Finance Committee

Date: **26 January 2017**

Item: **Finance Report**

This paper will be considered in public

1 Summary

1.1 The Finance Report sets out TfL's financial results for Period 9, 2016/17 – the four weeks ending 10 December 2016.

2 Recommendation

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

3 Financial Reporting to the Board and Committees

Finance Report

3.1 The first of the new style Finance Reports was presented to the Committee on 13 October 2016. This report had been refreshed in response to feedback from a number of stakeholders. Where possible, feedback received from Board Members and others has been taken into account in the report for period 9, which includes the current forecast of the full year outturn. This forecast is based on our view of the year-end outturn at the end of Period 9 and updates the previous forecast presented in Period 8.

3.2 The Finance Report shows the latest available management results which, for this Board meeting, are the results for Period 9.

Quarterly Performance Report

3.3 Since the last Committee meeting the Quarterly Performance Report for Quarter 2 has been published on TfL's website (https://tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports). We will publish the Quarterly Performance Report for Quarter 3 by 31 January 2017.

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

List of appendices to this report:

Appendix 1: Finance Report – Period 9, 2016/17

List of Background Papers:

None

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Appendix 1

Transport for London finance report

Period 9 2016/17

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

About Transport for London (TfL)

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

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

Our operational responsibilities include London Underground, London Buses, Docklands Light Railway (DLR), London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line.

On the roads, we regulate taxis and the private hire trade, run the Congestion Charging scheme, manage the city's 580km red route network, operate all of the Capital's 6,300 traffic signals and work to ensure a safe environment for all road users.

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

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

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

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

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

Contents

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

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

Management results

Operating account

Period 9 – the four weeks ending 10 December 2016

	Period 9				Year to date			
(£m)	**Actuals**	**Budget**	**Variance to budget**	**% variance to budget**	**Actuals**	**Budget**	**Variance to budget**	**% variance to budget**
Fares income	389	395	(6)	-2%	3,303	3,393	(90)	-3%
Other operating income	49	58	(9)	-16%	489	496	(7)	-1%
Total operating income	**438**	**453**	**(15)**	**-3%**	**3,792**	**3,889**	**(97)**	**-2%**
General grant	34	34	–	0%	310	310	–	0%
Business rates retention	68	68	–	0%	581	581	–	0%
Other revenue grants	3	2	1	50%	24	22	2	9%
Total income	**543**	**557**	**(14)**	**-3%**	**4,707**	**4,802**	**(95)**	**-2%**
Operating cost	(474)	(496)	22	-4%	(4,262)	(4,407)	145	-3%
Net operating surplus	69	61	8	13%	445	395	50	13%
Depreciation and amortisation	(82)	(76)	(6)	8%	(744)	(682)	(62)	9%
Net cost of operations before financing	**(13)**	**(15)**	**2**	**-13%**	**(299)**	**(287)**	**(12)**	**4%**
Net financing costs	(28)	(29)	1	-3%	(249)	(262)	13	-5%
Net cost of transport operations	(41)	(44)	3	-7%	(548)	(549)	1	0%

Income

The cumulative adverse variance on fares income has increased by £6m in Period 9, bringing the year-to-date shortfall against budget to £90m. The variance is principally driven by lower passenger volumes:

- London Underground (LU) fares income is £2m adverse to budget in the period and £43m (two per cent) adverse cumulatively. The adverse trend therefore has slowed – at least over these four weeks. Passenger journeys were 14 million down on budget and average yield was down 1.5p in the period. The adverse variances on volume and yield account for £32m and £11m respectively in the year-to-date. Yield has improved since Period 8, partly due to an increased share of Travelcard income, following a settlement which was backdated to January 2016

- Bus fares income is £11m lower in Period 9 and £51m lower than budget in the year-to-date. Passenger journeys were 54 million (three per cent) below budget in the year-to-date as passenger volumes continue to be affected by congestion, although reliability is starting to improve. Average bus ticket yield has declined by 3p from Period 9, one year ago

- London Overground fares income was on budget for the period, but is £7m unfavourable to budget in the year-to-date, principally driven by some four million fewer than budgeted passenger journeys

- Oyster write-off and deposit income is £13m ahead of budget in the year-to-date, due to a one-off back-dated credit of £8m in Period 9

- Other income is cumulatively £7m lower than budget, due to lower Congestion Charge income of £6m – a result of lower volumes of chargeable vehicle (five per cent down on last year)

Costs

Operating costs continue to run lower than budget, as we work hard to respond to the Mayor's challenge to reduce costs, with a further £22m (four per cent) favourable variance added in Period 9. The cumulative favourable variance, which continues to outweigh the adverse variance in fares income, is now £145m (three per cent) and can be summarised as follows:

- Lower costs of £28m in Surface Transport, which include £12m from discontinued initiatives and £6m from savings in traffic asset management and traffic signals, with the latter switching to cheaper digital lines

- Savings of £13m on buses mainly from reduced payments to bus operators because of reduced performance payments, lower ticket selling commission and higher contract deductions for lost mileage due to industrial action

- Cost reductions of £26m across LU, driven by lower net ticket commission paid, reduced staff costs, including non-permanent labour and the release of provisions

- A higher profit share from London Overground of £9m. This was the result of the final accounting settlement ahead of the transfer of operations to Arriva in November 2016, and from higher than expected fares income growth in 2015/16 from higher passenger volumes

- Cost savings of £14m across Professional Services' back office functions, with £10m from cancelled technology projects and £2m from renegotiating supplier contracts

- Lower passenger volumes resulted in lower costs (£5m) from debit/credit card fees, reduced contact centre volumes, and lower compensation payments to the Train Operating Companies

- Rephasing of £24m in LU to future years, driven by slippage within heavy overhaul train maintenance (£13m) and deferral of projects including the Integrated Stations programme (£8m)

- Deferred payments of £10m to the Garden Bridge project, which are expected to be made later in 2017/18. These payments represent part of the existing agreed funding contribution to the Garden Bridge Trust of £30m

- LIP major schemes have seen some slippage (£4m) with affected projects incorporated into next year's programme. In addition, £5m of Crossrail complementary measures and freight and fleet projects have been deferred to next year.

- Deferred costs of £14m across back office functions, including £9m on technology projects and £2m for property rental and building maintenance costs

- Cost reductions and deferrals are partly offset by unbudgeted costs totalling £15m for the Transformation and Exit Programmes

Depreciation and amortisation costs are £62m (nine per cent) higher than original budget because of a budgeting error.

Financing costs are £13m (five per cent) lower than budget as a result of delaying further borrowing this year to reduce financing costs.

Net cost of operations

The net operating surplus is £50m (13 per cent) ahead of budget in the year to date although, because of the underestimate of the cost of depreciation and amortisation when the budget was set, the net cost of operations is in line with the original budget.

Capital account

(£m)	Period 9 Actuals	Budget	Variance to budget	% variance to budget	Year to date Actuals	Budget	Variance to budget	% variance to budget
Capital renewals	(60)	(68)	8	-12%	(538)	(581)	43	-7%
New capital investment	(78)	(84)	6	-7%	(716)	(804)	89	-11%
Crossrail	(129)	(109)	(20)	18%	(1,121)	(1,120)	(1)	0%
Total capital expenditure	**(267)**	**(261)**	**(6)**	**2%**	**(2,375)**	**(2,505)**	**131**	**-5%**
Financed by:								
Investment grant	73	73	-	0%	654	654	-	0%
Third-party contributions	5	3	2	67%	33	28	5	18%
Property income	-	1	(1)	0%	4	5	(1)	-20%
Crossrail funding sources	8	11	(3)	-27%	89	96	(7)	-7%
Other capital grants	4	13	(9)	-69%	112	110	2	2%
Total	**90**	**101**	**(11)**	**-11%**	**892**	**893**	**(1)**	**0%**
Net capital account	**(177)**	**(160)**	**(17)**	**11%**	**(1,483)**	**(1,612)**	**129**	**-8%**

Total capital expenditure is now £131m (five per cent) lower than budget in the year-to-date, principally due to project rephasing (£116m) and cost reductions (£25m).

- LU has deferred £18m of net costs to future years, including some expenditure on the upgrade to the Circle, District, Hammersmith & City and Metropolitan lines to realign infrastructure and enabling works to dovetail more efficiently with contractor works
- Slippage in TfL Rail's station improvement programme (£12m) driven by delayed letting of contract
- The Commercial Development programme is £49m lower than budget including £32m on property development schemes. Costs of £15m for the Earls Court Joint Venture, Broadway, Southwark and London Road sidings have been rescheduled into later years. Property sale income for Broadway has also been deferred to next year
- Capital expenditure on new buses is above budget by £15m as a result of the accelerated delivery of the last new Routemasters to secure a lower unit price
- Rephased projects in London Rail, including West Anglia station works and the Barking to Gospel Oak line extension, along with DLR Limehouse escalators and customer emergency and information points account cumulatively for £27m, although £15m of this is still likely to be incurred by year end. This is due to a delay in contract letting for main and design works to assess value engineering options
- Some delay in asset capital programme, including highways, tunnels and structure renewals, due to design re-work and road space restrictions totalling £14m, although this is still expected to catch up by the end of the year
- Borough cycling schemes (£11m), including £4m in Camden are behind schedule owing in part to conflicts arising with other local schemes and activities, and there is £4m of slippage on cycling Quietways because schemes have taken longer to develop than originally planned
- Cost increases of £3m in Cycle Superhighways – mainly due to civil engineering, road surfacing, traffic infrastructure and lighting – following the completion of detailed design

Latest forecast for this year

Operating account

	Full year 2016/17			
(£m)	**Full-year forecast**	**Full-year budget**	**Forecast variance to budget**	**% forecast variance to budget**
Fares income	4,698	4,861	(163)	-3%
Other operating income	698	704	(6)	-1%
Total operating income	**5,396**	**5,565**	**(169)**	**-3%**
General grant	447	447	-	0%
Business rates retention	854	854	-	0%
Other revenue grants	57	43	14	33%
Total income	**6,754**	**6,909**	**(155)**	**-2%**
Operating cost	(6,294)	(6,439)	145	-2%
Net operating surplus	**460**	**470**	**(10)**	**-2%**
Depreciation and amortisation	(1,065)	(987)	(78)	8%
Net cost of operations before financing	**(605)**	**(517)**	**(88)**	**17%**
Net financing costs	(368)	(379)	11	-3%
Net cost of transport operations	**(973)**	**(896)**	**(77)**	**9%**

Capital account

(£m)	Full year 2016/17			
	Full-year forecast	Full-year budget	Forecast variance to budget	% forecast variance to budget
Capital renewals	(837)	(862)	25	-3%
New capital investment	(1,047)	(1,300)	253	-19%
Crossrail	(1,597)	(1,454)	(143)	10%
Total capital expenditure	**(3,481)**	**(3,616)**	**135**	**-4%**
Financed by:				
Investment grant	944	944	-	0%
Third-party contributions	59	55	4	7%
Property income	24	127	(103)	0%
Crossrail funding sources	138	194	(56)	-29%
Other capital grants	142	168	(26)	-15%
Total	**1,307**	**1,488**	**(181)**	**-12%**
Net capital account	**(2,174)**	**(2,128)**	**(46)**	**2%**

Cash flow summary

(£m)	Full year 2016/17			
	Full-year forecast	Full-year budget	Forecast variance to budget	% forecast variance to budget
Net cost of transport operations	(973)	(896)	(77)	9%
Non-cash depreciation	1,065	987	78	8%
Net capital expenditure	(2,174)	(2,128)	(46)	2%
Borrowing	701	732	(31)	0%
Working capital movements	4	141	(137)	-97%
(Decrease)/increase in cash balances	**(1,377)**	**(1,164)**	**(213)**	

Our latest forecast outturn for the year was prepared on the basis of Period 9 results. This updates the previous forecast in the Period 8 report, which was based on Period 6 results.

The net cost of operations is forecast to be £77m higher than budget, which is an improvement of £27m from our previous forecast. This is a result of lower fares income (£163m) and depreciation (£78m), partly offset by reduced operating costs (£145m).

Fares income is forecast to be £163m – three per cent – lower than budget and £25m adverse to the Period 8 forecast.

- Lower passenger volumes are the main driver, responsible for lower fares income of £60m from buses and £17m from LU
- The downward pressure on LU yield is expected to continue, accounting for a £16m adverse variance to budget
- The introduction of the Hopper fare in September 2016, making bus travel more affordable, is expected to reduce income by £18m compared to the original budget approved in March 2016
- We also expect to pay other train operating companies £18m as a result of their reduced income share from changes to one day Travelcard pricing

Operating costs are forecast to be £145m lower - two per cent - than budget and £59m favourable to our previous forecast.

- Cost reductions of £88m across Surface Transport, including £20m from lower bus contract costs, £13m on asset management and maintenance, £14m from higher profit share for the London Overground operator, and £9m from discontinued initiatives, which were added into the budget without delivery plans, and rephased LIPs major schemes
- LU operating costs are expected to be £86m lower than budget, driven by £46m of cost reductions from paying lower ticket commission, staff costs and provisions. Costs of £40m have also been rephased to future years, including £15m of heavy overhaul train maintenance and £15m of deferred project costs, including the Integrated Stations programme
- Cost reductions of £39m across Professional Services, including £10m from reduced communication and technology project expenditure, £4m from lower contract costs and employee cost savings of £18m
- Lower passenger volumes are also forecast to reduce costs by £5m across Professional Services, a result of lower debit/credit card fees and reduced contact centre volume

- The cost reductions above are partially offset by £20m of unbudgeted costs for the Transformation and Exit Programmes

On the capital account, we are currently forecasting an adverse variance of £46m against budget. This is driven by lower capital expenditure of £135m and lower than anticipated property sales income of £103m.

Capital expenditure is forecast to be £135m lower than budget:

- Release of £114m of budgeted expenditure for discontinued initiatives, which were included in the 2016 budget without delivery plans

- Lower property development costs of £59m as a result of fewer investment opportunities

- LU capital costs are forecast to be £73m favourable to budget this year. This is a result of the descoping of Bakerloo train repairs (£17m) and Tottenham Court Road (£12m). In addition, a number of programmes have been rescheduled including stations improvement works (£18m), and track and train renewals works (£18m). We are also working to reduce overall capital costs through a number of cost reduction initiatives, including NPL reductions

- Rephasing £27m of project spend on TfL Rail, including the stations improvement programme (£11m) to 2017/18 and service vehicle purchases

- These variances are forecast to be partly offset by an adverse variance of £143m for Crossrail construction costs. Costs have increased principally by bringing forward dynamic testing. These cost increases are partially offset by risk provisions in the original budget

Property sales income is £103m adverse to budget, owing to the deferral of sales to future years.

Headcount

Full-time equivalent (FTE) employees	End of 2015/16 actuals	P1–P8 Net (leavers)/ joiners	Period 9 Net (leavers)/ joiners	Period 9 Actual	Period 9 budget	Variance to budget
London Underground	21,685	(1,232)	(23)	20,431	21,344	(913)
Surface Transport	4,165	(51)	(4)	4,110	4,311	(201)
Professional Services	4,215	(263)	(17)	3,935	4,372	(437)
Commercial Development	165	12	2	179	214	(35)
Crossrail	983	(102)	1	882	869	13
Total FTEs	**31,213**	**(1,637)**	**(40)**	**29,537**	**31,109**	**(1,573)**

	Period 9				Year to date			
Employee costs (£m)	Actual	Budget	Variance to budget	% variance to budget	Actual	Budget	Variance to budget	% variance to budget
Permanent	(140)	(146)	(6)	-4%	(1,276)	(1,318)	(41)	-3%
Non-Permanent Labour (NPL)	(15)	(17)	(2)	-13%	(151)	(165)	(14)	-8%
Total employee costs	**(155)**	**(163)**	**(8)**	**-5%**	**(1,428)**	**(1,483)**	**(55)**	**-4%**

Headcount has reduced by 1,676 since the beginning of the year, and Period 9 headcount was 1,573 lower than budget.

LU headcount has reduced by 1,255 since the start of the year of which 580 FTE are due to leavers which are the result of the stations modernisation programme.

Surface Transport headcount levels have stabilised in Period 9. The recruitment of 37 Taxi & Private Hire compliance officers – to reduce illegal activity and improve safety – has been more than offset by staff transfers and leavers.

Employee costs are £55m (four per cent) lower than Budget in the year to date, with cost reductions of £41m from permanent employees and £14m from non-permanent staff.

Cash

Cash flow summary

	Period 9				Year to date			
(£m)	Actual	Budget	Variance	Variance %	Actual	Budget	Variance	Variance %
Net cost of transport operations	(41)	(44)	3	-7%	(548)	(549)	1	0%
Non-cash depreciation	82	76	6	8%	744	682	62	9%
Net capital expenditure	(177)	(160)	(17)	11%	(1,483)	(1,612)	129	-8%
Borrowing	-	-	-	0%	92	774	(682)	-88%
Working capital movements	156	21	135	643%	(131)	(87)	(44)	51%
(Decrease)/increase in cash balances	**20**	**(107)**	**127**		**(1,326)**	**(792)**	**(534)**	

Cash balances

(£m)	2016/17 opening cash	Prior period movements	Period 9 movement	Period 9 closing cash	Variance to budget
Crossrail sponsors' funding account	1,539	(551)	(127)	861	103
Other TfL cash balances	1,775	(797)	149	1,127	(637)
Cash balances	**3,314**	**(1,348)**	**22**	**1,988**	**(534)**

Cash balances are £1,988m at the end of Period 9, down £1,326m in the year. Of the £1,988m, £861m is held specifically for Crossrail construction.

The Group has received funding and undertaken borrowing in advance of incurring costs and completing projects and this is now being used to fund capital renewals and investment across the transport network.

Cash balances are £534m below budget principally as a result of postponing planned borrowing of £701m to later in the year.

Balance sheet

TfL Group balance sheet

£m	10 December 2016	31 March 2016	Movement	10 December 2016	Period 9 budget	Variance to budget
Intangible assets	144	123	21	144	104	40
Property, plant and equipment	36,080	34,402	1,678	36,080	36,306	(226)
Investment properties	518	518	0	518	518	0
Investment in associate entities	410	473	(63)	410	473	(63)
Long term derivatives	13	7	6	13	7	6
Long term debtors	21	692	(671)	21	53	(32)
Non current assets	**37,186**	**36,215**	**971**	**37,186**	**37,461**	**(275)**
Stocks	76	71	5	76	71	5
Short term debtors	1,854	1,262	592	1,854	1,796	58
Short term derivatives	31	5	26	31	5	26
Cash and short term investments	1,988	3,314	(1,326)	1,988	2,522	(534)
Current assets	**3,949**	**4,652**	**(703)**	**3,949**	**4,394**	**(445)**
Short term creditors	(2,131)	(2,188)	57	(2,131)	(2,134)	3
Short term derivatives	(5)	(21)	16	(5)	(21)	16
Short term borrowings	(1,136)	(832)	(304)	(1,136)	(832)	(304)
Short term lease liabilities	(53)	(94)	41	(53)	(33)	(20)
Short term provisions	(136)	(221)	85	(136)	(115)	(21)
Current liabilities	**(3,461)**	**(3,356)**	**(105)**	**(3,461)**	**(3,135)**	**(326)**
Long term creditors	(60)	(80)	20	(60)	(79)	19
Long term borrowings	(8,069)	(8,281)	212	(8,069)	(9,055)	986
Long term lease liabilities	(542)	(565)	23	(542)	(527)	(15)
Long term derivatives	(67)	(95)	28	(67)	(95)	28
Other provisions	(56)	(46)	(10)	(56)	(37)	(19)
Pension provision	(3,205)	(3,208)	3	(3,205)	(3,198)	(7)
Long term liabilities	**(11,999)**	**(12,275)**	**276**	**(11,999)**	**(12,991)**	**992**
Total net assets	**25,675**	**25,236**	**439**	**25,675**	**25,729**	**(54)**
Capital and reserves						
Usable reserves	2,141	3,233	(1,092)	2,141	2,405	(264)
Unusable reserves	23,534	22,003	1,531	23,534	23,324	210
Total capital employed	**25,675**	**25,236**	**439**	**25,675**	**25,729**	**(54)**

Balance sheet movement vs budget

- Fixed assets: £186m (one per cent) lower than budget, mainly due to £121m lower capitalised expenditure, and £62m higher than budget depreciation

- Investment in associate entities: £63m (13.3 per cent) lower, representing TfL's share of post-tax losses to 30 September 2016 in the Earls Court Partnership company

- Cash and short term investments: £534m (21.2 per cent) lower, mainly owing to:

  – £682m deferral of new prudential borrowings budgeted for in the first half of the year. This is a timing difference which will reverse later in the year

  – £2m higher than budgeted grant receipts

  – £131m lower capital expenditure, including £10m of income

  – £62m lower net operating costs (excluding depreciation)

  – £44m of working capital movements

- Short term borrowings: £304m higher than budget (36.5 per cent), reflecting a bond which has become repayable within one year

- Long term borrowings: £986m lower than budget (10.9 per cent), reflecting the deferral of new prudential borrowing, and the bond which has become repayable within one year

Balance sheet movement vs prior year end

- Fixed assets: £1,699m (five per cent) higher. £2,444m acquisitions less £745m depreciation

- Investment in associate entities: £63m (13.3 per cent) lower, representing TfL's share of post tax losses to 30 September 2016 in the Earls Court Partnership company

- Long term debtors: £671m (97.0 per cent) lower, principally owing to the reclassification of £657m of Network Rail loan debtor from long to short term

- Short term debtors: £592m (46.9 per cent) higher, mainly as a result of the Network Rail loan reclassification above, £18m year-to-date reduction in the balance of this debtor, and the reimbursement of a £33m year end debtor in respect of rolling stock costs which were to be refinanced

- Short term borrowings: £304m (36.5 per cent) higher, reflecting a bond which becomes repayable within one year

- Short term provisions: £85m (38.5 per cent) lower following payments out of Fit for the Future, and reductions in Crossrail contractual claims and property provisions

Appendices

Appendix A: Financial tables

London Underground and TfL Rail

	Period 9				Year to date			
(£m)	**Actual**	**Budget**	**Variance to budget**	**% Variance to budget**	**Actuals**	**Budget**	**Variance to budget**	**% Variance to budget**
London Underground	223	225	(2)	-1%	1,863	1,906	(43)	-2%
TfL Rail	7	8	(1)	-13%	60	61	(1)	-2%
Total fares income	**230**	**233**	**(3)**	**-1%**	**1,923**	**1,967**	**(44)**	**-2%**
Other operating income	17	18	(1)	-6%	129	125	4	3%
Total operating income	**247**	**251**	**(4)**	**-2%**	**2,052**	**2,092**	**(40)**	**-2%**
LU direct operating cost	(169)	(173)	4	-2%	(1,494)	(1,555)	61	-4%
TfL Rail direct operating cost	(8)	(8)	-	0%	(70)	(71)	1	-1%
Net operating surplus/(deficit)	**70**	**70**	**-**	**0%**	**488**	**466**	**22**	**5%**
Capital expenditure								
London Underground	(82)	(88)	6	-7%	(755)	(786)	31	-4%
TfL Rail	(3)	(4)	1	-25%	(107)	(119)	12	-10%
Net capital expenditure	**(85)**	**(92)**	**7**	**-8%**	**(862)**	**(905)**	**43**	**-5%**

Surface Transport (including London Rail)

	Period 9				Year to date			
(£m)	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
Buses	113	124	(11)	-9%	1,046	1,097	(51)	-5%
London Overground	19	19	-	0%	159	166	(7)	-4%
DLR	14	14	-	0%	116	117	(1)	-1%
Trams	2	2	-	0%	18	18	-	0%
EAL	-	-	-	0%	5	6	(1)	-17%
Total fares income	**148**	**159**	**(11)**	**-7%**	**1,344**	**1,404**	**(60)**	**-4%**
Other operating income	35	36	(1)	-3%	320	325	(5)	-2%
Total operating income	**183**	**195**	**(12)**	**-6%**	**1,664**	**1,729**	**(65)**	**-4%**
Surface Transport direct operating cost	(212)	(226)	14	-6%	(1,925)	(1,997)	72	-4%
London Rail direct operating cost	(34)	(37)	3	-8%	(309)	(326)	17	-5%
Net operating (deficit)/surplus	**(63)**	**(68)**	**5**	**-7%**	**(570)**	**(594)**	**24**	**-4%**
Capital expenditure								
Surface Transport	(32)	(33)	1	-3%	(256)	(254)	(2)	1%
London Rail	(7)	(10)	3	-30%	(76)	(98)	22	-22%
Total capital expenditure	**(39)**	**(43)**	**4**	**-9%**	**(332)**	**(352)**	**20**	**-6%**

Professional services and others

(£m)	Period 8				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
Fares income	11	2	9	450%	36	23	13	57%
Operating income	(3)	5	(8)	-160%	40	46	(6)	-13%
Total operating income	**8**	**7**	**1**	**14%**	**76**	**69**	**7**	**10%**
Direct operating costs	(50)	(51)	1	-2%	(465)	(459)	(6)	1%
Net operating (deficit)/surplus	**(42)**	**(44)**	**2**	**-5%**	**(389)**	**(390)**	**1**	**0%**
Total capital expenditure	**(14)**	**(17)**	**3**	**-18%**	**(59)**	**(128)**	**69**	**-54%**

Appendix B: Passenger journeys, fares, and yield

Fares income

(£m)	Period 9				Year to date			
	Actual	Budget	Variance to budget	% Variance to budget	Actuals	Budget	Variance to budget	% Variance to budget
London Underground	223	225	(2)	-1%	1,863	1,906	(43)	-2%
TfL Rail	7	8	(1)	-5%	60	61	(1)	-2%
DLR	14	14	-	0%	116	117	(1)	-1%
London Overground	19	19	-	0%	159	166	(7)	-4%
Trams	2	2	-	0%	18	18	-	0%
EAL	0	0	-	0%	5	6	(1)	-22%
Buses	113	124	(11)	-9%	1,046	1,097	(51)	-5%
Oyster write off and deposits	11	2	9	392%	36	23	13	57%
Total fares	**389**	**395**	**(6)**	**-2%**	**3,303**	**3,393**	**(90)**	**-3%**

Passenger journeys

	Period 9				Year to date			
Million	**Actual**	**Budget**	**Variance to budget**	**% Variance to budget**	**Actuals**	**Budget**	**Variance to budget**	**% Variance to budget**
London Underground	116.7	117.6	(1.0)	-0.8%	972.6	986.6	(14.0)	-1.4%
TfL Rail	4.0	4.2	(0.2)	-4.5%	33.6	34.1	(0.5)	-1.6%
DLR	10.1	10.6	(0.5)	-4.8%	86.0	89.1	(3.1)	-3.5%
London Overground	15.7	15.8	(0.1)	-0.9%	132.9	136.6	(3.7)	-2.7%
Trams	2.1	2.6	(0.5)	-17.5%	20.4	21.5	(1.1)	-5.0%
EAL	0.1	0.1	(0.0)	-24.3%	1.1	1.4	(0.3)	-18.1%
Buses	182.3	188.1	(5.8)	-3.1%	1,589.3	1,643.5	(54.1)	-3.3%
Total passenger journeys	**330.9**	**339.0**	**(8.1)**	**-2.4%**	**2,836.0**	**2,912.9**	**(76.9)**	**-2.6%**

Fares yield

	Period 9				Year to date			
(£ per journey)	**Actual**	**Budget**	**Variance to budget**	**% Variance to budget**	**Actuals**	**Budget**	**Variance to budget**	**% Variance to budget**
London Underground	1.91	1.91	-	0%	1.91	1.93	-0.02	-0.9%
TfL Rail	1.79	1.79	-	0%	1.79	1.79	-	0%
DLR	1.36	1.31	0.05	3.6%	1.35	1.31	0.04	3.4%
London Overground	1.18	1.22	-0.04	-3.3%	1.20	1.21	-0.02	-1.6%
Trams	0.84	0.84	-	0%	0.88	0.84	0.05	5.4%
EAL	4.13	4.45	-0.32	-7.2%	4.16	4.34	-0.18	-4.2%
Buses	0.62	0.66	-0.04	-6.3%	0.66	0.67	-0.01	-1.3%
Average yield	**1.14**	**1.16**	**-0.02**	**-1.4%**	**1.15**	**1.16**	**-0.01**	**-0.4%**

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