofiling of costs for Crossrail 2 (£9m), the rephasing of project spend on Rapid Charging, air quality measures and ULEZ taxi initiatives (£5m), and £6m of underspends on feasibility project costs
- Indirect operating costs are cumulatively £44m (-9%) lower than budget. Cost reductions include lower staff costs (£10m), reduced office rent (£5m) and supplier contract savings relating to merchant fees and Oyster cards (£7m). Some £22m of costs have been deferred, including office accommodation work (£10m), marketing (£2m), and technology and data projects (£9m)

Capital account

(£m)	Period 9 Actuals	Period 9 Budget	Period 9 Variance to budget	Period 9 % 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	(49)	(48)	(1)	2%	(377)	(471)	94	-20%
New capital investment	(123)	(119)	(4)	3%	(897)	(995)	98	-10%
Crossrail	(126)	(85)	(41)	48%	(1,034)	(862)	(172)	20%
Total capital expenditure	**(298)**	**(252)**	**(46)**	**18%**	**(2,308)**	**(2,328)**	**20**	**-1%**
Financed by								
Investment grant	77	77	-	0%	653	653	-	0%
Third-party contributions	9	2	7	350%	66	19	47	247%
Property income	-	-	-	0%	20	42	(22)	-52%
Crossrail funding sources	10	12	(2)	-17%	93	113	(20)	-18%
Other capital grants	12	14	(2)	-14%	126	150	(24)	-16%
Total	**108**	**105**	**3**	**3%**	**958**	**977**	**(19)**	**-2%**
Net capital account	**(190)**	**(147)**	**(43)**	**29%**	**(1,350)**	**(1,351)**	**1**	**0%**

Excluding Crossrail, year-to-date capital expenditure is £192m (-13%) lower than budget. Much of this is expected to catch up before the end of the year, although £58m has been reprofiled into future years.

- LU capital costs are £89m (-11%) lower than budget. Some £41m of costs have been rephased to later this year, including power installations (£8m), stations improvement (£10m), rolling stock and signalling renewals (£8m) and World Class Capacity (£5m). A total of £40m of costs have been saved due to scope reduction, mainly the pause in the Jubilee and Northern line upgrades (£35m), and a further £45m of costs have been reprofiled to later years
- Rail capital costs are cumulatively £47m (15%) lower than budget due to timing differences. This is a result of the reprofiling of £20m contribution to Network Rail for the Gospel Oak to Barking line electrification works, which are 11 months behind schedule; the contribution will be paid by year end. Other areas of in-year delayed spend include: the Barking Riverside extension (£10m), TfL Rail station improvements, trains and systems programmes (£18m)
- Streets are £9m (-6%) lower than budget year to date, primarily a result of the asset renewals programme being tapered down in line with the profile in the new Business Plan
- Cumulative Bus capital expenditure is some £12m (-34%) lower than budget, a result of the advanced delivery of 18 new buses into 2016/17. This has been partly offset by accelerated NOx abatement initiatives to improve air quality; this has been successfully delivered in Brixton, while fitment progresses on the Haringey, Eastern Avenue and Lewisham corridors
- Commercial Development capital investment is £20m (-49%) less than budgeted. This is a result of deferring costs into 2018/19 on the advertising partnerships programme and Roadside Advertising project (£9m), Commercial Property activity being deferred to future years, and later than expected direct capital investment in the Earls Court development
- Other operations capital costs are £17m (-14%) lower than budget in the year to date. TfL has benefited from commercial negotiations around Endeavour Square, with the developer bearing fit-out costs, which are offset against the rent-free period for the building. This has changed the accounting treatment, creating an £11m variance. Some £16m of project costs have been deferred to later this year, and a further £5m into 2018/19

Crossrail construction costs are £172m (20%) ahead of budget, but the Elizabeth line is still forecast to be delivered within its overall funding. Period variances are expected as the Budget contains a number of assumptions about the timing and scope of work. Key drivers of the variance for the current year include:

- Requirement for higher levels of staff, access delays and changes in scope and design on system-wide main works
- Whitechapel station works being completed later than budgeted, and delayed works at Woolwich station

Sources of finance are £19m (-2%) below budget, which reflects the timing of grant items and reduced property sales offset by increased third-party capital contributions:

- Property income is £22m below budget (-52%), due to the change in strategy from disposal to retaining assets for ongoing operating income
- Third-party contributions are £47m (247%) above budget in the year to date. This is due to the commercial arrangements that have changed the accounting treatment of the fit-out costs at Endeavour Square (£23m), and the receipt of £18m towards the Emergency Services Network (ESN) project

Headcount

Full-time equivalent (FTE) employees	End of 2016/17 actuals	Prior periods' net (leavers)/ joiners	Period 9 net (leavers)/ joiners	Period 9 actual	Period 9 budget	Variance to	% variance to budget
Underground	20,121	(270)	43	19,894	20,295	(401)	-2%
Rail	465	69	15	548	632	(84)	-13%
Buses*	786	(149)	(7)	630	790	(160)	-20%
Streets*	1,860	(240)	(16)	1,604	1,679	(75)	-4%
Other operations	1,370	84	(5)	1,449	1,616	(167)	-10%
Professional services	3,606	289	7	3,902	4,563	(660)	-14%
Commercial development	179	16	6	200	225	(25)	-11%
Crossrail	803	(65)	(7)	731	723	8	1%
Total FTEs	**29,189**	**(266)**	**36**	**28,959**	**30,522**	**(1,563)**	**-5%**

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

	Period 9				Year to date			
Employee costs (£m)	**Actual**	**Budget**	**Variance to budget**	**% variance to budget**	**Actual**	**Budget**	**Variance to budget**	**% variance to budget**
Permanent	(145)	(154)	9	-6%	(1,298)	(1,378)	80	-6%
Non-permanent Labour	(8)	(12)	4	-33%	(77)	(113)	36	-32%
Total employee costs	**(153)**	**(166)**	**13**	**-8%**	**(1,375)**	**(1,491)**	**116**	**-8%**

Headcount levels are down 230 in the year, a result of continued recruitment controls, the reduced use of non-permanent labour and the Transformation programme.

- LU headcount has reduced by 227 since the end of last year following the transfer of 549 commercial and finance staff to central professional services. After adjusting for this, the increase is 322, the result of the recruitment of station staff following last year's station review
- The increase of 296 in Professional Services since the start of the year is a result of 755 staff transferring in from other areas of the business. This is offset by 240 leavers across the Finance, Commercial and Technology and Data Transformation workstreams, 113 vacancies and 114 fewer graduates this year

Employee levels are 1,563 (-5%) lower than budget. This reflects ongoing recruitment controls, staff reductions from the Transformation programme – where the effects on headcount were not included in the budget – and reductions in temporary staff

Cash

Cash flow summary

	Period 9				Year to date			
(£m)	**Actuals**	**Budget**	**Variance to budget**	**% variance to budget**	**Actuals**	**Budget**	**Variance to budget**	**% variance to budget**
Net cost of transport operations	(59)	(76)	17	-22%	(670)	(764)	94	-12%
Non-cash depreciation	83	83	-	0%	754	744	10	1%
Net capital expenditure	(190)	(147)	(43)	29%	(1,350)	(1,351)	1	0%
Borrowing	(50)	(50)	-	0%	300	401	(101)	-25%
Working capital movements	7	83	(76)	-92%	1,142	1,110	32	3%
Increase/(decrease) in cash balances	**(209)**	**(107)**	**(102)**	**95%**	**176**	**140**	**37**	**26%**

Cash balances

(£m)	2016/17 closing cash	Prior periods' movements	Period 9 movements	Period 9 closing cash	Variance to budget
Crossrail sponsors' funding account	510	403	(125)	788	(240)
Other TfL cash balances	1,451	(18)	(85)	1,349	277
Cash balances	**1,961**	**385**	**(209)**	**2,137**	**37**

Cash balances are £2,137m, £37m higher than budget at the end of the period, driven by surpluses on both the operating and capital accounts and favourable working capital movements of £32m (3%), offset by the deferral of £101m of planned borrowing.

Since the start of the year, overall cash balances have increased by £176m. Excluding Crossrail, cash balances are £103m lower than at the end of 2016/17.

Crossrail cash balances are up £279m in the year, driven by the receipt of loan repayments from Network Rail (£1,266m) – advanced for interim financing of Crossrail construction – which are offset by construction costs.

TfL Group balance sheet

£m	9 Dec 2017	31 March 2017	Movement	9 Dec 2017	Period 9 Budget	Movement
Intangible assets	115	140	(25)	115	105	10
Property, plant and equipment	38,468	36,839	1,629	38,468	38,518	(50)
Investment properties	558	558	-	558	558	-
Investment in associate entities	362	368	(6)	362	386	(24)
Long term derivatives	15	18	(3)	15	18	(3)
Long term finance lease receivables	21	4	17	21	19	2
Long term debtors	22	26	(4)	22	22	-
Non current assets	**39,561**	**37,953**	**1,608**	**39,561**	**39,626**	**(65)**
Stocks	69	72	(3)	69	72	(3)
Short term debtors	769	1,821	(1,052)	769	525	244
Short term derivatives	10	12	(2)	10	12	(2)
Assets held for sale	15	15	-	15	15	-
Short term finance lease receivables	7	1	6	7	5	2
Cash and short term investments	2,137	1,961	176	2,137	2,101	36
Current Assets	**3,007**	**3,882**	**(875)**	**3,007**	**2,730**	**277**
Short term creditors	(2,239)	(2,146)	(93)	(2,239)	(2,017)	(222)
Short term derivatives	(2)	(4)	2	(2)	-	(2)
Short term borrowings	(746)	(1,106)	360	(746)	(1,106)	360
Short term lease liabilities	(59)	(77)	18	(59)	(61)	2
Short term provisions	(186)	(194)	8	(186)	(166)	(20)
Current liabilities	**(3,232)**	**(3,527)**	**295**	**(3,232)**	**(3,350)**	**118**
Long term creditors	(61)	(56)	(5)	(61)	(55)	(6)
Long term borrowings	(9,349)	(8,690)	(659)	(9,349)	(9,090)	(259)
Long term lease liabilities	(448)	(488)	40	(448)	(451)	3
Long term derivatives	(60)	(79)	19	(60)	(78)	18
Other provisions	(58)	(44)	(14)	(58)	(30)	(28)
Pension provision	(5,361)	(5,364)	3	(5,361)	(5,364)	3
Long term liabilities	**(15,337)**	**(14,721)**	**(616)**	**(15,337)**	**(15,068)**	**(269)**
Total net assets	**23,999**	**23,587**	**412**	**23,999**	**23,938**	**61**
Capital and reserves						
Usable reserves	2,076	1,861	215	2,076	1,964	112
Unusable reserves	21,923	21,726	197	21,923	21,974	(51)
Total capital employed	**23,999**	**23,587**	**412**	**23,999**	**23,938**	**61**

Balance sheet movement vs budget

- Fixed assets: £40m (-0.1%) lower, mainly due to £30m lower capitalisation of assets, and £10m higher than budgeted depreciation
- Investment in associate entities: £24m (-6%) lower, representing TfL's share (£7m) of post-tax losses to 30 September 2017 in the Earls Court Partnership company (ECP), £7m lower loan notes issued to ECP and £10m loan budgeted for the Garden Bridge
- Short-term debtors: £244m (47%) higher, mostly due to £135m higher VAT recoverable as two periods' worth fell into period 9 plus £18m ESN grant debtor
- Cash and short-term investments: £36m (2%) higher, mainly owing to:
  - £75m lower net operating costs (excluding depreciation)
  - £12m lower net financing costs due to a lower level of debt than budgeted
  - £22m lower capital expenditure
  - £101m deferral of new prudential borrowings
  - £26m lower grant income mainly due to £20m lower Crossrail funding offset by £13m of funding for Crossrail 2 feasibility which was budgeted to be received at the end of 2016/17
  - £22m lower property sales
  - £47m higher third-party capital contributions
  - £31m other working capital variances
- Short-term creditors: £222m (11% higher), mostly due to increased Crossrail expenditure
- Short and long-term borrowings: £101m lower than budget (-1%), due to the deferral of new prudential borrowings
- Short and long-term provisions: £48m higher than budget (25%), of which £42m relates to the deferral of Crossrail property claim payments

Balance sheet movement vs prior year end

- Fixed assets: £1,604m (4%) higher: £2,359m acquisitions less £755m depreciation
- Short-term debtors: £1,052m (-58%) lower, mainly as a result of the receipt of £1,266m of Network Rail loan repayments, which have now cleared this loan, offset by VAT debtor of £135m
- Short and long-term borrowings: £299m (3%) higher, reflecting year-to-date net borrowings

Appendices

Appendix A: Divisional tables

London Underground

(£m)	Period 9				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	221	226	(5)	-2%	1,857	1,937	(80)	-4%
Other operating income	2	3	(1)	-33%	18	21	(3)	-14%
Total operating Income	**223**	**229**	**(6)**	**-3%**	**1,875**	**1,958**	**(83)**	**-4%**
Direct operating cost	(164)	(170)	6	-4%	(1,440)	(1,524)	84	-6%
Indirect operating cost	(33)	(35)	2	-6%	(287)	(318)	31	-10%
Net operating surplus	**26**	**24**	**2**	**8%**	**148**	**116**	**32**	**28%**
Depreciation	(52)	(52)	-	0%	(469)	(464)	(5)	1%
Net cost of operations before financing	**(26)**	**(28)**	**2**	**-7%**	**(321)**	**(348)**	**27**	**-8%**
Capital renewals	(24)	(29)	5	-17%	(229)	(294)	65	-22%
New capital investment	(67)	(61)	(6)	10%	(491)	(515)	24	-5%
Net capital expenditure	**(91)**	**(90)**	**(1)**	**1%**	**(720)**	**(809)**	**89**	**-11%**

Rail

(£m)	Period 9				Year to date			
	Actuals	Budget	Variance to budget	% variance to budget	Actuals	Budget	Variance to budget	% variance to budget
Passenger income	41	43	(2)	-5%	356	377	(21)	-6%
Other operating income	3	1	2	200%	10	11	(1)	-9%
Total operating Income	**44**	**44**	**-**	**0%**	**366**	**388**	**(22)**	**-6%**
Direct operating cost	(42)	(45)	3	-7%	(371)	(395)	24	-6%
Indirect operating cost	(3)	(3)	-	0%	(22)	(25)	3	-12%
Net operating deficit	**(1)**	**(4)**	**3**	**-75%**	**(27)**	**(32)**	**5**	**-16%**
Depreciation	(11)	(10)	(1)	10%	(94)	(97)	3	-3%
Net cost of operations before financing	**(12)**	**(14)**	**2**	**-14%**	**(121)**	**(129)**	**8**	**-6%**
Capital renewals	(3)	(4)	1	-25%	(18)	(28)	10	-36%
New capital investment	(34)	(34)	-	0%	(247)	(284)	37	-13%
Crossrail	(126)	(85)	(41)	48%	(1,034)	(862)	(172)	20%
Net capital expenditure	**(163)**	**(123)**	**(40)**	**33%**	**(1,299)**	**(1,174)**	**(125)**	**11%**

Streets

(£m)	Period 9 Actuals	Budget	Variance to budget	% variance to budget	Year to date Actuals	Budget	Variance to budget	% variance to budget
Passenger income	-	-	-	0%	-	-	-	0%
Other operating income	25	32	(7)	-22%	219	245	(26)	-11%
Total operating Income	**25**	**32**	**(7)**	**-22%**	**219**	**245**	**(26)**	**-11%**
Direct operating cost	(44)	(43)	(1)	2%	(340)	(333)	(7)	2.1%
Indirect operating cost	(7)	(7)	-	0%	(56)	(62)	6	-10%
Net operating deficit	**(26)**	**(18)**	**(8)**	**44%**	**(177)**	**(150)**	**(27)**	**18%**
Depreciation	(11)	(11)	-	0%	(98)	(96)	(2)	2%
Net cost of operations before financing	**(37)**	**(29)**	**(8)**	**28%**	**(275)**	**(246)**	**(29)**	**12%**
Capital renewals	(13)	(8)	(5)	63%	(78)	(88)	10	-11%
New capital investment	(9)	(8)	(1)	13%	(63)	(62)	(1)	2%
Net capital expenditure	**(22)**	**(16)**	**(6)**	**38%**	**(141)**	**(150)**	**9**	**-6%**

Buses

(£m)	Period 9 Actuals	Budget	Variance to budget	% variance to budget	Year to date Actuals	Budget	Variance to budget	% variance to budget
Passenger income	116	115	1	1%	1,019	1,002	17	2%
Other operating income	1	1	-	0%	10	7	3	43%
Total operating Income	**117**	**116**	**1**	**1%**	**1,029**	**1,009**	**20**	**2%**
Direct operating cost	(159)	(160)	1	-1%	(1,452)	(1,448)	(4)	0%
Indirect operating cost	(5)	(5)	-	0%	(45)	(49)	4	-8%
Net operating deficit	**(47)**	**(49)**	**2**	**-4%**	**(468)**	**(488)**	**20**	**-4%**
Depreciation	(4)	(3)	(1)	33%	(33)	(31)	(2)	6%
Net cost of operations before financing	**(51)**	**(52)**	**1**	**-2%**	**(501)**	**(519)**	**18**	**-3%**
Capital renewals	(1)	(2)	1	-50%	(7)	(13)	6	-46%
New capital investment	(1)	(2)	1	-50%	(16)	(22)	6	-27%
Net capital expenditure	**(2)**	**(4)**	**2**	**-50%**	**(23)**	**(35)**	**12**	**-34%**

Commercial Development

(£m)	Period 9 Actuals	Period 9 Budget	Period 9 Variance to budget	Period 9 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Passenger income	-	-	-	0%	-	-	-	0%
Other operating income	21	22	(1)	-5%	168	178	(10)	-6%
Total operating income	**21**	**22**	**(1)**	**-5%**	**168**	**178**	**(10)**	**-6%**
Direct operating cost	(2)	(5)	3	-60%	(25)	(42)	17	-40%
Indirect operating cost	-	-	-	0%	-	-	-	0%
Net operating surplus	**19**	**17**	**2**	**12%**	**143**	**136**	**7**	**5%**
Depreciation	-	-	-	0%	-	-	-	0%
Net cost of operations before financing	**19**	**17**	**2**	**12%**	**143**	**136**	**7**	**5%**
New capital investment	(8)	(10)	7	-70%	(21)	(41)	20	-49%
Capital receipts	-	-	-	0%	20	42	(22)	-52%
Crossrail property receipts	-	-	-	0%	-	-	-	0%
Net capital expenditure	**(8)**	**(10)**	**2**	**-20%**	**(1)**	**1**	**(2)**	**-200%**

Other operations

(£m)	Period 9 Actuals	Period 9 Budget	Period 9 Variance to budget	Period 9 % variance to budget	Year to date Actuals	Year to date Budget	Year to date Variance to budget	Year to date % variance to budget
Passenger income	4	4	-	0%	37	33	4	12%
Other operating income	12	10	2	20%	82	85	(3)	-4%
Total operating Income	**16**	**14**	**2**	**14%**	**119**	**118**	**1**	**1%**
Direct operating cost	(24)	(30)	6	-20%	(140)	(176)	36	-20%
Indirect operating cost	(2)	(2)	-	0%	(14)	(14)	-	0%
Net operating deficit	**(10)**	**(18)**	**8**	**-44%**	**(35)**	**(72)**	**37**	**-51%**
Depreciation	(7)	(6)	-	0%	(60)	(57)	(3)	5%
Net cost of operations before financing	**(17)**	**(24)**	**8**	**-33%**	**(95)**	**(129)**	**34**	**-26%**
Capital renewals	(8)	(5)	(3)	60%	(45)	(48)	3	-6%
New capital investment	(4)	(4)	-	0%	(59)	(71)	12	-17%
Net capital expenditure	**(12)**	**(9)**	**(3)**	**33%**	**(104)**	**(119)**	**15**	**-13%**

Appendix B: Passenger journeys, income, and yield

Passenger income

	Period 9				Year to date			
(£m)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	221	226	(5)	-2%	1,857	1,937	(80)	-4%
TfL Rail	7	7	-	0%	58	64	(6)	-9%
DLR	14	14	-	0%	119	119	-	0%
London Overground	18	20	(2)	-10%	157	171	(14)	-8%
Trams	2	2	-	0%	17	17	-	0%
EAL	-	-	-	0%	5	5	-	0%
Buses	116	115	1	1%	1,019	1,002	17	2%
Oyster write off and deposits	4	4	-	0%	37	33	4	12%
Total Fares	**383**	**389**	**(6)**	**-2%**	**3,269**	**3,348**	**(79)**	**-2%**

Passenger journeys

	Period 9				Year to date			
Millions	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	115	119	(4)	-3.4%	953	991	(38)	-3.8%
TfL Rail	4	4	-	2.2%	32	33	(1)	-4.1%
DLR	10	10	-	-4.8%	85	87	(2)	-1.9%
London Overground	16	17	(1)	-7.4%	134	142	(7)	-5.3%
Trams	2	3	(1)	-3.6%	21	20	1	0.3%
EAL	0.1	0.1	-	42.6%	1.1	1.2	(0.1)	-9.1%
Buses	183	181	3	1.4%	1,580	1,543	37	2.4%
Total Passengers	**330**	**334**	**(3)**	**-1.0%**	**2,807**	**2,818**	**(11)**	**-0.4%**

Fares yield*

	Period 9				Year to date			
(£ per journey)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	1.92	1.89	0.03	1.3%	1.95	1.95	-	-0.3%
TfL Rail	1.79	1.94	-0.15	-8.0%	1.81	1.91	-0.10	-5.2%
DLR	1.39	1.37	0.02	1.4%	1.40	1.37	0.03	2.2%
London Overground	1.18	1.21	-0.03	-2.4%	1.17	1.21	-0.04	-3.5%
Trams	0.79	0.82	-0.03	-3.9%	0.83	0.83	-	0.2%
EAL	4.40	4.29	0.11	2.5%	4.21	4.41	-0.20	-4.5%
Buses	0.63	0.64	0.01	-0.4%	0.64	0.65	-0.01	-0.7%
Average yield	**1.16**	**1.16**	**-**	**-0.6%**	**1.16**	**1.19**	**-0.02**	**-2.0%**

* Fares yield includes the effects of retrospective Travelcard adjustments

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January 2018

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