

Board

Date: 20 March 2018

Item: Draft TfL Budget 2018/19

This paper will be considered in public

1 Summary

- 1.1 This paper seeks the approval of the draft TfL Budget 2018/19.
- 1.2 The members of the Finance Committee informally reviewed the financial summaries and analysis on 5 March 2018.

2 Recommendations

- 2.1 **The Board is asked to:**
 - (a) **approve the draft TfL Budget 2018/19; and**
 - (b) **delegate to the Acting Chief Finance Officer the authority to make any editorial or other minor changes prior to its publication.**

3 Background

- 3.1 The draft Budget 2018/19 sets out in detail the strategies outlined in the December 2017 Business Plan to deliver the Mayor's plans for improving transport and reducing our operating costs in the financial year beginning 1 April 2018.
- 3.2 The document highlights the programmes and milestones that will see the most significant developments or progress over the next year.
- 3.3 The financial schedules, scorecard measures and key performance indicators are based on the forecast outturn position for 2017/18 as at period 11.

List of appendices to this report:

Appendix 1: Draft TfL Budget 2018/19

List of background papers:

None

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Transport for London Budget 2018/19

Draft

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

4	Commissioner's foreword	30	Underground
6	Our scorecard	36	Elizabeth line
10	Budget at a glance	40	Buses
12	Financial summary	46	Rail
16	Debt and cash	52	Streets
18	Approach to forecasting	60	Other operations
20	Financial trends	66	Commercial development
22	Operational trends	70	Capital investment
26	Customer focus	74	Appendices

Commissioner's foreword

All our investment decisions are based on delivering the Mayor's Transport Strategy.

The Mayor's Transport Strategy has now been formally presented to the London Assembly, after extensive public consultation. At the centre of this strategy is a bold vision for 80 per cent of journeys to be made by walking, cycling and public transport by 2041.

As we work towards that goal, we will make travel healthier, easier and more affordable for everyone in London. We will use our own land to create thousands of affordable homes and dozens of new developments. By delivering new infrastructure, we will support thousands of jobs and bolster the city's economic growth.

Our Business Plan, approved in December 2017, sets out a fully funded five-year plan for delivering that strategy. This 2018/19 Budget explains in detail what we will achieve in the first year of the Business Plan.

Safety is our top priority. This year, we are again setting ourselves challenging targets for reducing the number of injuries among our customers, staff and suppliers.

Every injury is unacceptable, and we are committed to the Vision Zero approach in the Mayor's Transport Strategy, which seeks to remove all death and serious injury across all transport in London. This year we will, among other things, begin to bring in new safety requirements in bus contracts and introduce a Direct Vision Standard for heavy goods vehicles



that will take the most dangerous vehicles off our roads by 2020.

Making London an even more attractive place in which to do business, to live and to visit is also a core priority. The first section of the Elizabeth line will open through central London in December, and we intend to begin the first phase of transforming Oxford Street, which will make the area a world-class space for residents and visitors.

Londoners will see real evidence of the Healthy Streets Approach in action, with record levels of investment in the boroughs, major new street schemes beginning across the city, including in Old Street and at Walthamstow gyratory, new Low Emission Bus Zones, and extensions

to our network of Quietways and Cycle Superhighways.

On the Tube, we plan to place an order for new trains on the Piccadilly line, and begin switching on the first sections of the new automatic signalling system on the Circle, District, Hammersmith & City and Metropolitan lines, which will first improve reliability and then the frequency of train services.

Next year we will bring land to market that will deliver more than 3,000 new homes, including a significant opportunity in Morden where we are working in partnership with the London Borough of Merton. This adds to the 3,500 homes we have already brought to market. We are committed to ensuring that 50 per cent of the homes built across our portfolio will be affordable.

Government grant funding for the cost of operating London's transport network has reduced significantly. From 2018/19, it will be more than £846m per year lower than it was in 2015.

To help address this, the first thing I did when I became Commissioner was initiate a wholesale review of our cost base and how we are organised. This management focus has produced real results and, in 2016/17, we reduced our operating costs by £153m. We expect to reduce like-for-like costs again this year, with operating costs £200m lower than Budget.

This has helped us manage some of the headwinds we have faced from the removal of the grant and lower than forecast revenue.

We will continue this focus on cost and revenue in 2018/19 as we modernise our business. This will put us on the way to generating an operating surplus for the first time in our history by 2021/22.

This Budget also reflects what we believe to be cautious income forecasts given recent trends. Just like any other business, we will proactively manage any variance to forecast.

There are consequences from losing more than £700m a year in operational grant funding in the Government's 2015 Spending Review. Despite driving record efficiencies, we have had to suspend our programme of proactive road maintenance on both borough and our roads. We will continue to ensure our routine road maintenance keeps them safe. It cannot be right that London is denied access to the dedicated road funding that the rest of the country enjoys and we will continue to make the case to Government to correct it.

Mike Brown MVO
Commissioner
Transport for London



Our scorecard is aligned to the objectives of the Mayor's Transport Strategy

Our scorecard

The measures in our scorecard are aligned with the objectives of the Mayor's Transport Strategy

Our Budget and our scorecard, which we use to track performance throughout the financial year, go hand in hand.

The Mayor's Transport Strategy provides our overall strategic direction through to 2041. This feeds into our Business Plan, which is a fully funded plan for how we will deliver the next five years of the strategy.

This Budget is our financial promise for 2018/19 and details how we will deliver the first year of our Business Plan.

Approved by the TfL Board, the scorecard has been developed to provide a clear line of sight between the Mayor's Transport Strategy, our Business Plan, our Budget and how we monitor and drive our performance.

The scorecard guides our people to focus on what is most important and what we need to do over the next twelve months to make sure we stay on course to deliver the Mayor's Transport Strategy. It focuses on the critical success factors for the year ahead and is an objective method for tracking our performance.

Therefore, the measures are directly linked to the overall Mayor's Transport Strategy objective for 80 per cent of journeys to be made by walking, cycling or public transport by 2041, and the strategy's three key themes of Healthy Streets and healthy people, a good public transport experience, and new homes and jobs.

These are also assessed against the four key organisational areas of Safety and Operations, Customers, People and Financial. Each area has a 25 per cent weighting, reflecting their equal importance to our delivery for London.

The weighting of each theme and category is shown in brackets in the scorecard.

Long-term objectives	2018/19 scorecard	2017/18	2018/19	
Outcome	Measure	Forecast	Target	Category
Healthy Streets and healthy people (18%)				
London's transport system will be safe and secure	Reduction in people killed or seriously injured on the roads from 2005-09 baseline (%)	44.0	45.4	Safety and operations (25%)
	Reduction in people killed or seriously injured on roads from 2005-09 baseline – incidents involving buses (%)	54.1	55.6	
	Injuries on the public transport network	11,928	11,683	
London's streets will be used more efficiently and have less traffic	Operational improvements to sustainable travel	New	tbc ¹	
London's streets will be clean and green	Number of London buses that are Euro VI compliant	3,500	6,050	
More Londoners will travel actively	Healthy Streets scheme assessment	New	Average 10% uplift ²	
A good public transport experience (17%)				
Journeys by public transport will be fast and reliable	Tube excess journey time (minutes)	4.61	4.50	Customers (25%)
	Average bus speeds (mph)	9.3	9.2	
Public transport will be accessible to all	Additional time to make step-free journeys (minutes)	New	9	Customers (25%)
Journeys by public transport will be pleasant	Customer satisfaction – percentage of Londoners who agree we care about our customers (%)	46	49	

Long-term objectives	2018/19 scorecard	2017/18	2018/19		
Outcome	Measure	Forecast	Target	Category	
New homes and jobs (2.5%)					
Transport investment will unlock the delivery of new homes and jobs	The percentage of housing units we take to market in year that are affordable (%)	52	50	Customers (continued)	
Mode share (5%)					
80% of journeys will be made by sustainable modes in 2041	Sustainable mode share improvement	New	4 out of 4 elements improve ³		
All Mayor's Transport Strategy themes (7.5%)					
All Mayor's Transport Strategy outcomes	Deliver key investment milestones (%)	77	90	Customers (continued)	
	Open Elizabeth line central section on time	N/A	Dec 2018		
People (25%)					
A capable and engaged workforce representative of London	Workforce representativeness - all staff (%)	69.8	70.7	People (25%)	
	- director/band 5 (%)	41.3	46.6		
	Inclusion index (%)	New	46		
	Total engagement (%)	56	56		
Financial (25%)					
We are prudent and cover our costs	Net operating surplus (£)	£309m	Budget	Financial (25%)	
	Investment programme (£)	New	Budget		

¹ This measure is currently being developed and a target will be identified by April 2018

² 10 per cent is based on the average uplift between the assessment score for the current street design and the score arising from the new design on our road intervention schemes of more than £200k

³ The four elements are an increase in public transport, cycling and walking journeys, and a decrease in general traffic levels

Budget at a glance

Sources of funds

£9.8bn

Total sources of funds



73% spent on running and operating the network every day



27% spent renewing and improving the network through one of the largest capital investment programmes in Europe

Uses of funds

£9.8bn

Total uses of funds



Facts and figures

6,050

Euro VI buses (hybrid and diesel) in the fleet by the end of 2018/19 (from 3,500 in 2017/18)



900

on-street residential electric charging points to be installed in 2018/19, with support from the boroughs and London councils



Elizabeth line

opens in December 2018

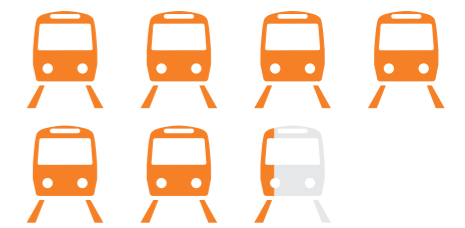


975

trains running on our network as the Elizabeth line comes into service (from 940 in 2017/18)

626,000

people carried on London Overground on a typical weekday in 2018/19 (from 616,000 in 2017/18)



78 step-free access stations on the Underground network by the end of 2018/19 (from 74 in 2017/18)



10.7 million

cycle hires in 2018/19 (from 10.4million in 2017/18)

734km

of rail and Underground routes that we will operate in 2018/19 (from 680km in 2017/18 owing to the Elizabeth line opening)

Financial summary

Operating account

TfL Group (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance	Budget variance to Business Plan
Passenger income	4,653	4,774	3%	0%
Other operating income	732	883	21%	5%
Total operating income	5,385	5,657	5%	0%
General grant	228	-	-100%	0%
Business rates	854	947	11%	2%
Other revenue grants	79	69	-13%	25%
Total income	6,546	6,673	2%	1%
Operating cost	(6,237)	(6,661)	7%	1%
Net operating surplus	309	12	-96%	0%
Capital renewals	(544)	(494)	-9%	0%
Net cost of operations before financing	(235)	(482)	105%	0%
Net financing costs	(442)	(486)	10%	0%
Net cost of operations	(677)	(968)	43%	0%

The 2018/19 Budget sets out in detail how we will deliver the first year of our five-year Business Plan objective to turn a net cost of operations into a growing surplus that will contribute to continued investment in improving our transport network.

It is largely the same as was published in the December 2017 Business Plan, incorporating additional business rates funding from the Mayor, allocated to increasing borough transport improvements and investment in bus driver facilities.

It balances to the net operating surplus of £12m, as in the Business Plan.

Affordable transport

We have kept travel affordable by implementing the Mayor's policy of freezing all TfL fares and extending the Hopper fare to enable multiple bus and tram journeys within an hour. Overall passenger income is expected to increase above 2017/18 levels, as new services come into operation on the Elizabeth line in December 2018. Bus services are now more reliable than ever and bus speeds are improving.

Operating costs

We are already making good progress in turning an operating deficit into a surplus by 2021/22. In 2018/19, we will realise sustainable savings of £95m by changing the size and shape of our operating model, save £159m by modernising the London Underground, including realising savings from exiting a private partnership maintenance contract, and save £13m in head office costs.

Working with our suppliers, we will also make significant savings from maximising commercial value in our bus, rail and technology contracts. This includes saving £65m by reviewing, retendering and renegotiating bus contracts. These savings will put us on track to achieve £1.2bn of annual operating cost savings by 2022/23.

This will be the first year that we receive no general grant funding for operations from central Government. This is reflected in the year-on-year increase in net cost of operations.

Operating costs are, therefore, broadly in line with the Business Plan, aside from accounting treatment changes, with some additional savings identified. The increase from 2017/18 is also driven by new operating costs when we open the Elizabeth line central section. Our cost reduction programme has helped soften the impact of the highest inflation levels since 2011.

Capital renewals

Our operating account includes capital renewal expenditure, which is included to illustrate our ongoing day-to-day cost of operating and maintaining our network.

The significant reduction in general grant funding means that we will suspend our programme of proactive capital renewals on the road network in 2018/19, although we will ensure safety is maintained. We will continue to look for new and sustainable funding sources for London's roads.

Other capital renewals will remain in line with Business Plan, including refurbishing lifts and escalators, replacing track and modernising traffic signals. This will ensure our assets are maintained in a good state of repair.

Capital account

TfL Group (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance	Budget variance to Business Plan
New capital investment	(1,442)	(1,644)	14%	9%
Crossrail	(1,496)	(435)	-71%	-5%
Total capital expenditure	(2,938)	(2,079)	-29%	5%
Financed by:				
Investment grant	960	976	2%	0%
Property and asset receipts	93	705	658%	-19%
Borrowing	621	802	29%	0%
Crossrail funding sources	140	324	131%	4%
Other capital grants	189	311	65%	46%
Total	2,003	3,118	56%	-2%
Net capital account	(935)	1,039	-211%	-14%
Total capital investment including renewals	(3,482)	(2,573)	-26%	4%

Capital expenditure

The Budget reflects the latest work schedules, with some phasing changes to the Business Plan. We have received additional capital grant, including funding to improve the Emergency Services Network as part of a national upgrade plan, led and financed by the Home Office. The investment grant funding goes up in line as expected and as published in our Business Plan.

Crossrail construction investment declines year on year as the project comes to an end, reflecting some re-phasing since the Business Plan. Other capital investment reflects the latest work schedules.

Capital investment priorities in 2018/19

Healthy Streets

Using the Healthy Streets Approach as set out in the Mayor's Transport Strategy, we will change our streets to make them work better for people to walk, cycle and use public transport. These changes will result in a more efficient transport network with a lower environmental impact, support the economy and help people to live more active, healthier lives. We will continue to improve cycling – such as Cycle Superhighways, Mini-Hollands and Quietways – and start transforming key locations, including Highbury Corner, Old Street and, subject to a final decision by Westminster City Council, Oxford Street.

Air quality and environment

We have a programme of measures targeted at all vehicles driving in London to tackle the impact on air quality and climate change. We will prepare to launch the Ultra Low Emission Zone (ULEZ) on 8 April 2019 in central London and deliver four more Low Emission Bus Zones.

Surface assets

This programme covers safety and reliability of highway, traffic, bus, coach, and river assets. In 2018/19, we will replace the life-expired Woolwich ferries with modern, cleaner vessels. We will also complete the renewal of major structures, such as Highbury Corner bridge.

Deep Tube Upgrade programme

This programme will increase capacity on the Bakerloo, Central, Piccadilly and Waterloo & City lines. In 2018/19, we will award the initial rolling stock contract for the Piccadilly line, and prepare contracts for the new signalling systems.

Northern line extension

We are creating a twin-tunnelled extension from Kennington to Battersea Power Station, via a new station at Nine Elms. This will be a catalyst for the regeneration of the Vauxhall Nine Elms Battersea Opportunity Area. In 2018/19, we will complete passage works at Kennington station and begin fitting out Nine Elms station.

Major stations upgrades

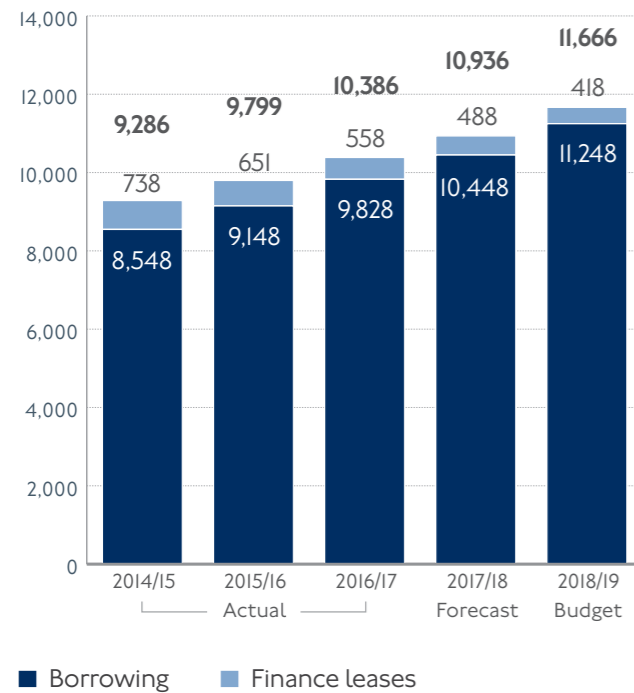
We are upgrading Bank, Bond Street, Tottenham Court Road and Victoria stations. In 2018/19, Bank Bloomberg station (Waterloo & City line) entrance will be opened and the northern ticket hall at Victoria station, including step-free access, will open. Tottenham Court Road station is near completion with step-free access installed in early 2018.

Four Lines Modernisation S-Stock train roll-out

Modernisation work on the Circle, District, Hammersmith & City and Metropolitan lines will continue, with upgrades to service depots and associated infrastructure. We will also upgrade the Automatic Train Control (ATC) systems. In 2018/19, we will continue to develop the ATC systems and prepare for a new control centre at Hammersmith, which will control the entire sub-surface network.

Debt and cash

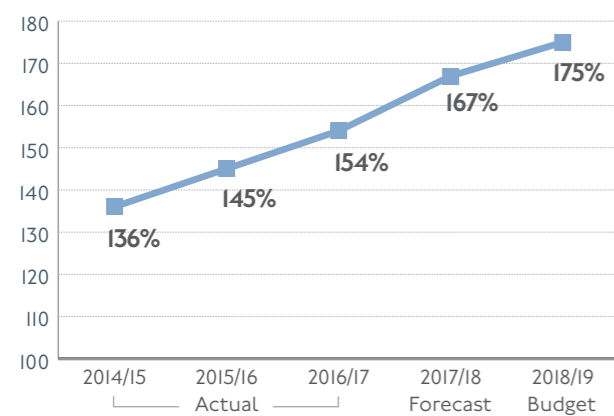
Total value of debt (£m)



The total value of our debt, which includes borrowing and finance leases, must always remain within the Authorised Limit for External Debt. The affordability of our debt is linked to both recurring annual income and cash available to pay financing costs.

By 31 March 2019, our borrowing is expected to grow by up to £800m, within the incremental borrowing limits set out in the March 2017 funding letter from Government. Borrowing will fund capital investment projects, including line and station upgrades on the Underground and rail networks, and new cycling infrastructure.

Debt (% of total income)*

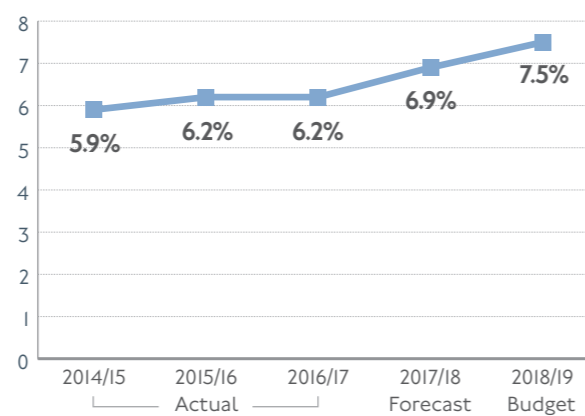


This ratio is expected to reach 175 per cent by the end of 2018/19, reflecting a gradual rise in borrowing (within Government limits) and reduction in grant. The ratio should decrease as income increases.

* Debt includes borrowing and finance leases

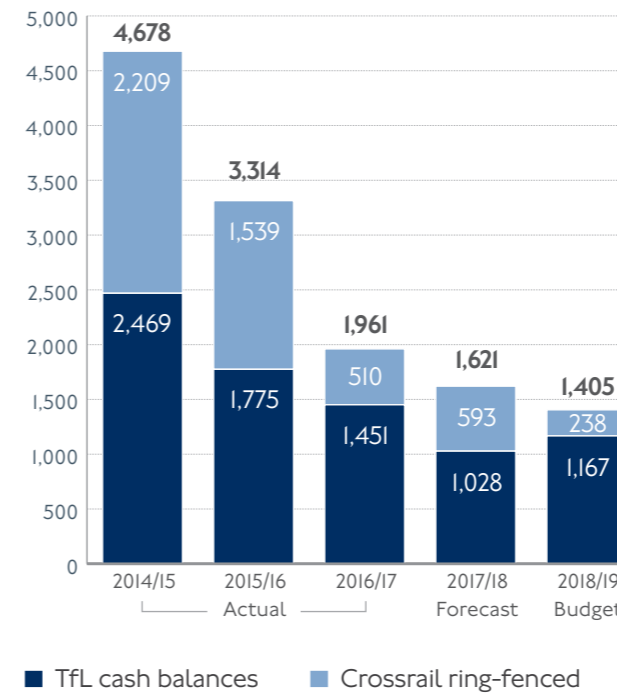
** Financing costs include interest costs for borrowing and finance leases

Financing costs (% of total income)**



This ratio has increased moderately over the past few years. Interest costs and debt repayments form part of the balanced budget that we are legally required to set each year.

Cash balances (£m)



Liquidity policy

In the last few years, our cash balances have decreased as we have funded capital investment across our network.

Total cash balances are expected to stand at £1,405m by the end of 2018/19. The decrease of £216m during the year is driven by delivering the Crossrail project.

In line with our liquidity policy approved by the Board, we aim to hold a prudent minimum level of cash for exceptional circumstances, as well as to retain a high credit rating with our investors. This minimum level of cash is driven by the size of our operating costs and our level of debt.

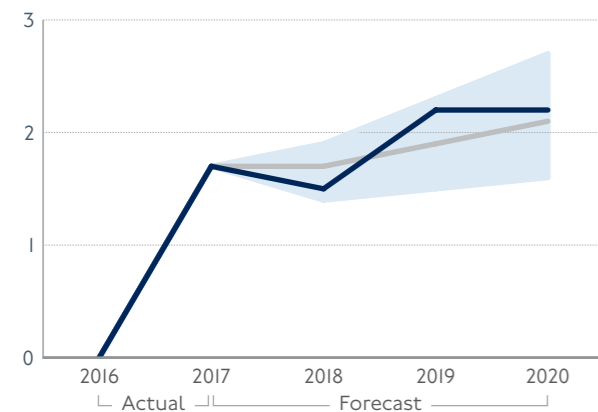
	2018/19 Budget opening cash	2018/19 Budget closing cash	2018/19 Budget movement
Cash balances (£m)			
TfL cash balances	1,028	1,167	139
Crossrail ring-fenced	593	238	(355)
Total cash balances	1,621	1,405	(216)

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

Our strong credit ratings reflect the essential nature of our services as London's dominant provider of transport, and the supporting institutional framework. Our negative outlook with Standard & Poor's and Fitch reflects the negative outlook for the UK Government.

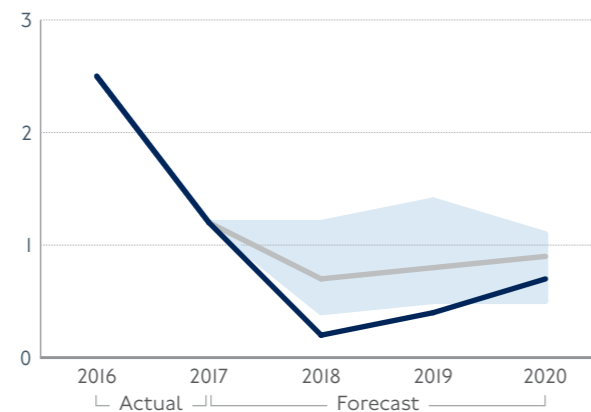
Approach to forecasting

Year-on-year growth in gross value added (GVA) (%)



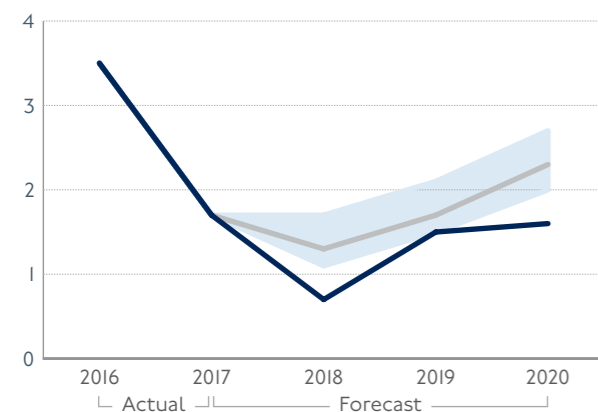
Growth in GVA in London is a measure of the value of all goods and services produced in London.

Year-on-year growth in employment (%)



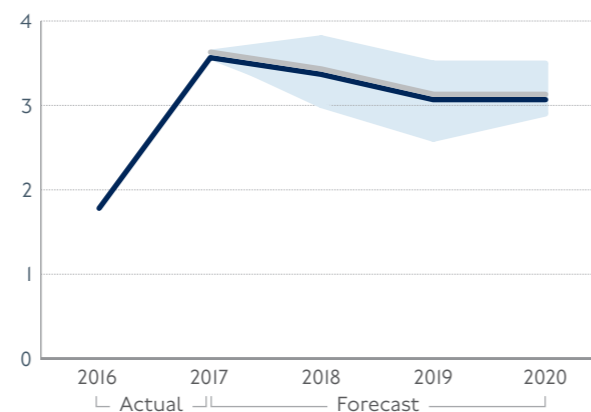
Growth in employment in London is defined as the total number of jobs (skilled and unskilled) available in London.

Year-on-year growth in consumption (%)



Growth in consumption in London is the extent to which goods or services are used, and reflective of the portion of household income spent (not saved).

Retail price index (RPI) inflation (%)



Growth in UK RPI inflation reflects the change in cost of retail goods and services across the UK.

- Historic actuals and forecast used
- Average of external forecast
- Range of external forecast

The forecasts in our Business Plan and Budget are the best estimate of what we expect to happen and are subject to change in line with actual events. As is the case with all businesses, we base these forecasts on a range of indicators, some of which are within our control and some which are not.

We forecast our costs and revenue to ensure that we are financially sustainable over the Business Plan period.

Passenger revenue forecasts are based on a number of external variables. External economic forecasts for London's growth in GVA, household consumption, employment and UK inflation are examples of the factors taken into account. We look at a range of forecasts for the same indicator given the potential for different outcomes. Inflation also affects our costs.

This means there are a range of potential outcomes for passenger numbers, costs, and revenues. We aim to take a prudent and realistic view of all these variables to make the best forecast based on the information available to us.

We also embed assumptions on changes to our services into our forecasts, including information on future planned events, closures or upgrades across the network, opening new services, such as the Elizabeth line, increasing service frequency, and policy decisions.

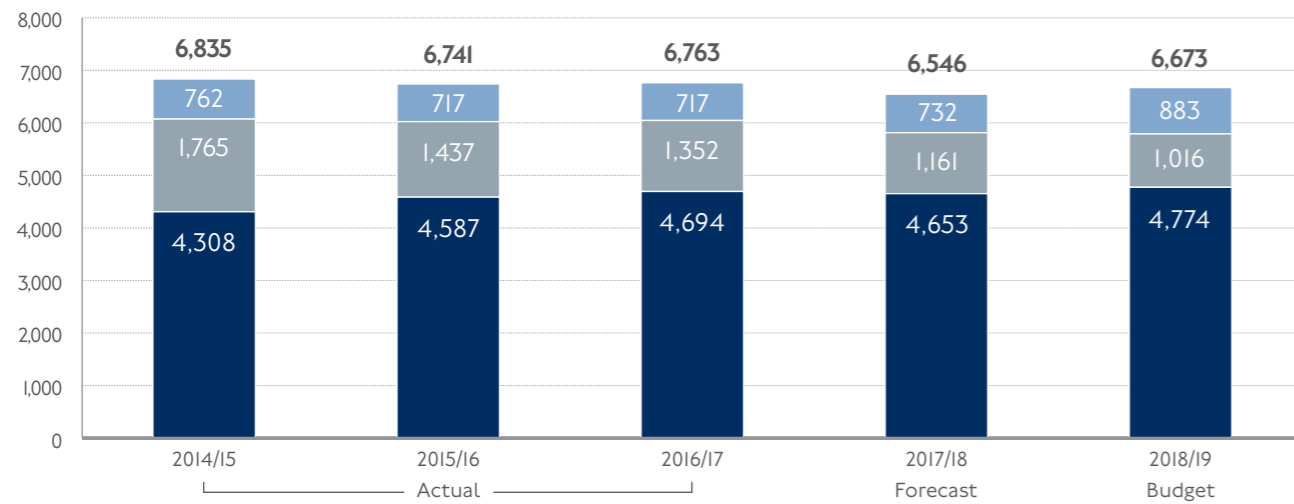
We are required to publish tables for both the Budget and Business Plan. In reality, a range around our point estimate for net operating surplus is more accurate, reflecting the possible outcomes for the economic factors underpinning our forecasts.

We review and revise our forecasts regularly throughout the financial year as part of the financial reporting process. When actual outturn is different from forecasts, it is management's task to adapt and ensure we continue to deliver what London needs.

Financial trends

Over five years

Total income (£m)

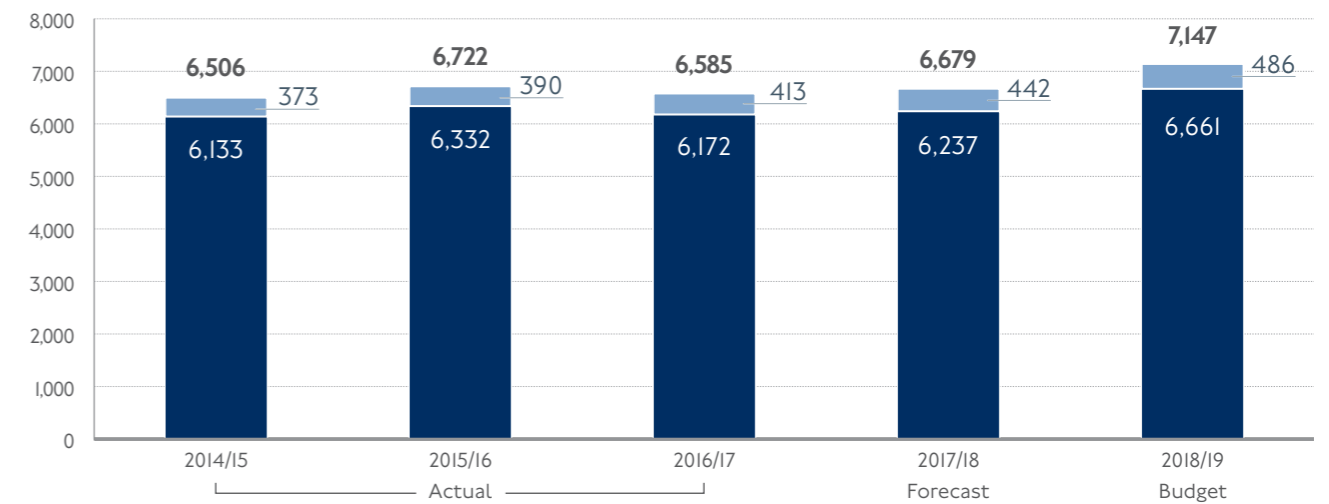


- Passenger income
- Grants
- Other income

2%▲ in total income over 2017/18

Despite the removal of the general grant from Government, total income has increased, with a £121m rise in passenger income and £150m boost in other income, largely generated by increases in Elizabeth line services.

Total cost (£m)

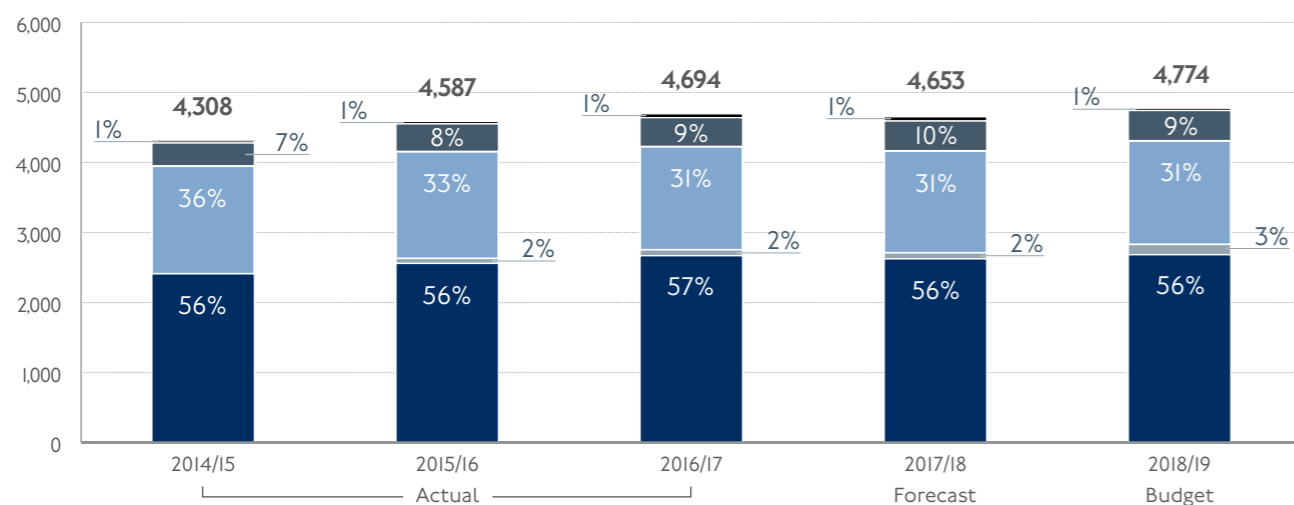


- Operating costs
- Net financing costs

7%▲ in total costs over 2017/18

The increase in operating costs relates to additional services on the Elizabeth line, while financing costs have gone up as a result of an increase in borrowings to fund our capital investment programme.

Total passenger income (£m)

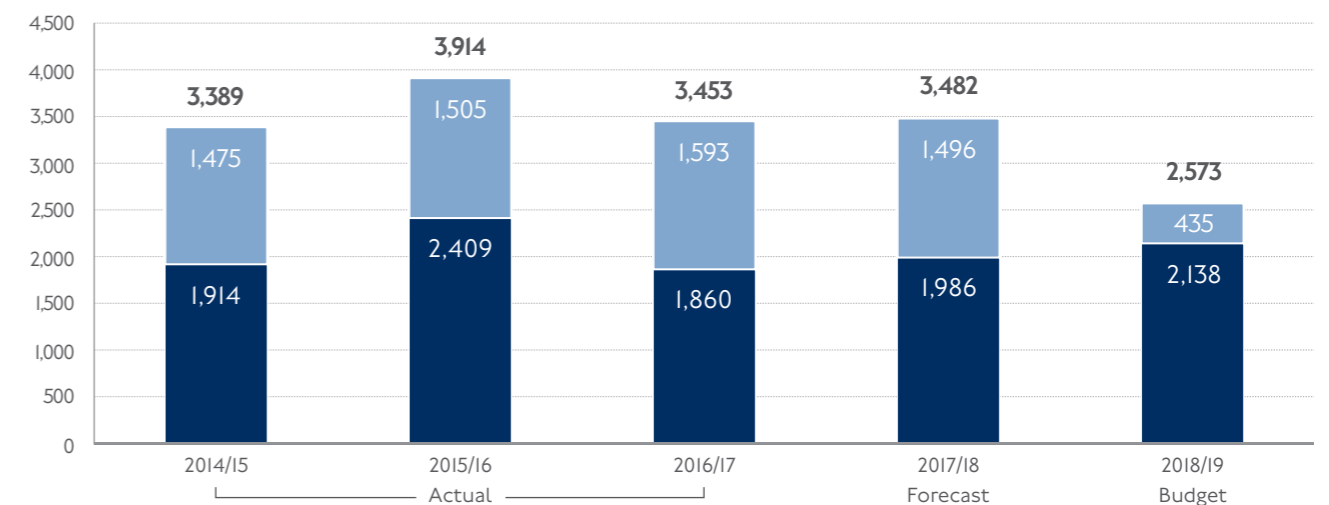


- London Underground
- Elizabeth line
- Buses
- Rail
- Other operations

3%▲ in total passenger income over 2017/18

The increase in passenger income is driven by the opening of the central section of the Elizabeth line and new London Overground services.

Total capital expenditure (£m)



- Capital investment
- Crossrail

26%▼ in total capital expenditure over 2017/18

Crossrail capital expenditure has reduced significantly as the project nears completion, offsetting an increase of £152m in our investment programme.

Operational trends

Passenger journeys 2018/19 Budget

4,029m total number of journeys anticipated in 2018/19* **0.7%▲** in passenger journeys from 2017/18

London Underground

1,352m **0% on 2017/18**



Elizabeth line**

78m **70%▲ on 2017/18**



London Buses

2,236m **0.4%▼ on 2017/18**



Rail (DLR, London Overground, London Trams)

340m **0.9%▲ on 2017/18**



Other (Emirates Air Line, London River Services, Dial-a-Ride, Santander Cycles)

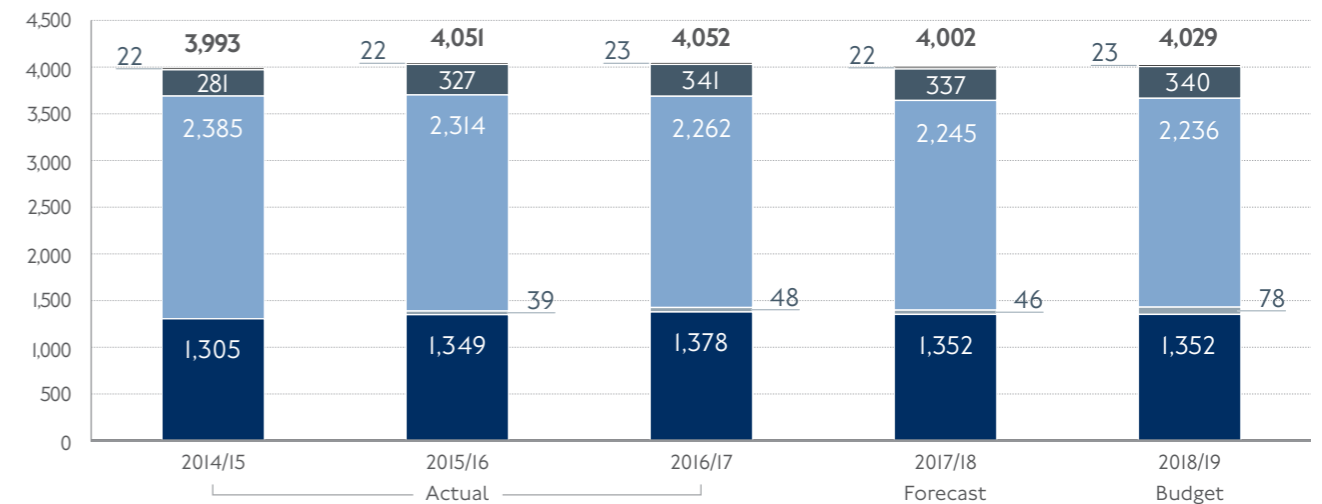
23m **5%▲ on 2017/18**



* Excluding road journeys and pedestrians

** The 78m journeys include TfL Rail journeys prior to the opening of the Elizabeth line in December 2018

Passenger journeys (millions) Over five years



■ London Underground ■ Elizabeth line ■ Buses ■ Rail ■ Other

Passenger journeys depend on a variety of economic factors, principally employment growth and household expenditure. A slowdown in these areas has resulted in a reduction in the forecast growth of passenger journeys across all modes.

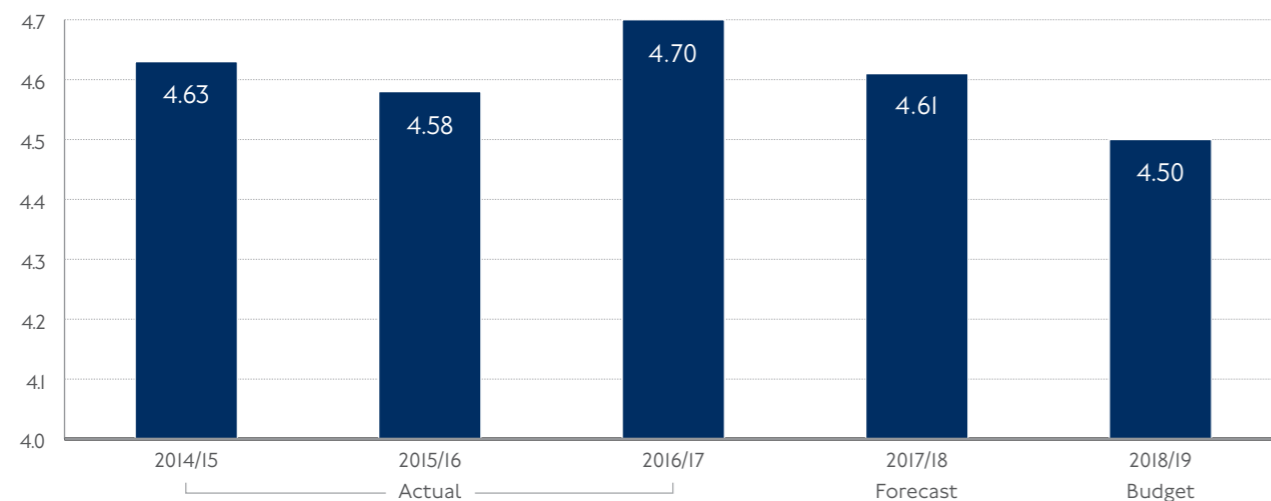
Passenger journeys on TfL Rail will significantly increase in 2018/19, as it takes over services between Paddington and Heathrow in May 2018, before the opening of the central section in December 2018, when it will become known as the Elizabeth line.

Continued improvements on London Underground will create higher passenger demand, but this is expected to be offset by passengers moving to the central section of the Elizabeth line and using the improved Thameslink service.

Rail passenger journeys are expected to grow by around one per cent in 2018/19. The recovery from the Gospel Oak to Barking line upgrade work in 2017/18, combined with the introduction of new Overground services will outweigh the movement of passengers away from the Docklands Light Railway (DLR) and onto the Elizabeth line.

Bus passenger journeys are expected to fall marginally in 2018/19 as congestion is forecast to increase when major roadworks and improvement schemes start, including the transformation of Oxford Street, Old Street roundabout and Highbury Corner. These schemes will significantly improve the streets in these areas of London.

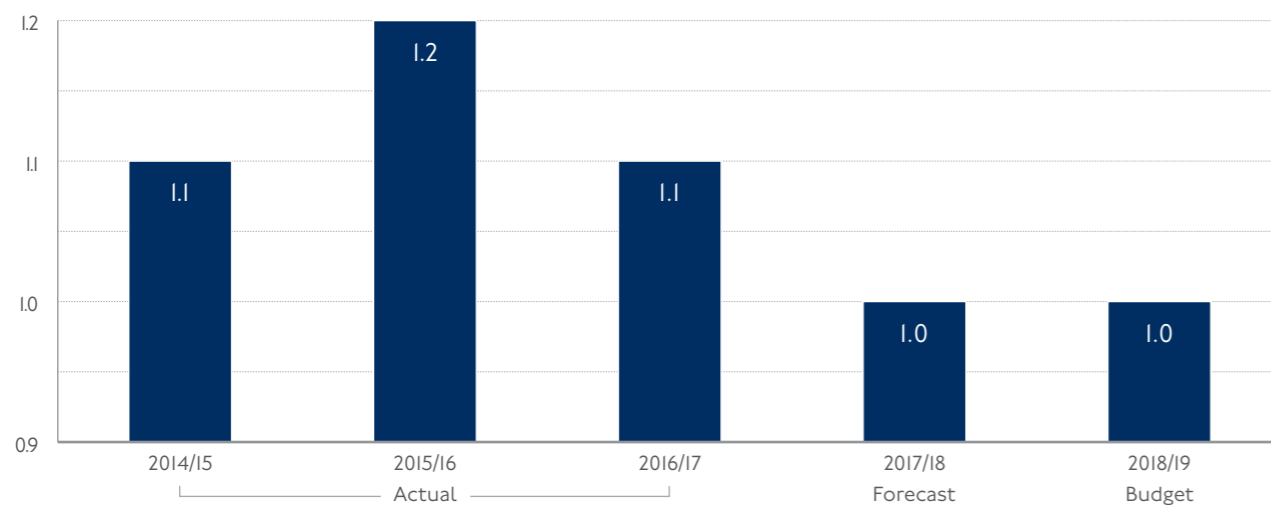
London Underground reliability – excess journey time (EJT)*
Over five years (minutes)



3%▼ in EJT from 2017/18

The 2018/19 Budget shows an improvement in reliability. Improvements are planned across all areas of our services, including renewing and maintaining key assets and effectively managing customer incidents.

Bus reliability – excess wait time
Over five years (minutes)

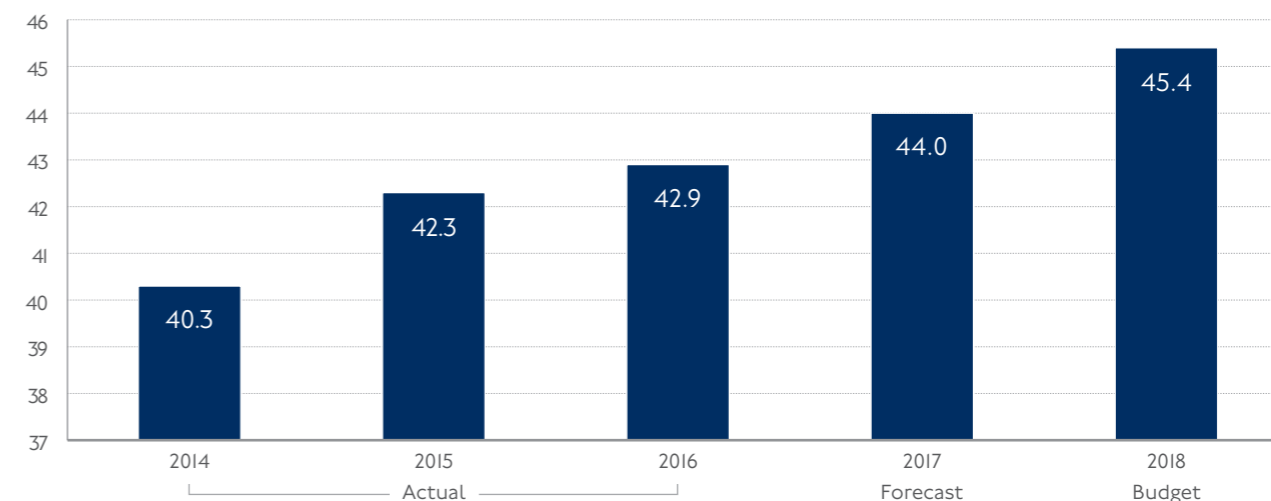


1.0 minutes in 2018/19

Following an improvement in operating conditions in 2017/18, excess wait time is budgeted to be 1.0 minutes in 2018/19.

* Includes industrial action; 2017/18 excludes the impact of the Grenfell fire

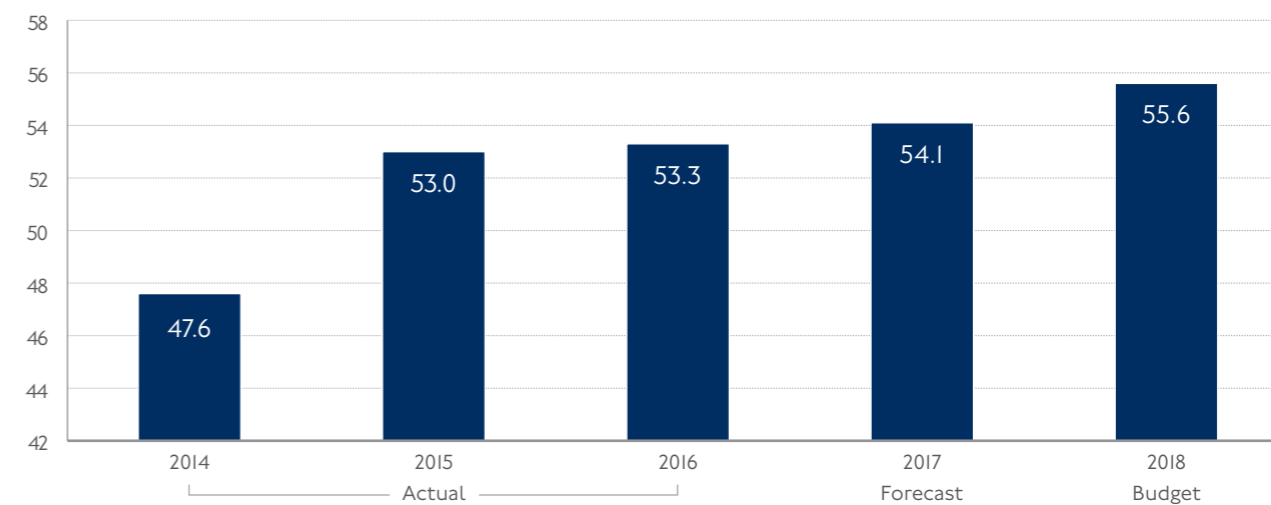
Streets – killed or seriously injured (KSIs)
Reduction against 2005-09 baseline (%)



65%▼ long-term target to reduce KSIs by 2022

The police have implemented a new reporting system, which aims to improve injury assessment. This has resulted in an uplift in the number of serious injuries and the baseline has been adjusted to reflect under reporting in the past. Figures for 2017 are provisional and subject to change.

Buses and coaches – KSIs
Reduction against 2005-09 baseline (%)



70%▼ long-term target to reduce KSIs by 2022

KSIs involving a bus or coach are the lowest level since records began. Further reductions are expected, following the introduction of new standards for heavy goods vehicles (HGVs) and new bus safety standards. From 2017 onwards collisions involving a bus or coach are reported as a two separate categories.






Customer focus


Our customers and users expect a safe, reliable transport network that offers value for money and uses innovation to make journeys easier. We put customers at the heart of everything we do.

We listen to our customers and are working hard to provide a consistently good public transport experience.

Customer strategy and commitments

Our customer commitments are:

- 
Safety
 The safety of our customers, road users, staff and suppliers is our top priority.
- 
Help, contact and complaints
 You can contact us in a way that suits you. We will listen to your feedback and use it to continue to improve our services.
- 
Fares, payments and refunds
 We promise to give you the best value ticket for your journey.
- 
Keeping you informed
 We will provide personalised, real-time information at every stage of your journey.
- 
Reliability
 We will provide a reliable service and work to reduce delays.

- 
Accessibility and disabled passengers
 We will ensure London continues to have one of the most accessible transport networks in the world.
- 
Environment
 We will reduce our impact on the environment to provide a clean and comfortable service.
- 
Sustainability
 We contribute to a better quality of life for Londoners, now and in the future.
- 
Reinvesting in transport
 We reinvest all our income to run and improve your services.
- 
Our customer service performance
 We put customers at the heart of everything we do: every journey matters.



We are committed to providing a safe and reliable public transport network

Safety and security

Safety is a core value in all that we do. It is integrated into our activities and is at the heart of our decision making and governance. We are working towards an ambitious goal of Vision Zero – the elimination of all deaths and serious injuries on roads and our public transport networks. Whether it is reducing road danger, responding to the terrorist threat, or minimising the risk of harm to our customers and staff on the public transport network, our primary focus is always on prevention. We will learn from any incidents that do happen to improve our activities and processes.

We will continue to invest in dedicated transport policing services and safety measures to improve personal security. This includes our ongoing efforts to tackle the most harmful offences, such as sexual offences and hate crime. We encourage and support victims to report issues so that action can be taken against offenders.

We continue to develop and implement a programme of activity to safeguard the most vulnerable people travelling on the network, including children, rough sleepers, people with mental health issues and other vulnerable adults. This includes training and briefing for our staff so they can spot the signs and provide support to those who need it.

Affordability

An affordable transport network is central to the Mayor's plan. He has frozen TfL fares, and pledged to maintain travel concessions, until 2020.

The Hopper fare has already benefited millions of Londoners, accounting for around 140 million journeys since its launch in September 2016. In January 2018, it became even better value for money when it was extended to provide unlimited trips on buses and trams within an hour.

Accessibility

We will carry on making the transport network more accessible so everyone can travel safely, easily and spontaneously. This includes:

- Launching the first stage of the Elizabeth line in 2018/19, with 10 new step-free stations that open up millions of new, accessible journeys
- Completing our bus driver customer training and making sure all drivers are supported in managing the wheelchair user priority space
- Introducing a new 'turn-up-and-go' app for staff across the Tube network, to better manage and track requests for customer assistance
- Reviewing and improving step-free signage to help customers find lifts and other facilities more easily
- Training more of our staff about the importance of considering accessibility needs when planning public transport and urban realm improvements
- Continuing to review accessibility data and making it available to developers to encourage apps that help customers plan their journeys and travel

Harnessing technology

We will continue to innovate, with an emphasis on providing better journey information for people on the move.

In 2017, we launched the TfL Oyster app, making it easier for customers to top up their pay as you go credit and buy Travelcards. We will extend the app in 2018 to support contactless payment, which is now used for half of all pay as you go journeys. We will also make it more straightforward to collect refunds.

The TfL TravelBot on Facebook Messenger is our first conversational bot. Customers can ask it questions, for instance when their next bus will arrive, and the bot will respond instantly using artificial intelligence. We plan to use the same technology on other platforms, including the help page of our website.

In 2018, we will explore new ways to provide personalised travel information, which is particularly important for people with specific travel needs. We will also explore a new digital mapping product that makes it easier to display live data on an interactive Tube map.

More than 650 apps are now powered by our open data. We will continue to support our growing community of more than 14,400 developers, who can access our information for free as part of our open data strategy.

Keeping customers informed

Customers tell us the information we provide is good, but we sometimes let them down when services are delayed or disrupted.

We will look at how we can do better by keeping our station staff updated, so they can help people re-plan their journeys. We will also make sure our communication channels show the latest, most relevant information on the disruptions. We will also review the ways in which we warn customers about planned disruptions that occur as a result of improvement works.

Partnerships with boroughs, businesses and communities

We will continue to work with boroughs, business and local community partners to deliver the Mayor's Transport Strategy, with a particular focus on increasing trips by public transport, walking and cycling, and encouraging the use of new technology. Partnerships to develop innovation, including electric charging points and flexible app-based bus services, will help tackle congestion and improve air quality.

Collaborating with other cities

We work closely with other urban transport authorities around the UK to share experience and knowledge, including through the Urban Transport Group and bilateral arrangements. This will continue alongside further work internationally to understand and adapt to technological and other changes. Cities around the world are now using our ticketing technology to improve their transport networks.



Our Tube modernisation programme will significantly increase capacity on the Underground

Underground

London Underground

Financial summary

Direct operating surplus will grow by nine per cent next year, due to forecast growth in passenger income and year-on-year cost containment. The continued focus on our modernisation programme will see a one per cent reduction in our operating cost base as the business more than absorbs inflationary impacts. Budgeted operating surplus is marginally below the Business Plan due to lower passenger income.

London Underground (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Passenger income	2,624	2,683	2%
Other operating income	39	15	-62%
Total operating income	2,663	2,698	1%
Direct operating cost	(2,131)	(2,120)	-1%
Direct operating surplus	532	578	9%
Indirect operating cost	(392)	(406)	4%
Net operating surplus	140	172	23%
Capital renewals	(342)	(332)	-3%
New capital investment	(726)	(788)	9%
Total capital expenditure	(1,068)	(1,120)	5%

Passenger income is expected to rise marginally, continuing the demand stabilisation seen in late 2017/18.

Operating costs are reducing year on year as a result of our modernisation plans. Higher inflationary pressures, business rates, utility costs, and costs to run new services are being offset by reducing non-operational staff and delivering maintenance more efficiently.

Capital expenditure will rise for the continuing modernisation of the Circle, District, Hammersmith & City and Metropolitan lines, and continued track renewals and improvements to station design and more step-free access.

Passenger journey analysis

Over five years

	Actual			Forecast	Budget
	2014/15	2015/16	2016/17	2017/18	2018/19
Number of passenger journeys (millions)	1,305	1,349	1,378	1,352	1,352
Average yield per passenger journey (£)	1.85	1.90	1.94	1.94	1.98
Operating cost per journey (£)	(2.04)	(1.96)	(1.82)	(1.87)	(1.87)

In 2017/18, demand for Tube services dropped from the record high of 2016/17, reflecting the overall trend experienced across the London transport network and the South East train operating companies. This year we expect passenger journeys to remain flat as general demand for services stabilises.

Safety

Providing a safe travelling and working environment is one of our core values. London Underground is one of the safest metros in the world.

In 2017/18, we reduced the number of accidental injuries to our customers, staff and contractors by improving our safety culture, increasing the number of safety tours and influencing customer behaviour.

Crime levels on London Underground remain low. Improved reporting channels and crime records has partly attributed to a rise in reported sexual offences, low-level violence and public order offences. The increase is also broadly in line with national trends.

Reliability

Along with safety, reliability is the bedrock of our service. During the morning and evening peaks, there are more than 540 trains serving 270 stations. Our organisational model sets out clear accountabilities for these services so that we can drive improvements and react quickly and effectively to any issues that arise.

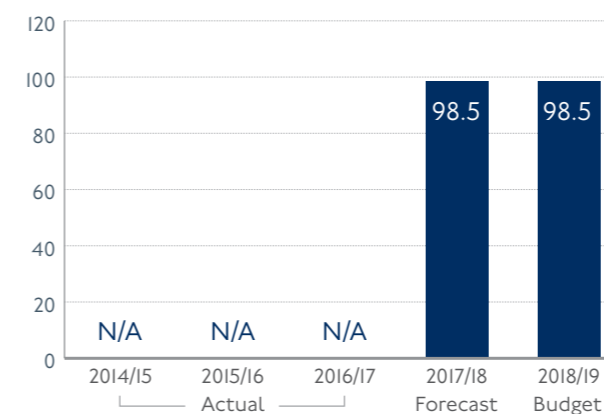
Customer journeys

We are focusing on measures to better manage crowding hotspots at stations. These include improving signage, providing open data to app developers and keeping customers updated so they can make informed travel choices.

We are also making the Tube more accessible by developing a wheelchair user policy and greater staff training to better serve customers who need more support.

Reliability

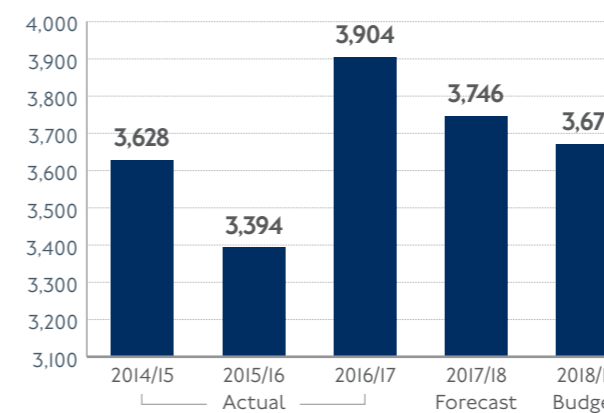
London Underground step-free access availability (%)



We try to ensure that our customers can use our step-free routes. We continually monitor the performance of our accessibility support assets and have plans to respond quickly to any issues. This is a relatively new measure, which is why there is no data before 2017/18.

Safety

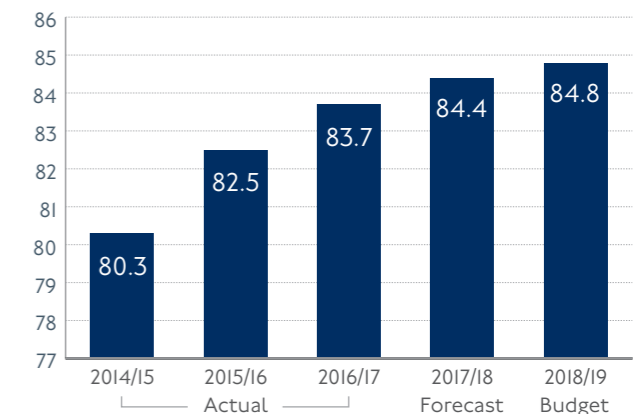
Customer injuries



There were fewer customer injuries in 2017/18 compared to the previous year. Most injuries were caused by slips, trips and falls. We are working to monitor and mitigate against these risks, including marketing campaigns to encourage customer safety.

Scheduled services

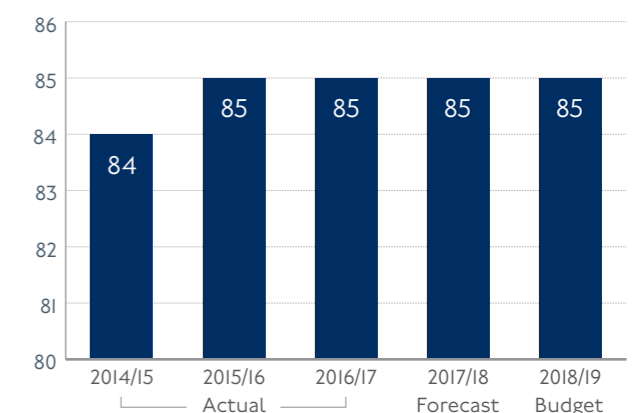
(million kilometres operated)



We expect to operate more kilometres in 2018/19, with the greatest contribution coming from more frequent Jubilee line trains.

Customer

Customer satisfaction score



The customer satisfaction target of 85 points is in line with the forecast for excess journey time and predicted service volumes. We aim to maintain the current high levels of satisfaction next year.

2018/19 priorities

As well as the general upkeep and renewal of our network, a number of significant projects are under way to enhance our service.

Safety and security

In 2018/19, we will continue this focus by building a more integrated customer safety communications campaign and developing targeted plans that focus on key risks, including safe track access, platform train interface, escalators and stairs.

Concerted action is under way to tackle low-level violence, which mainly occurs at busy commuter times. This includes travel demand management, recurring congestion and behaviour change initiatives, transport capacity improvements, and policing and crime reduction activities. We remain committed to tackling the most harmful offences, such as sexual offences and hate crime, and protecting customers who are or feel most vulnerable.

Station and accessibility improvements

We will provide new step-free access at Finsbury Park, Buckhurst Hill, Newbury Park, South Woodford and Victoria stations in 2018/19 and start work at a further 13. We are also looking at other accessibility initiatives, such as tactile paving at critical locations and better customer information.

The future network

In 2018/19, work will continue on the Northern line extension and the transformation of Vauxhall, Nine Elms and Battersea. New stations are being built and, with tunnelling work complete, the extension is expected to open in 2020.

We are also modernising the Circle, District, Hammersmith & City and Metropolitan lines, with the first section of the new signalling system going live between Hammersmith and Latimer Road later this year. Capacity on these lines will increase by 33 per cent when the upgrade is complete in 2023.

We will continue our plans to introduce new air-cooled trains on the Piccadilly line, with the contract for the new fleet being awarded in summer 2018. Coupled with a new automatic signalling system, capacity on this line will be increased by 60 per cent from 2026.

Reducing our energy and carbon footprint

London Underground is one of the largest users of electricity in the UK. We will introduce more schemes to harness wasted heat, use our land and assets for low carbon energy generation and look at energy storage technology to encourage the growth of electrified transport.

Two **new stations**

are being built at Nine Elms and Battersea for the Northern line extension



Victoria station **upgrade completed**



Contract will be awarded to deliver more than

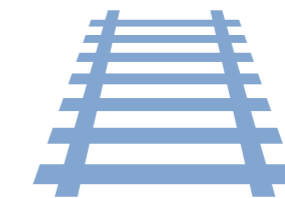
100

new air-cooled Piccadilly line trains



New **step-free access**

will be provided at five stations and work will start at a further 13



7,000m of track renewals will be completed

33%

extra capacity on the Circle, District, Hammersmith & City and Metropolitan lines in 2023 when upgrade is complete, supported by new signalling system



Elizabeth line

Financial summary

As we move towards a fully operational railway, we will open part of the Elizabeth line in December 2018. This will redefine how people move around the Capital, adding 10 per cent to London's rail capacity once fully completed.

Elizabeth line (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Passenger income	85	146	72%
Other operating income	4	125	3025%
Total operating income	89	271	204%
Direct operating cost	(120)	(379)	216%
Direct operating deficit	(31)	(108)	248%
Indirect operating cost	(26)	(25)	-4%
Net operating deficit	(57)	(133)	133%
New capital investment	(377)	(316)	-16%
Crossrail construction costs	(1,496)	(435)	-71%
Total capital expenditure	(1,873)	(751)	-60%

Passenger income will rise by £61m compared to 2017/18 as new services start during the year. There is a three per cent decrease against the Business Plan, owing to lower than expected growth on existing TfL Rail services operating between Liverpool Street and Shenfield. Other income will increase mainly due to access charges when the central section opens.

Operating costs are £259m higher, with the introduction of access charges, which are offset by other income. There will also be increased costs for trains, operations, and maintenance for the planned phased opening.

Capital expenditure for trains and depots will decrease after this year. Construction costs will decrease ahead of the opening of the central section.



The Elizabeth line will increase London's rail capacity by 10 per cent

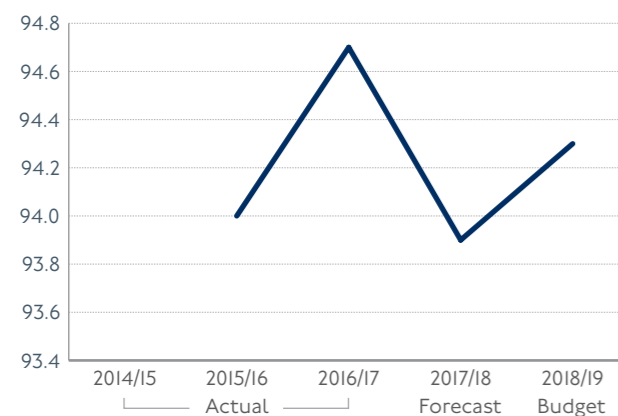
Passenger journey analysis
Over five years

	Actual			Forecast	Budget
	2014/15	2015/16	2016/17	2017/18	2018/19
Number of passenger journeys (millions)	-	39	48	46	78
Average yield per passenger journey (£)	-	1.81	1.73	1.85	1.87
Operating cost per journey (£)	-	(2.86)	(2.72)	(3.17)	(5.19)

Passenger journeys rise in line with new services starting during the year. This also drives an increase in average fare income per journey.

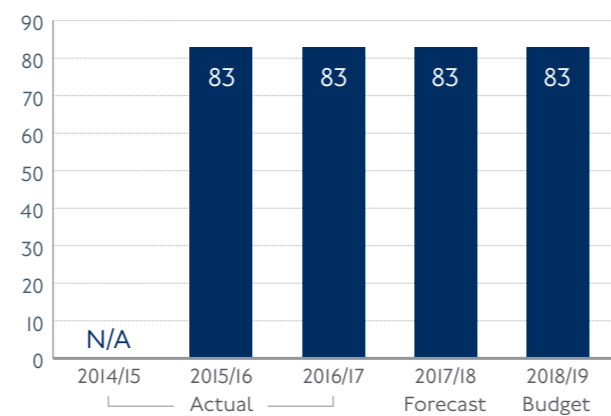
The cost per journey increases in 2018/19 because of the growth in services and, in particular, owing to the introduction of central section access charges.

Public performance measure
Moving annual average (%)



Plans are in place to improve performance, including transitioning from TfL Rail services to the Elizabeth line in December 2018.

Customer
Customer satisfaction score (%)



We expect to maintain our customer satisfaction scores this year, with improvements likely once the Elizabeth line is fully operational in 2019.

2018/19 priorities

The opening of the Elizabeth line is the largest milestone in our Budget.

Improving connectivity

Once fully operational, the Elizabeth line will serve 41 stations and stretch more than 60 miles from Reading and Heathrow in the west through tunnels in central London to Shenfield and Abbey Wood in the east. It will increase rail capacity in central London by 10 per cent and provide a safe, reliable, accessible public transport option for more than 200 million passenger journeys each year.

Customer experience

The Elizabeth line will set a new standard for customers. The 200-metre trains are energy-efficient and accessible, and have walk-through, air-cooled carriages providing live travel information and free WiFi.

The new line will dramatically reduce journey times across central London. The current fastest route from Paddington to Bond Street is by Tube, and takes between 10 and 15 minutes. The route does not currently have step-free access and involves changing trains at Baker Street or Notting Hill Gate. On the Elizabeth line, that same journey will be fully accessible and take less than five minutes.

Phased opening of the Elizabeth line



TfL Rail services begin between Paddington and Heathrow Terminals 2, 3 and 4, replacing the existing Heathrow Connect service and part of the Great Western inner suburban service



Elizabeth line services start on the central section between Paddington and Abbey Wood. TfL Rail services between Paddington and Heathrow, and Liverpool Street and Shenfield, also become known as the Elizabeth line



We continue to adapt our buses to meet the changing demands of the Capital

Buses

London Buses 🇬🇧

Financial summary

We have reduced the net operating deficit in 2018/19 compared to 2017/18 by making savings to offset inflation so that we can keep operating costs broadly the same. We will ensure our bus services continue to meet the changing demands in London.

Buses (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Passenger income	1,456	1,479	2%
Other operating income	12	9	-25%
Total operating income	1,468	1,488	1%
Direct operating cost	(2,106)	(2,105)	0%
Direct operating deficit	(638)	(617)	-3%
Indirect operating cost	(42)	(51)	21%
Net operating deficit	(680)	(668)	-2%
Capital renewals	(8)	(9)	13%
New capital investment	(30)	(42)	40%
Total capital expenditure	(38)	(51)	34%

We have improved reliability and journey times, which have helped stabilise passenger numbers, compared to the declines of the past three years. As passengers switch to the convenience of pay as you go and contactless payments, passenger income per journey has increased slightly, driving an overall increase in passenger income.

New capital investment increases in 2018/19 as a result of the increased roll out of enhanced catalytic converters, which reduce the emissions of buses so they meet the Euro VI standard.

Passenger journey analysis
Over five years

	Actual			Forecast	Budget
	2014/15	2015/16	2016/17	2017/18	2018/19
Number of passenger journeys (millions)	2,385	2,314	2,262	2,245	2,236
Average yield per passenger journey (£)	0.64	0.66	0.65	0.65	0.66
Operating cost per journey (£)	(0.88)	(0.92)	(0.94)	(0.96)	(0.96)

Bus services are now more reliable than they have ever been, and bus speeds, which suffered significant decline, have now stabilised and are improving, reversing a long-term trend. We have introduced more than 120 bus priority schemes and reviewed traffic light timings and other measures to keep the bus service moving. This means that buses that were added into the schedules to compensate for poor reliability are no longer needed.

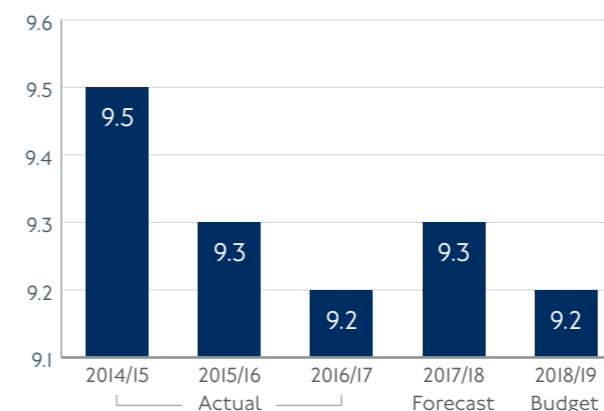
Customers are responding to these improvements and there is now a stable number of passengers using bus services. The way in which people use the transport network, particularly in central London, is changing. Improvements to the Tube and the introduction of the Elizabeth line, together with more people walking and cycling, have enabled bus services to be restructured. This will maintain bus reliability in central London and other town centres, and also ensure a high quality public realm, in line with the Healthy Streets Approach.

We are looking to minimise overlapping services, with interchange supported by the introduction of the Hopper fare, which will improve environments. The biggest example of this is Oxford Street, where we will remove bus services altogether, subject to consultation.

Removing excess bus capacity not only improves the environment, it reduces congestion, improves safety and avoids wasted money. This approach has enabled us to hold the operating costs of the bus network flat.

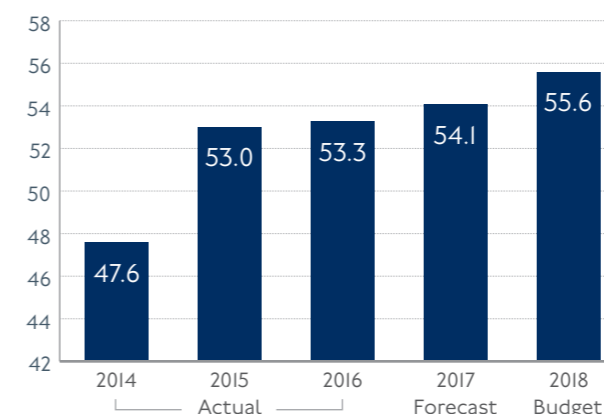
The total number of bus kilometres operated will reduce over the next two years. However, there are areas, particularly in outer London, where demand is growing or is likely to grow alongside new housing and job growth. For example, we are reviewing services in Thamesmead, Lower Lee Valley, Barking Riverside, Wandsworth Riverside, Hillingdon and Colindale. In some cases, new, enhanced or altered services can be implemented ahead of housing development, and will sometimes need to respond to observed increases in demand.

Reliability
Average bus speed (mph)



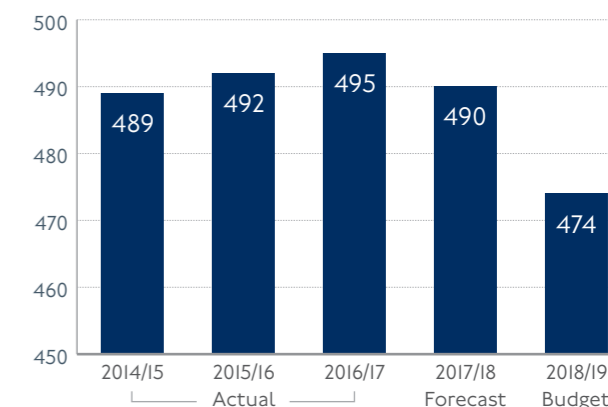
While the long-term fall in bus speeds was stemmed in 2017/18, a number of potentially disruptive roadworks in 2018/19, including Oxford Street transformation, Old Street roundabout and Highbury Corner, are predicted to adversely affect speeds in the central area.

Safety
KSI on or by a bus or coach – reduction against 2005-09 baseline (%)



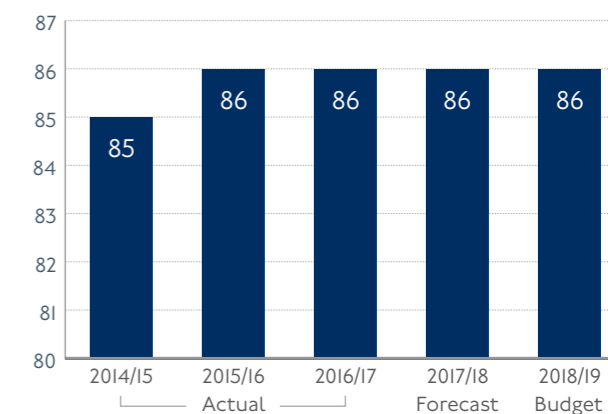
The number of people killed or seriously injured in or by a London bus or coach is forecast to fall. Further substantial reductions are expected in future years, with the introduction of new bus safety standards and road danger reduction initiatives.

Service volume (million km operated)



Our 2017/18 forecast and 2018/19 Budget values reflect recent and forthcoming reductions in the level of scheduled service, particularly in the central area.

Customer
Customer satisfaction score



Overall satisfaction with bus services is currently one point above target for 2017/18 (86 points). This is mainly because of good reliability in Q1 and Q3 of this financial year. We expect the current trend to continue.

2018/19 priorities

Safety and security

Customer safety continues to be our top priority and we are developing a new safety standard for buses that looks at how technology can prevent and reduce the severity of injuries on the bus network. This includes Intelligent Speed Assistance, which ensures buses do not exceed the legal speed limit. We have already rolled this out on some new buses entering the fleet.

Other new approaches we are trialling include autonomous emergency braking systems, which enables a vehicle to detect its surroundings and automatically apply the brakes; features that alert pedestrians and other road users to the presence of buses; and improving driver's visibility, including mirror design. We expect this work to contribute significantly to achieving Vision Zero – our commitment to ensuring that no one is killed or seriously injured on our services by 2041. The new bus safety standard will incorporate the most effective counter measures that we trial and will be written into our bus operator contracts from the end of 2018.

We will continue to fund and work in partnership with the Metropolitan Police Service (MPS) Roads and Transport Policing Command to reduce crime and antisocial behaviour. In particular, we will continue our important work to tackle hate crime and sexual offences on the bus network. We will continue to develop and implement a programme of activity to safeguard the most vulnerable

people travelling on the network including children, rough sleepers and other vulnerable adults.

Bus priority

Bus priority investment will provide the infrastructure for a reliable public transport network that supports the growing city. It will improve journey times through targeting the main causes of slower speeds. We will improve cumulative bus journey times across all bus priority scheme routes by 14.9 hours in the morning, inter-peak and evening peak periods. These priority schemes will support the Low Emission Bus Zones, which use our cleanest buses to reduce air pollution, Central London Bus Grid and Healthy Streets portfolio plans.

Customer experience

Action such as Hello London – our London-wide bus driver training scheme – will have rolled out across the Capital by spring 2018. More than 21,000 of our 24,500 drivers have been trained so far, with 95 per cent rating the course as excellent or very good. Hello London champions have also been appointed at operator garages to spread the benefits of the programme. We have also developed a condensed version of the course to support front-line staff and encourage a shared approach to customer service.

We also continue to look for opportunities to use technology to raise customer satisfaction, such as installing WiFi at suitable bus stations.

Across London, 95 per cent of our bus stops are accessible to wheelchair users. We are looking at opportunities to extend wheelchair bays beyond the legal minimum length where seating layouts allow, and without adversely affecting other passengers who may not be able to stand.

Air pollution

By 2020, we will make sure the entire bus fleet at least meets the Euro VI engine emission standard. This will be primarily achieved through retrofitting enhanced Selective Catalytic Reductions systems to more than 4,000 vehicles. In 2018/19, more than 1,000 diesel vehicles will be retrofitted with Selective Catalytic Converters, with over half the diesel bus fleet compliant by the end of 2018/19. This will ensure all buses in central London meet ULEZ standards and support our further Low Emission Bus Zones, as part of the total 12 promised by the Mayor.

The next Low Emission Bus Zones will be introduced in some of the worst pollution hotspots, starting with the A12 Eastern Avenue to Homerton Road and Lewisham to Catford by spring 2018. We are also continuing to introduce more zero-emission buses, including pure electric and hydrogen fuel-cells. As battery technology gives us greater operating range, these vehicles will be rolled out more widely to our bus network.



hours of bus journey time benefits, per peak, across all bus priority scheme routes

More than

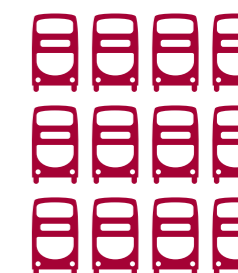
1,000

diesel and hybrid buses will be retrofitted with enhanced catalytic converters in 2018/19 to meet the Euro VI emissions standard



12

Low Emission Bus Zones will be introduced across London to tackle some of the worst pollution hotspots



Crime on the bus network has more than halved in the past 10 years

Rail

Docklands Light Railway, London Overground and London Trams

Financial summary

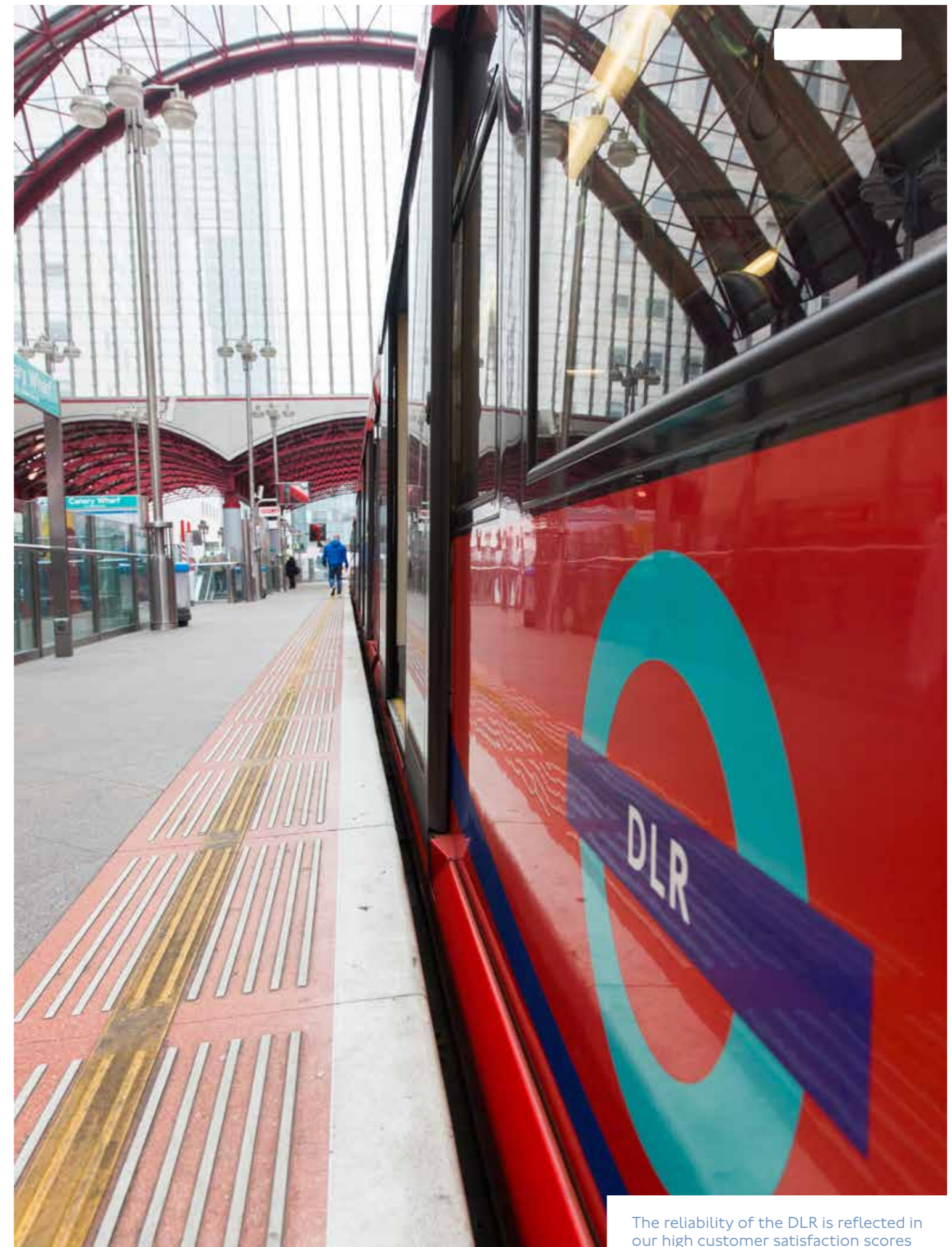
Increased services and further reliability improvements on London Overground is expected to lead to an increase in operating costs in 2018/19 compared to 2017/18. Over time, the enhanced services will further boost passenger numbers, but in the short term this creates a higher net operating deficit.

Rail (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Passenger income	427	434	2%
Other operating income	8	14	75%
Total operating income	435	448	3%
Direct operating cost	(428)	(482)	13%
Direct operating surplus/(deficit)	7	(34)	-586%
Indirect operating cost	(24)	(24)	0%
Net operating deficit	(17)	(58)	241%
Capital renewals	(31)	(43)	39%
New capital investment	(81)	(35)	-57%
Total capital expenditure	(112)	(78)	-30%

Income increases in 2018/19, owing to the introduction of enhanced services on the London Overground and the Gospel Oak to Barking line closures that took place in 2017/18.

The more frequent London Overground service provided by new trains and reliability improvements will increase operating costs in 2018/19. There were also a number of one-off contractual savings in 2017/18, which do not recur in 2018/19.

New capital investment was higher in 2017/18 primarily because of the electrification of the Gospel Oak to Barking line.



The reliability of the DLR is reflected in our high customer satisfaction scores

Passenger journey analysis
Over five years

	Actual			Forecast	Budget
	2014/15	2015/16	2016/17	2017/18	2018/19
London Overground					
Number of passenger journeys (millions)	140	183	189	187	190
Average yield per passenger journey (£)	1.14	1.18	1.17	1.23	1.25
Operating cost per journey (£)	(1.62)	(1.59)	(1.51)	(1.46)	(1.69)
DLR					
Number of passenger journeys (millions)	110	117	122	121	120
Average yield per passenger journey (£)	1.33	1.35	1.36	1.41	1.42
Operating cost per journey (£)	(1.13)	(1.14)	(1.03)	(1.13)	(1.17)
London Trams					
Number of passenger journeys (millions)	31	27	30	29	30
Average yield per passenger journey (£)	0.81	0.85	0.86	0.85	0.83
Operating cost per journey (£)	(1.00)	(1.39)	(1.31)	(1.23)	(1.22)

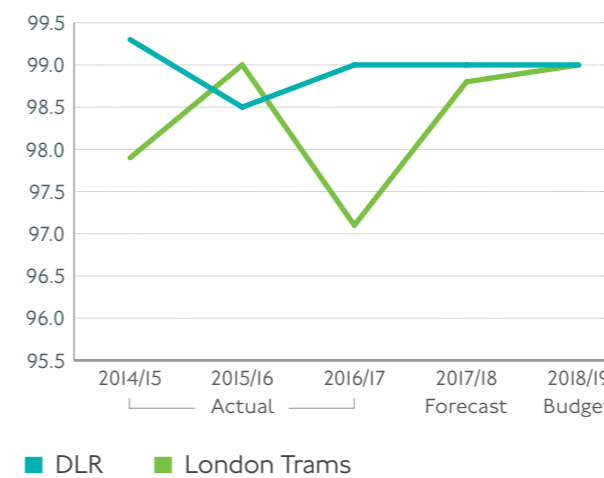
Since 2014/15, passenger journeys on London Overground and the DLR have risen significantly owing to the introduction of five-car trains on the Overground and robust economic growth. In 2017/18 demand has dipped due to a wider economic slowdown, though Overground and DLR journeys have performed better than wider rail demand in London and the South East.

We expect journey growth to resume on the Overground next year, although increases on the DLR will be offset by passengers transferring to the Elizabeth line when the central section opens in December 2018. Overall, this growth in journeys contributes to a year-on-year increase of around two per cent in passenger income.

The number of passenger journeys on London Trams is expected to reach 30m in 2018/19.

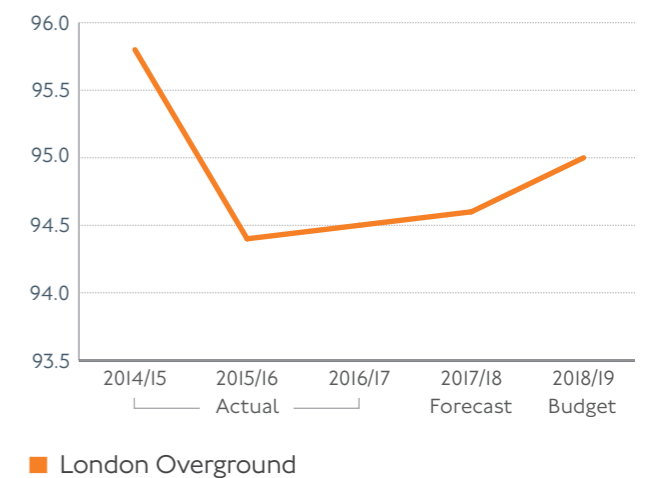
Reliability

DLR and London Trams scheduled services operation (%)



The DLR continues to maintain a high level of reliability while passenger numbers are broadly stable. Reliability on London Trams is improving, with additional safety initiatives implemented following the tragic overturning at Sandilands.

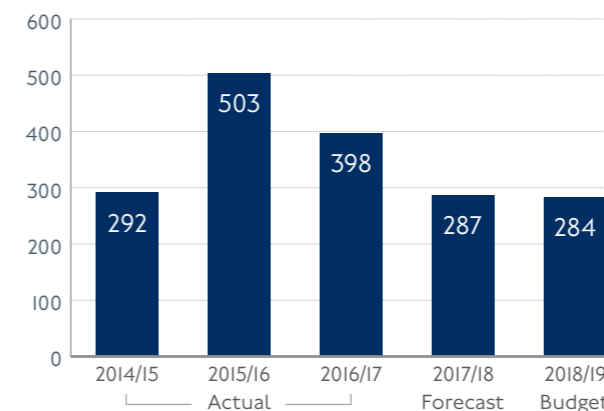
London Overground public performance measure moving annual average (%)



Reliability remains stable, though it is susceptible to issues impacting Network Rail's infrastructure. We will continue to work closely with Network Rail and other train operators on ways to improve reliability for our customers.

Safety

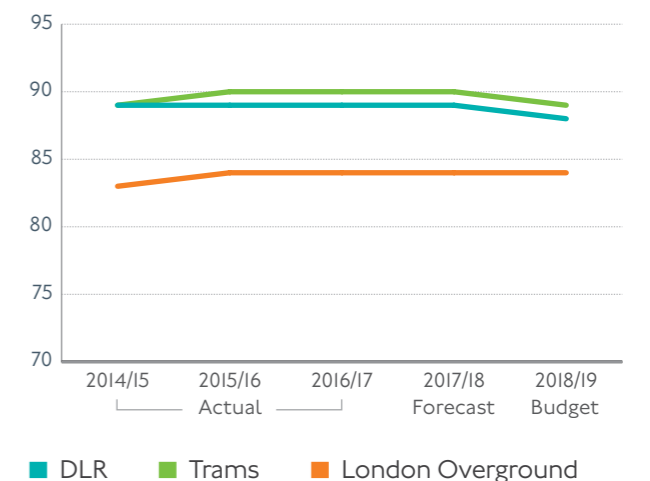
Customer injuries



Changes to the rail network, such as the launch of the Night Overground, may temper the impact of safety initiatives and improvement plans, but we still expect a one per cent improvement year on year.

Customer

Customer satisfaction score (%)



We expect to broadly maintain our high scores.

2018/19 priorities

Safety and security

Vision Zero means we are committed to eradicating the number of people killed or seriously injured on our services by 2041. To achieve this we will reduce casualties by 20 per cent by 2022/23, compared to the 2014/15-2017/18 baseline. In 2018/19, we will be working on measures to reduce the platform-train interface risk on the DLR. We will also roll-out technology to prevent doors opening incorrectly on London Overground trains and interventions to reduce the number of signals passed at danger. We will also make some minor infrastructure improvements to improve safety at the three London Overground stations with the highest number of customer injuries.

The Rail Accident Investigation Branch (RAIB) published its report into the tragic Sandilands incident in December 2017. In January 2018, we published the results of an independent study undertaken on our behalf alongside the investigations of the RAIB, Office of Rail and Road (ORR) and the British Transport Police (BTP). Both reports reach similar conclusions and each report has recommendations for us, FirstGroup (which operates the tram network for TfL), and in the case of the RAIB report, the wider tram industry. We will address all recommendations from these investigations.

Our rail network remains one of the safest ways to travel in London and we will continue to work with the BTP to ensure it remains this way. We are also taking a comprehensive approach to

improving rail security in conjunction with our operators to ensure that we are ready to meet the legal requirements stipulated by the National Railways Security Programme from April 2018.

Service improvements

London Overground

We are continuing works at key stations to increase capacity, relieve congestion and improve accessibility. This includes a full upgrade of White Hart Lane station to service Tottenham Hotspur FC's new stadium and support the regeneration of the local area. The new station will include step-free access and a relocated entrance, and an underpass will be created through the existing railway embankment. Key works this year include relocating existing overhead power lines, tunnelling the existing viaduct for station operations and constructing the new station building. Construction of the station is due to be completed by May 2019, at which point the old station will be demolished.

We are building a new 4.5km London Overground extension that will connect Barking station with Barking Riverside – an area with the potential for 10,800 new homes. Early works have started and services are planned to begin in 2021.

Electrification of the London Overground Gospel Oak to Barking line has been completed and new, four-car electric trains will be introduced this year. This will provide additional capacity and contribute to our commitment to tackle poor air quality in London.

Docklands Light Railway

The Custom House capacity enhancement project will be completed in time for Elizabeth line services beginning in December 2018. This will provide an improved interchange with the new Elizabeth line station and support developments around the network.

Design and development continues on a number of workstreams associated with the rolling stock replacement programme. We will buy 43 new walk-through trains to replace stock that is nearing the end of its design life and increase capacity across the network. The new trains will start to enter service from 2022. This year's activities include purchasing rolling stock and developing depot design.

London Trams

Work continues on the projects set out in the Trams for Growth upgrade strategy, which will improve capacity and reliability on the network and support significant future growth in Croydon and South London. In 2018/19, this will include operational improvements at East Croydon tram stop and work to create a second platform and double-tracking at Elmers End.

We are also developing plans for a Sutton extension scheme for a potential future Transport and Works Act Order application to be made within the current Mayoral term. This will be subject to funding being available.

Construction of the

4.5km

Barking Riverside extension starts in 2018



43 new air-conditioned DLR trains by early 2020s



28km

of track on the London Trams network



London Overground stations



We are investing in walking and cycling, in line with the Mayor's Healthy Streets Approach

Streets

Transport for London Road Network (TLRN)



Financial summary

Investment in Healthy Streets has increased, although the lack of a funding source for roads means we have had to pause proactive capital renewals.

Streets (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Passenger income	-	-	
Other operating income	311	323	4%
Total operating income	311	323	4%
Direct operating cost	(509)	(509)	0%
Direct operating deficit	(198)	(186)	-6%
Indirect operating cost	(92)	(88)	-4%
Net operating deficit	(290)	(274)	-6%
Capital renewals	(100)	(28)	-72%
New capital investment	(92)	(141)	53%
Total capital expenditure	(192)	(169)	-12%

Operating income is budgeted to increase by four per cent, primarily due to £11m in third party project funding. Operating costs will remain flat in 2018/19, with savings in staff costs being invested in borough projects, such as Mini-Hollands.

The net operating deficit will reduce by £16m to £274m. Unlike all other English cities, London receives no Government funding for its roads to cover this deficit.

Until a new funding source is found, we have paused proactive capital renewals on the road network, although we will ensure safety is maintained.

New capital investment in Healthy Streets projects will increase in 2018/19, including the transformation of Oxford Street and further progress on cycling schemes, such as Cycle Superhighways.

Volume analysis
Over five years

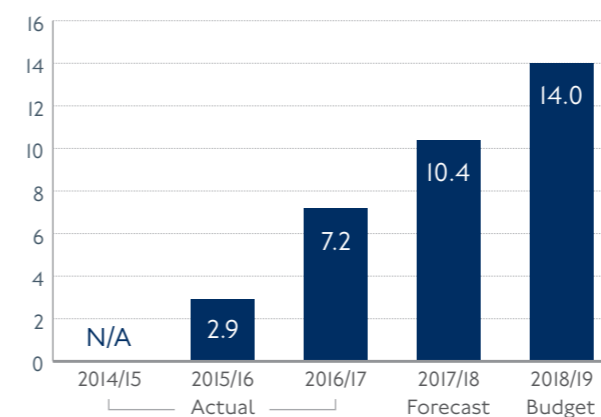
	Actual			Forecast	Budget
	2014/15	2015/16	2016/17	2017/18	2018/19
Congestion Charge volumes (millions)	17.6	17.1	16.6	15.3	14.3
Congestion Charge and enforcement income (£m)	257	258	250	230	228
Average Congestion Charge including enforcement income (£m)	14.62	15.12	15.03	15.04	15.99
Other enforcement income (£m)	84	66	77	78	83

Congestion Charging and enforcement income is on a downward trajectory. This reflects a decline in the number of chargeable vehicles entering the Congestion Charge zone, although the number of non-chargeable vehicles has continued to increase due to the growth in Private Hire Vehicles.

The overall number of Penalty Charge Notices (PCN) issued for Congestion Charge continues to fall, partly because more people are using autopay. However, the number of persistent evaders continues to grow. This was one of the factors behind the increase in the PCN, implemented in January 2018, the full year-effect of which in 2018/19 means that overall income is held relatively stable.

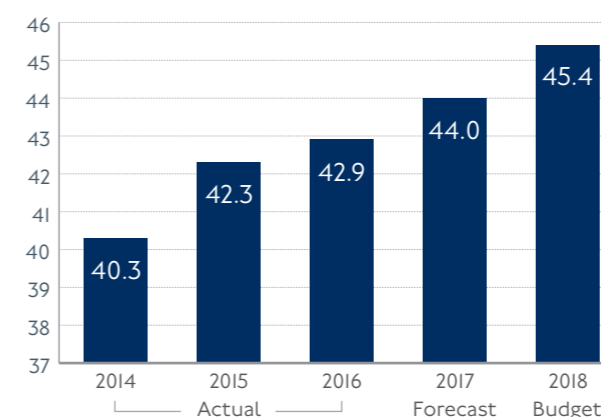
By the end of 2018/19, levels of cycling are forecast to increase by 14 per cent against the 2014 baseline. This reflects the aim of cycling contributing to 1.5 million journey stages by 2026 and is based on trends in cycling growth within central London.

Healthy Streets
Cycling growth in Congestion Charge zone (%)



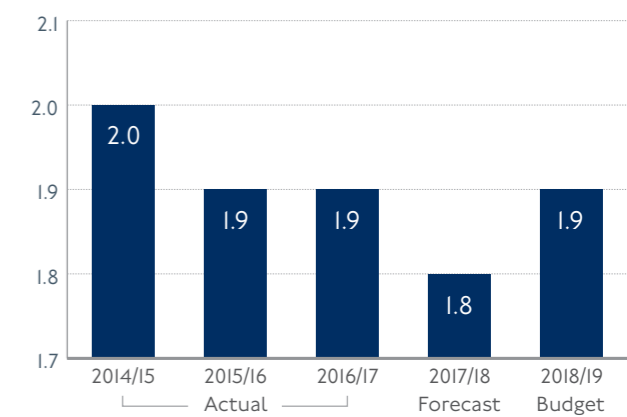
Levels of cycling are forecast to increase by 14 per cent against the 2014/15 baseline, reflecting its increased popularity, population growth and our continued investment in cycling.

Safety
KSI – reduction against 2005-09 baseline (%)



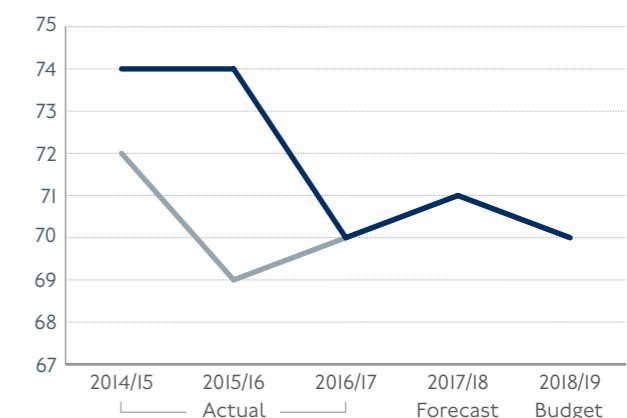
Further substantial reductions are expected in future years, with the introduction of new Direct Vision Standards for HGVs and future road danger reduction initiatives.

Reliability
TLRN resolution time (disruption hours per event)



Planned infrastructure work in central London during 2018/19 and 2019/20, including Baker Street, High Speed 2 and Oxford Street, will have the same levels of impact as 2015/16 and 2016/17.

Customer
TLRN user satisfaction score*



Results have been fairly consistent. A small dip is expected in 2018/19 and 2019/20 with major infrastructure projects causing disruption.

* survey recalibrated in 2016/17 so historic data is not on like-for-like basis

2018/19 priorities

Safety

The draft Mayor's Transport Strategy makes a commitment to a Vision Zero approach, eliminating road deaths and serious injuries in London. Vision Zero includes a number of programmes designed to reduce road dangers, including Safer Junctions. We will complete investigations into I9 junctions by 2018/19 and develop designs for improving these junctions over the next year.

We also have a Pedestrian Town Centre programme, which brings road safety measures to two pilot locations: Peckham and Tooting town centres. The programme aims to reduce the risk of pedestrian casualties, increase walking and improve people's overall experience of the areas. We hope to consult on these proposals in late 2018 and create detailed designs in 2019.

Our police partners play an important role in achieving the Mayor's Vision Zero and Healthy Streets aspirations. Alongside the specialist Roads and Transport Policing Command (RTPC), the wider MPS and local policing teams, we have an enhanced programme of policing and enforcement activities to target the drivers and vehicles that pose the greatest risk on our roads and improve the safety of local neighbourhoods.

Healthy Streets

Set out in the Mayor's Transport Strategy, the Healthy Streets Approach aims to create far-reaching improvements on London's roads in collaboration with

our borough partners. This includes improving safety; increasing walking, cycling and public transport use; and creating pleasant environments.

In 2018/19, we will start the first tranche of the Liveable Neighbourhoods programme. Seven schemes have been awarded funding to transform the way local streets work to enable people to walk, cycle or take public transport more and use private cars less. Proposals include new segregated cycle routes serving Crouch End, removing the Greenwich Town Centre gyratory and improving Romford town centre by making the busy ring road easier to cross on foot and by bike.

More than 25 Healthy Streets local schemes will begin, including road safety improvements at Clifton's roundabout, cycling and air quality improvements at St Thomas Street, and installing a green man signal at Bromley Common junction with Mason Hill on the A21 to make it safer for children to cross.

Street enhancements

- **Cycle Superhighways:** Construction work has started on phase 2 of the North-South Cycle Superhighway, which will be completed in summer 2018. We intend to start work on CSII, which will run from Swiss Cottage through to the West End where it will link with the planned Central London Cycling Grid, later this year. We are also developing Cycle Superhighway routes 4, 9 and 10. Running from Tower Bridge to Greenwich, CS4 will

include improvements to Rotherhithe roundabout and Lower Road gyratory. The CS9 route from Kensington Olympia to Brentford will include safety improvements to Kew Bridge junction. Finally, CS10 addresses the gap of cycling facilities in west London and we are looking into the feasibility of a route along Bayswater Road, Notting Hill Gate, Holland Park Avenue and Wood Lane before connecting into the proposals along the A40 to Acton.

- **Borough Cycling Programme:** By the end of 2018/19, we will develop 45km of signed Central London Grid routes, 25km of Quietway routes and launch several Mini-Hollands flagship schemes, including Kington's station plaza and cycle hub scheme
- **Oxford Street transformation:** Our programme includes finalising proposals for Oxford Street West (Selfridges to Oxford Circus) by summer 2018, and improving the wider district by completing new pedestrian crossings at six junctions on Wigmore Street – part of 25 new crossings in the area – by May 2018. Consultation responses show that cycling improvements are a key objective, so we will set out proposals for this later this year. Subject to a final decision, work could begin in summer 2018, creating a new traffic-free area by December 2018 to coincide with the new Elizabeth line services. We are also looking at options for the eastern side between Oxford Circus and Tottenham Court Road and will develop proposals

through the year, with longer-term plans for the stretch between Orchard Street and Marble Arch.

- **Waterloo:** We are working with the London Borough of Lambeth to create a peninsula at the IMAX that will support growth and enhance the local area by improving pedestrian crossings and cycle links and upgrading the bus station. Design work will continue during 2018/19, with construction starting in 2020
- **Brent Cross:** Regeneration will start in summer 2018, in partnership with the London Borough of Barnet and Highways England. Improvements in the first phase, funded by the developer, include two new bridges over the A406 for pedestrians, cyclists and public transport users and a new world-class bus station
- **Old Street roundabout:** We will create a new peninsula to replace the roundabout at Old Street, with work starting in 2018/19. Plans include introducing two-way traffic, enhancing the local environment and providing pedestrian crossings to improve access to new station entrances
- **Stratford town centre:** We are working with the London Borough of Newham to transform Stratford town centre. We will replace the gyratory with two-way traffic, provide better cycling facilities and improve bus accessibility. All works are due to be completed in spring 2019

Road management

We will continue our annual review of timings at traffic lights to give priority, where possible, to people choosing sustainable modes, contributing to the Mayor's strategy for Healthy Streets. We will also focus on roadworks sites, to ensure works promoters adhere to the conditions of their permits and that any temporary arrangements consider the safety and needs of pedestrians, cyclists and bus passengers. Working with logistics companies and roadworks promoters, we will continue to seek ways of reducing the number of HGVs using our roads, for example by sharing loading and holding facilities.

Air quality

We will be creating the systems and infrastructure that will enable the ULEZ to be introduced earlier in central London from 8 April 2019. This is an area across central London that will require motorcycles, cars, vans, minibuses, buses, coaches and HGVs to meet minimum emissions standards, or pay a charge to travel. The ULEZ is expected to cut road transport emissions in central London by up to 20 per cent and reduce the number of Londoners living in areas exceeding the nitrogen dioxide (NO₂) limits by more than 100,000.

We will also be working on plans to expand the ULEZ to the North/South Circular roads and a London-wide Euro VI standard for buses, coaches and lorries in the light of consultation responses. We are also working with the GLA and

the boroughs on local schemes, including Low Emission Neighbourhoods and a further round of Neighbourhoods of the Future.

Silvertown Tunnel

The Secretary of State's decision on the consents for the Silvertown Tunnel is expected in May 2018. Subject to a positive decision, we will begin work on a new road tunnel under the River Thames, linking the Greenwich Peninsula and Royal Docks in 2019. This will improve the reliability of the Blackwall Tunnel crossing, increase the resilience of the road network in east London, support growth and enhance opportunities for new cross-river bus links. The new crossing could be open and available for use in 2023.

Rotherhithe to Canary Wharf

We are developing proposals for a new river crossing between Rotherhithe and Canary Wharf, with a second public consultation planned for later this year. A Transport and Works Order application for the powers to build and operate the new crossing will be submitted in 2019. Subject to gaining the necessary consents, this would provide a safe, attractive, and direct route for pedestrians and cyclists, reducing journey times, encouraging healthier travel and supporting growth.

Asset Capital Programme

Our investment in maintenance and renewals aims to ensure network safety and keep all street and non-rail assets,

including bus stations and stops, river piers, carriageways, footways, traffic signals, bridges, tunnels, street lighting, drainage and trees in a state of good repair. Our current income sources do not cover the cost of operating, maintaining and renewing the road network. This means we will pause proactive capital renewals for two years, which will lead to a decline in asset condition. It is essential that we find a long-term source for funding roads.

Structures and Tunnels Investment Programme

In 2018/19, we will complete the complex bridge replacement works at Highbury Corner and fully open Power Road to traffic. We will also continue the phased demolition and replacement of the road-over-rail bridge at Ardleigh Green. Additionally, we will complete investigations on Rotherhithe Tunnel, Blackwall Tunnel (Southbound), The Westway, Vauxhall Bridge and Lambeth Bridge. The information will be used to produce a prioritised programme of future major bridge and tunnel work.

High Speed 2

In 2018, remodelling work started at Euston station to accommodate the new High Speed 2 (HS2) services from 2026. This includes asset improvements, funded by HS2, such as an enlarged ticket hall at Euston Tube station, improved passenger links and an underground link to Euston Square. There will also be a new bus station, taxi facilities, cycle parking and improved pedestrian links.

More than 25

Healthy Streets schemes will start in 2018/19



Investigations at

19



locations for safer junctions will be completed in 2018/19

Construction work has started on phase 2 of the North-South

Cycle Superhighway

which will be completed in 2018



Other operations

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



Financial summary

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

Other (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Passenger income	61	33	-46%
Other operating income	118	140	19%
Total operating income	179	173	-3%
Direct operating cost	(223)	(253)	13%
Direct operating deficit	(44)	(80)	82%
Indirect operating cost	(36)	(31)	-14%
Net operating deficit	(80)	(111)	39%
Capital renewals	(62)	(83)	34%
New capital investment	(54)	(186)	244%
Total capital expenditure	(116)	(269)	132%

Operating income and operating costs both increase from 2017/18, driven by the cost of Taxi and Private Hire (TPH), ULEZ, taxi delicensing and zero emission cabs.

New Emirates Air Line services, such as hospitality, tours and venue hire, account for a forecast increase in revenue.

Santander Cycles operating costs continue to rise following the introduction of the new operating model, but in 2018/19 this will be offset

by increased income owing to higher demand and yield.

On London River Services, in 2018/19, we expect to see operating costs increase by four per cent as a result of one-off costs ahead of the new Woolwich Ferries starting service in late 2018.

On Crossrail 2, forecast costs for 2018/19 are £35m. Development activity is jointly funded with the Department for Transport (DfT).



Dial-a-Ride provides a fully accessible, step-free service for older and disabled people

Volume analysis
Over five years

	Actual			Forecast	Budget
	2014/15	2015/16	2016/17	2017/18	2018/19
Emirates Air Line					
Number of passenger journeys (millions)	1.5	1.5	1.5	1.4	1.6
Average yield per passenger journey (£)	3.89	3.97	4.14	4.31	4.82
Operating cost per journey* (£)	(1.75)	(2.31)	(2.90)	(2.63)	(2.34)
Santander Cycles					
Number of cycle hires (millions)	10	10	11	10	11
Average income per hire (£)	1.13	1.13	1.09	1.16	1.15
Operating cost per hire (£)	(2.63)	(3.07)	(2.33)	(2.41)	(2.48)
London River Services					
Number of passenger journeys (millions)	10	10	11	10	10
Average yield per passenger journey (£)	0.24	0.18	0.25	0.28	0.27
Operating cost per journey (£)	(1.58)	(1.33)	(1.17)	(1.29)	(1.27)

* Costs of Emirates Air Line are shown net of sponsorship income

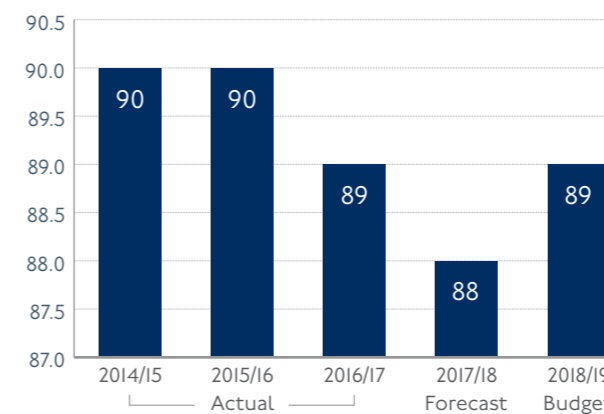
The expected increase in passenger volumes on the Emirates Air Line is partly because of a new retail village at the O2.

Santander Cycles continues to be popular. The income per hire has remained steady, while operating costs have risen as new cycles and docking stations have been introduced.

On London River Services passenger journeys have declined, with a total of 10 million forecast for 2017/18, six per cent lower than the previous year. This decrease has been driven by a drop in river tours. Passenger numbers are forecast to rise to 10.3m in 2018/19.

Reliability

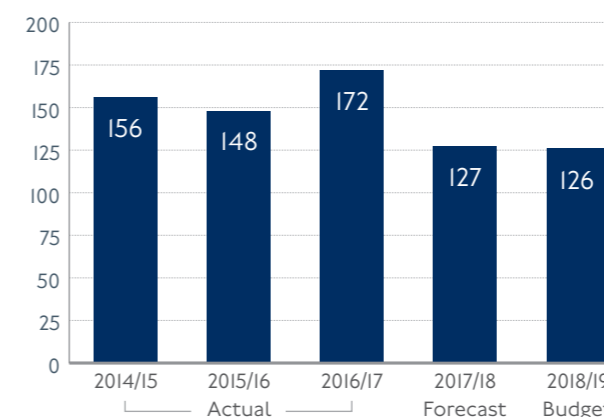
Dial-a-Ride trip requests scheduled (%)



The percentage of services operated is expected to improve next year. Improvements to scheduling efficiency have meant Dial-a-Ride has met the 89 per cent target since November 2017, and that is expected to continue.

Safety

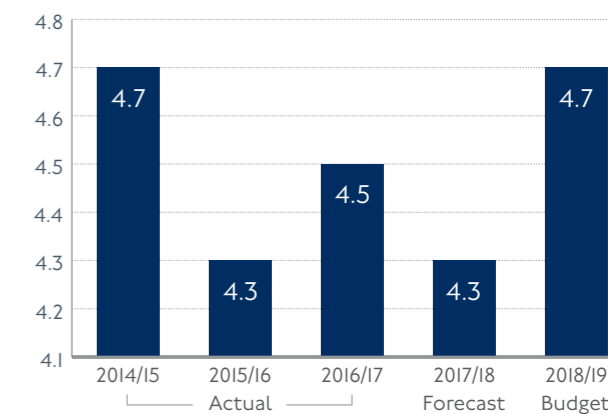
Customer injuries*



There has been an overall improvement in safety on the network and we expect to continue this progress next year, in line with overall road safety targets for road-based operations.

* Victoria Coach Station and Dial-a-Ride

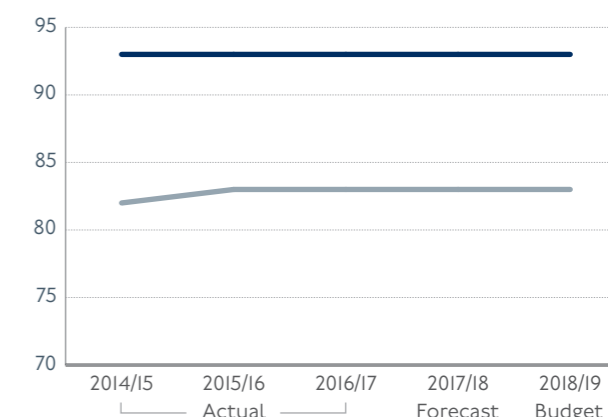
Santander Cycles – number of casual hires (millions)



This continues to be a popular form of transport – we expect a rise in hires in the future as a result of population growth and our continued investment in cycling.

Customer

Santander Cycles and Emirates Air Line customer satisfaction score



■ Emirates Air Line ■ Santander Cycles

Scores for Emirates Air Line and Santander Cycles are expected to remain in line with recent years.

2018/19 priorities

Safety

Our work to drive up standards of the TPH industry through licensing and regulatory action and rigorous enforcement continues. We have significantly increased our enforcement capability with the employment of 250 additional TPH Compliance Officers in 2017/18.

We are working closely with the MPS and the City of London Police to tackle TPH journey-related sexual offences and improve victim confidence to report issues so that action can be taken. In 2018/19, we will increase our joint working with the Driver and Vehicle Standards Agency to crack down on unsafe TPH vehicles. We continue to lobby Government for more effective regulatory and enforcement powers, such as greater controls on cross border hiring, powers to issue fixed penalty notices for common TPH offences, and to regulate pedicabs in the Capital.

ULEZ

London's low emission zone will have tougher standards for lorries, coaches and buses from 2020 and our capital programme will establish the infrastructure needed for this. To support the ULEZ, we are working with the boroughs and London councils to install at least 900 on-street residential electric vehicle charging points in 2018/19, and we are also assisting with charge points for car clubs that run electric vehicles.

Accessibility

Dial-a-Ride continues to provide a fully accessible, step-free transport service for older and disabled people who are less able to use other services. To improve our service, we are buying 90 more fuel efficient and cleaner vehicles, which will be ULEZ compliant, for delivery in early 2019. Dial-a-Ride will also work with two London boroughs to trial assisted transport allowances, potentially offering customers greater choice and flexibility when arranging their journeys.

Santander Cycles

The introduction of a new bike with improved manoeuvrability, smaller wheels, a lower frame, new gear hub and a more comfortable saddle has proved very popular, with increased hires-per-bike numbers recorded on the new model. Thousands more will be added to the fleet across the current Business Plan. We will also integrate the scheme more with our other services and improve efficiency. In February 2018, the scheme expanded to Brixton with seven new docking stations and 200 new bikes.

Taxi and Private Hire

We are supporting the take up of zero emission taxis – the only type that can now be licensed – through grant funding towards purchase, payment for delicensing older, more polluting taxis earlier and providing taxi-dedicated rapid charge points. By the end of 2018, we will have installed 150 rapid charge points across London, of which 90 will be taxi dedicated.

New infrastructure and assets

We will introduce two new hybrid vessels for the Woolwich Ferry in winter 2018/19 to replace the current fleet. A new, high-tech docking system will be introduced. The new ferries will be more reliable and comfortable for customers. They will also produce fewer emissions. We will also be installing new roofing over the platforms at Victoria Coach Station.

Ticketing app

Our first ticketing app was introduced in 2017, giving customers a convenient way to check their pay as you go balances and ticket expiry dates. The app can also be used to buy pay as you go credit and Travelcards. Further updates will alert customers using contactless cards about account changes, such as refunds.

Future schemes

Our focus remains on the Mayor's Transport Strategy and, as part of this, we are carrying out feasibility and scope studies in 2018/19 for a Bakerloo Line Extension, Sutton Tram Extension and Roads Strategy.

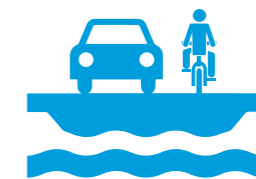
Crossrail 2

We have commissioned an Independent Affordability Review, jointly with the DfT, to examine ways of making Crossrail 2 more affordable. Following the outcome of the review and subject to a positive decision by the Government on our updated business case, we will seek to move the project forward to the next stage, with further formal public consultation on our latest proposals and preparations for a Hybrid Bill.

Two new

Woolwich Ferry

vessels, which will meet London's low emissions standards and provide better access for cyclists



Introduction of ULEZ in April 2019 to reduce emissions by up to

20%



150

TPH rapid charging points to be installed across London, 90 will be taxi dedicated





We will continue to expand our commercial offering

Commercial development



Financial summary

The net operating surplus for 2018/19 is forecast to continue the growth trend of the last three years, with a seven per cent increase.

Commercial development (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Other operating income	239	256	7%
Direct operating cost	(39)	(44)	13%
Direct operating surplus	200	212	6%
Indirect operating cost	(11)	(9)	-18%
Net operating surplus	189	203	7%
New capital investment	(83)	(136)	64%
Property receipts	93	55	-41%
Crossrail over site development	10	176	1660%
Net capital account	20	95	375%
Net Commercial development income	209	298	43%

Operating income is forecast to increase by £17m through 2017/18. This is driven by advertising on our new digital media platforms, Elizabeth line sponsorship and growing our new TfL Consulting service.

While we expand our business – with the consulting arm and property activity generating income – our operating costs are expected to increase by £5m year on year.

We are investing capital in ways to drive sustainable future income streams. This includes digital media and upgrading property assets, as well as new developments on the Elizabeth line stations, platforms and ticket hall areas.

2018/19 priorities

Our role is to keep London moving, working and growing by making the best use of our assets and land to create homes and jobs, and by generating income to invest in transport.

Housing

We are now an established property developer, having brought forward sites during the past two years that will deliver thousands of homes. In 2018/19, we will continue at pace unlocking sites across London that will deliver more than 3,000 homes. By 2020/21, we will start on the property development sites for 10,000 homes. We intend that, overall, 50 per cent of homes (as measured by habitable rooms) built on our land and brought to market since 2016 will be affordable.

Our joint venture partnerships to regenerate South Kensington and Northwood will start in 2018/19. We will continue to form joint ventures to build homes throughout the city, including large sites at Limmo Peninsula (Canning Town), Kidbrooke and Blackhorse Road. We will generate vital income from capital receipts, long-term revenue and, in later years, development profit.

Advertising

With our Tube, rail, bus and road network stretching across London, our outdoor advertising estate is one of the most valuable in the world. We carry more than 16,000 campaigns each year, and have invested in opportunities to generate new income.

Ahead of the Elizabeth line starting service, we will grant six commercial partners year-long exclusive advertising rights for the new stations and trains. We are also enhancing our existing assets, providing hundreds of digital screens at bus shelters and installing 4.5 metre by 2.4 metre cross-platform displays at five Tube stations, including Oxford Circus and Liverpool Street. We have plans to follow this with a further 10 installations in Zones 1 and 2.

Small businesses

We will continue to support small businesses by providing premises and access to a huge and diverse customer base. New tenants will move into our arches at Wood Lane and Kingsland Road and we will refurbish 11 arches at Latimer Road, providing new commercial space. In 2018/19, we will continue to release smaller parcels of land through the Greater London Authority's 'Small Sites, Small Builders' programme. This makes sure that our land is made available for small and medium-sized enterprise developers, housing associations and community-led organisations.

Mobile coverage

We are on track to unlock London's most high profile 'not spot' from 2019 – the Tube. Our work to deliver 4G mobile coverage in tunnels and at stations will mean that, for the first time, customers will be able to check their emails and social media, read the latest news and access live travel information while underground.

Advertising audience of
1.5 billion
per annum



Target of
50%

of new homes on our land to be genuinely affordable



More than **16,000**
advertising campaigns
carried each year



Hello London

LET'S CONNECT

£80m
investment to upgrade our digital advertising estate



94%
of tenants are small businesses



More than **300**
newsagents and food businesses across the estate

More than
100
potential development sites across London



10 million
sq ft

of new residential and commercial space



Capital investment

London Underground

Project	Description	2018/19 £m
Four Lines Modernisation	Upgrade of the Circle, District, Hammersmith & City and Metropolitan lines resulting in a 33 per cent increase in capacity	373
Deep Tube Upgrade programme	Modernisation of the Piccadilly, Central, Bakerloo and Waterloo & City lines (new trains and signalling)	46
Northern line extension	Extension of the Northern line from Kennington to Battersea	190
Major station upgrades	Station capacity projects already in progress (Victoria, Bond Street and Bank)	133
Fleet and signalling renewals	Work to enable the existing train and signalling equipment to continue to operate ahead of renewal via the Deep Tube Upgrade programme and Rail Vehicle Accessibility Regulations compliance works	93
Step-free access	Additional step-free access projects beyond those delivered through station capacity projects or Crossrail construction.	23
Energy/carbon reduction schemes	Waste heat, energy and carbon reduction schemes, including the Bunhill scheme	4
Other capital expenditure	Includes technology and change projects, Tube stations and Elizabeth line station interface points service	87
Other renewals	Continuation of track and power cooling upgrade programmes and works to upgrade lifts and escalators	171
Total		1,120



Our technology and construction investment will ensure we serve future generations

Elizabeth line

Project	Description	2018/19 £m
Crossrail (trains and enabling work)	Procurement of Elizabeth line trains and work on existing stations	316

Buses, Street and Rail

Project	Description	2018/19 £m
Healthy Streets	Work on recognising the value of increasing walking, cycling and public transport, more sustainable freight and servicing	116
Air quality and environment	Schemes, infrastructure and initiatives that reduce dangerous emissions and improve the Capital's air quality	80
Public transport	Investment in infrastructure to support buses, Santander Cycles and other surface transport operations	114
Barking Riverside extension	Extension of the Gospel Oak to Barking line to Barking Riverside, supporting new housing	(9)
Silvertown Tunnel	New road crossing at Silvertown via tunnel under the Thames	17
Assets	Investment to ensure London's strategic roads infrastructure remains in a state of good repair	53
DLR rolling stock	New trains introduced	5
Total		376

Professional services and commercial

Project	Description	2018/19 £m
Technology, Data and other	Refresh technology assets and core infrastructure and invest in technology transformation programmes, including revenue collection assets, such as ticket gates and readers, data hosting, network infrastructure, cyber security, bus operating and monitoring systems and end-user computing	84
Emergency Services Network	Investment in the Emergency Services Network, which is funded by the Home Office	106
Total		190

Commercial development

Project	Description	2018/19 £m
Commercial development	This includes work to grow income by upgrading our media infrastructure, improving our retail estate and developing our property portfolio, including delivering the Mayor's affordable housing pledge	136

Crossrail

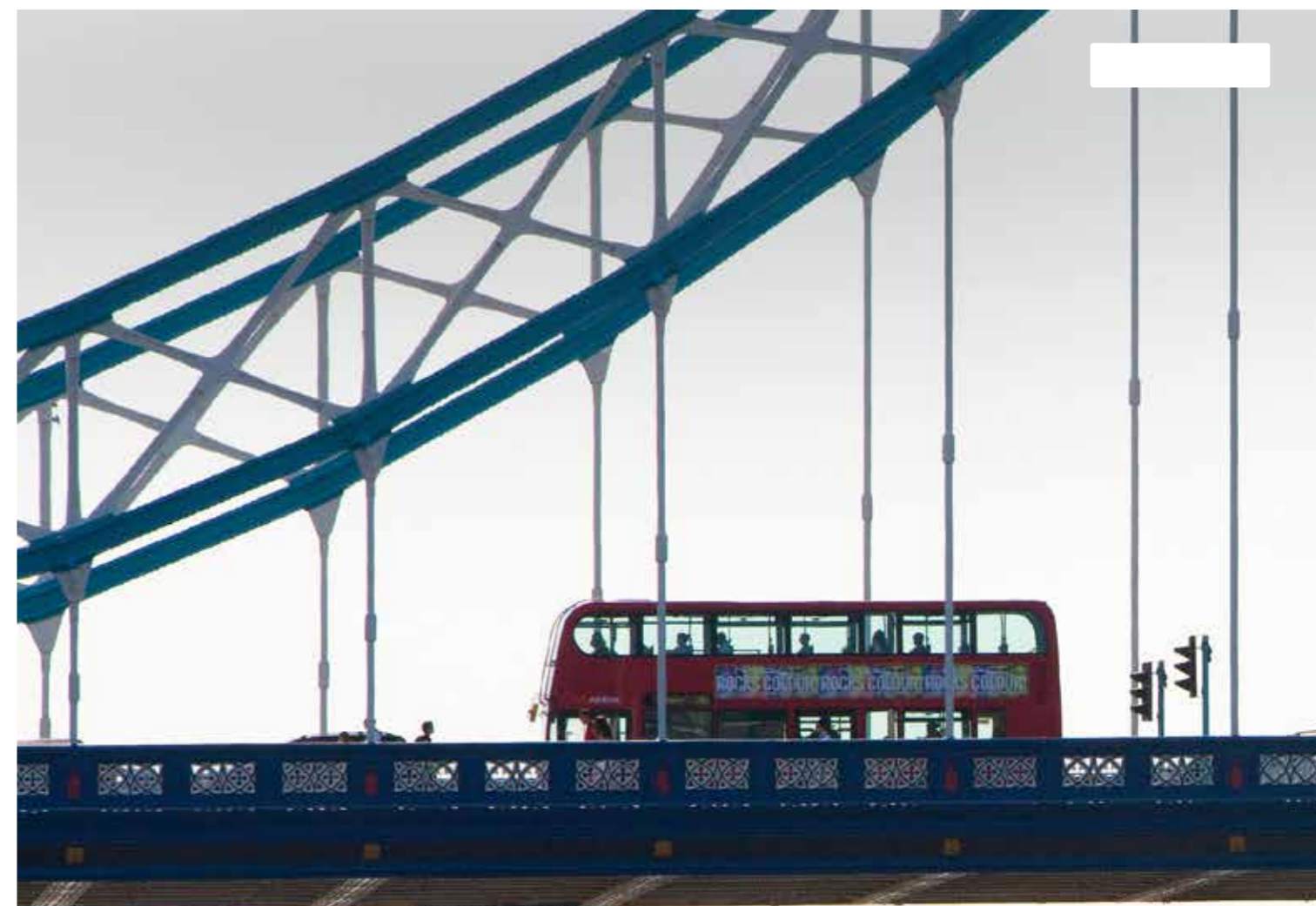
Project	Description	2018/19 £m
Crossrail construction	Construction of the new East-West route across London providing a new high-frequency commuter and suburban passenger service. This will form the Elizabeth line, which is due to become operational in December 2019	435

Total capital investment (including third party contributions)	2,573
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Appendices

I. TfL Group balance sheet

Balance sheet (£m)	Actual	Forecast	Budget
	31 March 2017	31 March 2018	31 March 2019
Intangible assets	140	134	183
Property, plant and equipment	36,839	39,333	40,179
Investment properties	558	558	558
Investment in associate entities	368	307	315
Long-term derivatives	18	17	17
Long-term finance lease receivables	4	19	55
Long-term debtors	26	22	47
Long-term assets	37,953	40,390	41,354
Stocks	72	68	68
Short-term debtors	1,821	571	506
Assets held for sale	15	14	14
Short-term derivatives	12	7	7
Short-term finance lease receivables	1	10	16
Cash and short term investments	1,961	1,621	1,405
Current assets	3,882	2,291	2,016
Short-term creditors	(2,146)	(2,154)	(2,043)
Short-term derivatives	(4)	(2)	(1)
Short-term borrowings	(1,106)	(847)	(472)
Short-term lease liabilities	(77)	(70)	(70)
Short-term provisions	(194)	(197)	(77)
Current liabilities	(3,527)	(3,270)	(2,663)
Long-term creditors	(56)	(79)	(105)
Long-term borrowings	(8,690)	(9,569)	(10,746)
Long-term lease liabilities	(488)	(420)	(350)
Long-term derivatives	(79)	(59)	(59)
Other provisions	(44)	(52)	(41)
Pension provision	(5,364)	(5,361)	(5,361)
Long-term liabilities	(14,721)	(15,540)	(16,662)
Total net assets	23,587	23,871	24,045
Capital and reserves			
Usable reserves	1,861	1,566	1,122
Unusable reserves	21,726	22,305	22,923
Total capital employed	23,587	23,871	24,045



From roads to river services, we provide a fully integrated public transport network

2. TfL Group financial reporting tables

These tables illustrate the Budget aligned to the financial reporting methodology published in our Quarterly performance report and Finance report.

Operating account

TfL Group (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Passenger income	4,653	4,774	3%
Other operating income	732	883	21%
Total operating income	5,385	5,657	5%
General grant	228	-	-100%
Business rates	854	947	11%
Other revenue grants	79	69	-13%
Total income	6,546	6,673	2%
Operating cost*	(6,237)	(6,661)	7%
Net operating surplus	309	12	-96%
Depreciation and amortisation	(1,096)	(1,062)	-3%
Net cost of operations before financing	(787)	(1,050)	33%
Net financing costs	(442)	(486)	10%
Net cost of operations	(1,229)	(1,536)	25%

* Energy costs included in operating cost amount to £149m in 2017/18 and £177m in 2018/19

Capital account

TfL Group (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Capital renewals	(554)	(499)	-10%
New capital investment	(1,508)	(1,733)	15%
Crossrail	(1,496)	(435)	-71%
Total capital expenditure	(3,558)	(2,667)	-25%
Financed by:			
Investment grant	960	976	2%
Third-party contributions	76	94	24%
Property receipts and asset sales	93	705	658%
Borrowing	621	802	29%
Crossrail funding sources	140	324	131%
Other capital grants	189	311	65%
Total	2,079	3,212	54%
Net capital account	(1,479)	545	-137%

Cash flow summary

Cash balances (£m)	2017/18 forecast	2018/19 Budget	Year-on-year variance
Net cost of operations	(1,229)	(1,536)	25%
Depreciation and amortisation	1,096	1,062	-3%
Net capital account	(1,479)	545	-137%
Working capital movement	1,272	(287)	-123%
Decrease in cash balances	(340)	(216)	

3. Budget milestones

London Underground

Project	Description	Date
Deep Tube Upgrade programme		
Piccadilly line rolling stock	Preferred bidder determined for new rolling stock contract	July – 18
Signalling and train control	Tenders returned for signalling and train control contract	Mar – 19
Major stations		
Bank station capacity upgrade	Preparatory power works complete to allow the start of tunnelling for new escalators	Oct – 18
Bakerloo line link (Paddington)	Bakerloo line link passage ready for Elizabeth line trial running	Nov – 18
Victoria station upgrade	All Victoria station passenger facilities available for use	Dec – 18
Four Lines Modernisation (Circle, District, Hammersmith & City and Metropolitan lines)		
New signalling system	Train services on Hammersmith & City line use new signalling system between Hammersmith and Latimer Road	Oct – 18
	Train services on Hammersmith & City line use new signalling system between Ladbroke Grove and Paddington	Nov – 18
Northern line extension		
Northern line extension	Kennington station cross passage civil works complete	Sept – 18
	Nine Elms station civil works complete	Sept – 18

Project	Description	Date
Infrastructure renewals		
Lifts and escalators	23 lifts and escalators replaced and refurbished	Mar – 19
Track	Install 7.5km of new track across the Underground network	Mar – 19
Rolling stock renewals		
Rolling stock	50 per cent of Jubilee line fleet mid-life refurbishment works complete	Dec – 18
	75 per cent of Bakerloo line fleet refurbishment works complete	Dec – 18
Accessibility		
Accessibility	Buckhurst Hill is a step-free station	May – 18
	Newbury Park is a step-free station	Oct – 18
	South Woodford is a step-free station	Mar – 19
Stations renewals and enhancements		
Renewals and enhancements	Improvement works complete at Underground stations that interface with the Elizabeth line	Dec – 18
	Finsbury Park is a step-free station	Mar – 19

Elizabeth line

Project	Description	Date
Elizabeth line	Elizabeth line passenger services start on central section between Paddington and Abbey Wood	Dec – 18

Buses, Streets and Rail

Project	Description	Date
London Overground – Barking Riverside extension	Main works contract – supplier evaluation and award recommendation complete	Jul – 18
London Overground – Barking Riverside extension	Early works contract complete	Jul – 18
Highbury Corner bridge	Construction complete	Aug – 18
Highbury Corner gyratory	Start construction	Aug – 18
Cycle Superhighway North South	Phase 2 complete, from Stonecutter Junction to Judd Street. This completes the CS6 route, running from Elephant and Castle to Judd Street	Dec – 18
Silvertown Tunnel	Preferred bidder selected, dependent on national Government support	Jan – 19
Old Street roundabout	Start advance works on site	Feb – 19
Liveable Neighbourhoods	Feasibility stage complete for three of the seven boroughs that received feasibility funding in 2017/18	Mar – 19
Mini Hollands	4.5km of segregated or semi-segregated cycle route complete across Kingston, Waltham Forest and Enfield	Mar – 19
Cycle Quietways Borough	Construction of 25km of the total 250km completed in 2018/19	Mar – 19
Bus Retrofit	Four low emission bus zone routes complete: A2 Camberwell – New Cross A3 Wandsworth – St John's Hill A5 Edgware Road Edmonton – Seven Sisters	Mar – 19
Sutton Tram Extension	Consultation launch	Nov – 18

Professional services

Project	Description	Date
Heathrow extension	Extension of Oyster and Contactless acceptance to Heathrow	May – 18
Future Ticketing Programme 4	Delivery of weekly capping for Oyster customers	Dec – 18
Ticket vending machine	New ticket vending machines to support Elizabeth line central service installed and ready for operation	Dec – 18

Commercial development

Project	Description	Date
Media programme	Announce Elizabeth line partners	Oct – 18
Telecoms commercialisation	Deliver a signed contract for the commercialisation of the telecommunications assets, including the delivery of public cellular services on the Underground	Dec – 18
Kidbrooke	Submit planning application	Feb – 19
Blackhorse Road	Submit planning application	Mar – 19

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