Transport for London quarterly performance report

Quarter 1 2022/23
(1 April – 25 June 2022)

MAYOR OF LONDON

TRANSPORT FOR LONDON
EVERY JOURNEY MATTERS

Contents

The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's draft audited Statement of Accounts for the year ending 31 March 2022 was published in July 2022.

Introduction

The recovery in passenger numbers continues and we continue to maintain tight spending controls, however we still need longer-term Government support

TfL's purpose is to move London forward safely, inclusively and sustainably. Sustainably includes financial sustainability – that is, balancing our income and costs so London can keep moving long into the future.

The 2022/23 Budget sets out our path to achieve financial sustainability by April 2023 by rebuilding our finances, becoming more efficient and reviewing options to generate new sources of income. Achieving this will mean that this financial year will be the last that we require Government revenue support as the result of the pandemic.

Our Quarter 1 report reflects TfL's financial performance from 1 April to 25 June 2022, and is measured against the 2022/23 Budget. Our Quarter 1 year to date results show we are on track to deliver this year's Budget and therefore on track to achieve financial sustainability.

The key risk to delivering the budget is securing the further revenue support from Government that is required. This revenue support is on a declining trajectory from previous years, and we have secured almost £300m from Government so far this year, but require a further £900m for the rest of the year. Longer-term capital funding is also required to avoid the managed decline scenario the budget is based on.

At the time this report is published, we remain in discussion with Government to secure a long-term funding settlement as our previous funding settlement expired on 3 August 2022.

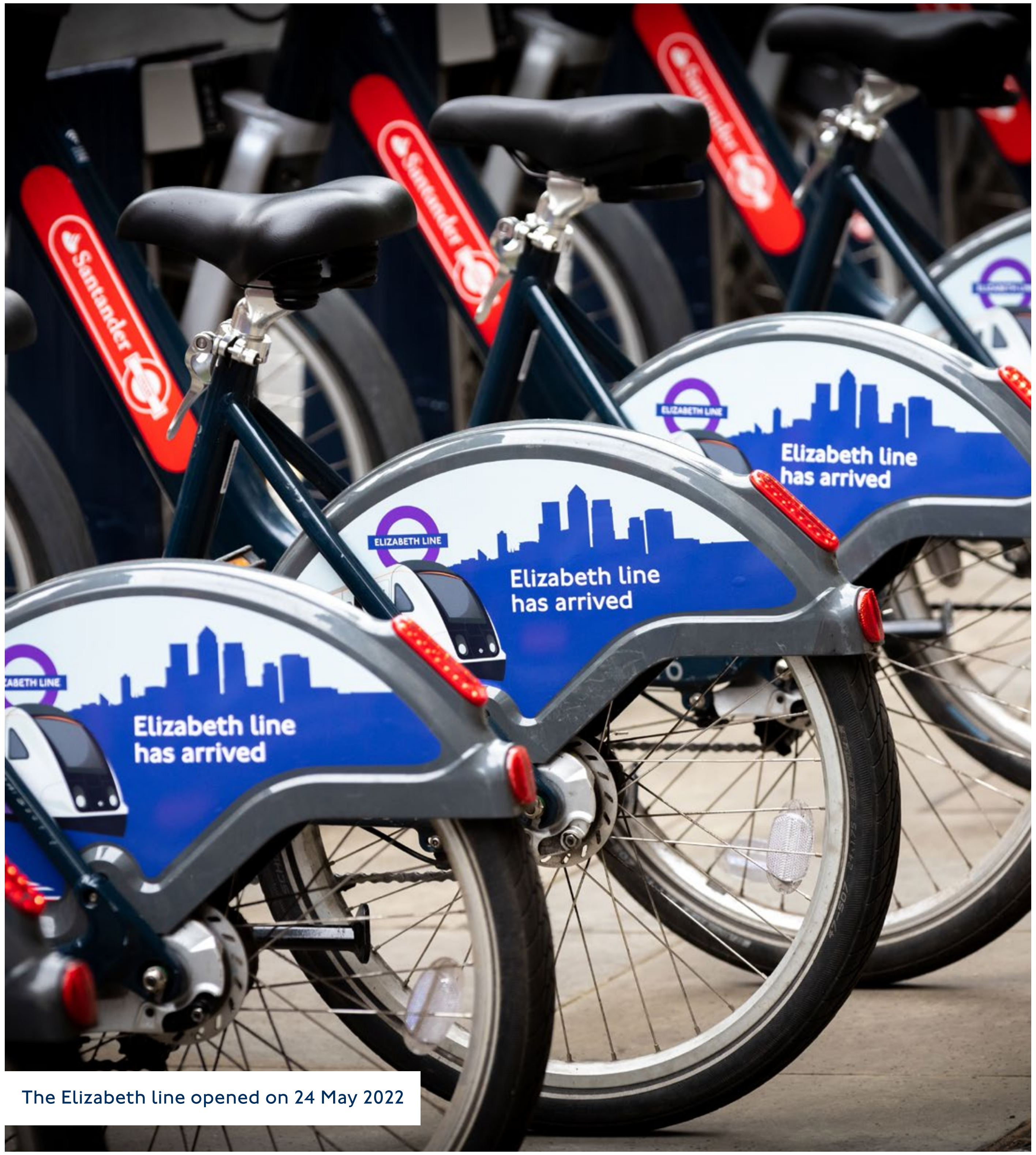
Total income is within one per cent of Budget. Underlying passenger income is £5m higher than Budget, with the earlier opening of the Elizabeth line partly offsetting the impact of strikes at the end of Quarter 1.

Total operating costs are also within one per cent of Budget. Cost pressures from inflation and increasing Road User Charging (RUC) bad debt have been mitigated by lower pension costs, following the triannual valuation and continued cost control across all areas.

Capital investment (excluding TTL Properties and Crossrail) is within one per cent of Budget, with expenditure being marginally behind Budget but with clear controls in place to manage to the Budget over the full year.

Although we are on track in the year to date, there are several external headwinds and risks to achieving the Budget for the full year. The uncertainty around funding, poor economic growth, cost-of-living increases and inflationary pressures present significant challenges. This highlights the importance of securing longer-term Government support so we can continue to run our services, give assurance to our colleagues and supply chain, and invest in being a strong, green heartbeat for London.

Patrick Doig
Statutory Chief Finance Officer



The Elizabeth line opened on 24 May 2022

Business at a glance

Keeping London moving, working and growing to make life in our city better

How we report on our business

Underground
London Underground

Elizabeth line
Previously operated as TfL Rail

Buses, streets and other operations
London Buses, Transport for London Road Network, London Dial-a-Ride, London River Services, Santander Cycles, Victoria Coach Station and London Cable Car

Rail
DLR, London Overground and London Trams

Property development
Our commercial and residential estate and building portfolio

Facts and figures

996 trains on our network

580km of highway that we operate

761km of Rail and London Underground routes

8,800 buses on our network

6,400 traffic signal sites that we operate

2022/23 budget at a glance

Grants £2.0bn

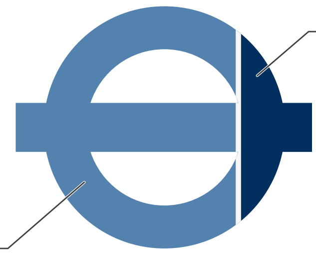
Government Support £1.2bn

Other income £1.8bn

Passenger income £4.3bn

Crossrail funding £0.4bn

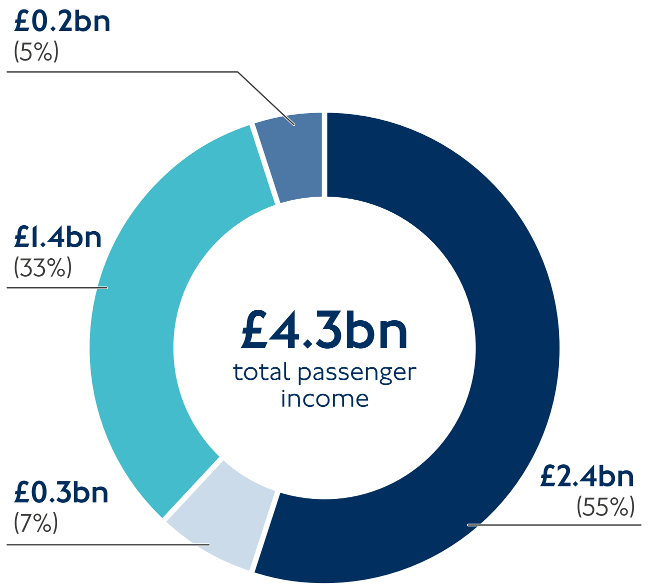
Sources of funds **£9.7bn**



87% spent on running and operating the network every day

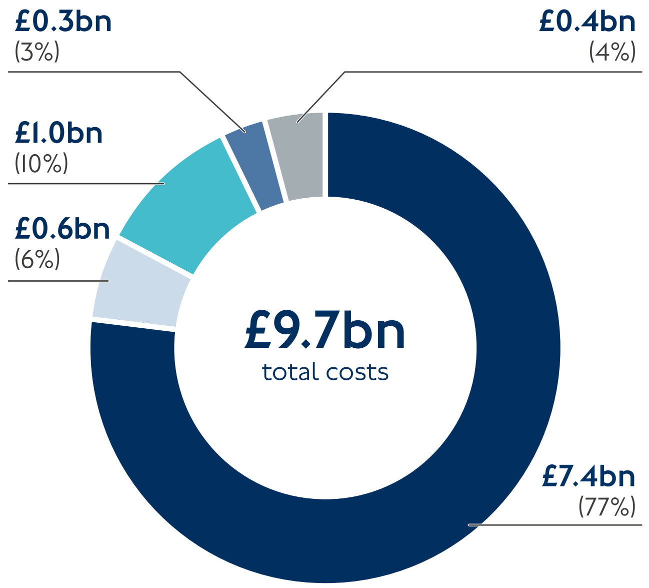
13% spent on renewing and improving the network through one of the largest capital investment programmes in Europe

Total passenger income



London Underground
Rail
Buses, streets and other operations
Elizabeth line

Total costs



Operating cost
Capital renewals
Crossrail
New capital investment
Net financing costs

Financial summary

Our performance in the year to date

Operating account

TfL Group (£m)	QI 2022/23	QI Budget	Variance	QI 2021/22	Variance
Passenger income	910	923	(13)	579	331
Other operating income	363	344	19	221	142
Total operating income	**1,273**	**1,267**	**6**	**800**	**473**
Business Rates Retention	255	255	-	233	22
Council tax precept	10	10	-	10	-
Other revenue grants	3	-	3	3	-
Total income	**1,541**	**1,532**	**9**	**1,046**	**495**
Operating cost	(1,643)	(1,659)	16	(1,487)	(156)
Net operating deficit	**(102)**	**(127)**	**25**	**(441)**	**339**
Net financing costs	(101)	(101)	-	(106)	5
Capital renewals	(124)	(126)	2	(90)	(34)
Net cost of operations	**(327)**	**(354)**	**27**	**(637)**	**310**
Extraordinary grant	293	304	(11)	640	(347)
Net cost of operations after extraordinary grant	**(34)**	**(50)**	**16**	**3**	**(37)**

Capital account

TfL Group (£m)	QI 2022/23	QI Budget	Variance	QI 2021/22	Variance
New capital investment	(169)	(171)	2	(176)	7
TTLP new capital investment	(6)	(44)	38	(5)	(1)
Crossrail	(70)	(106)	36	(162)	92
Total capital expenditure	**(245)**	**(321)**	**76**	**(343)**	**98**
Financed by:					
Investment grant	257	257	-	251	6
TTLP property receipts	3	48	(45)	1	2
Borrowing	(8)	-	(8)	-	(8)
Crossrail borrowing	-	-	-	74	(74)
Crossrail funding sources	101	129	(28)	110	(9)
Other capital grants	18	13	5	14	4
Total	**371**	**447**	**(76)**	**450**	**(79)**
Net capital account	**126**	**126**	**-**	**107**	**19**

Our year-to-date results to the end of Quarter 1 show we are on track to deliver this year's Budget. Total income, operating costs and capital investment are each within one per cent of Budget.

Journeys have continued to recover. Total journeys were 76 per cent of pre-pandemic levels, up from 68 per cent at the end of last year. To date, we have seen 717 million journeys in total, just one million lower than Budget, but around 200 million lower than pre-pandemic levels.

The opening of the Elizabeth line has resulted in an additional six million journeys. Passenger income is £910m in Quarter 1, £331m higher than the same time last year. Underlying passenger income (after adjusting for Oyster write-off income) is £5m higher than Budget.

Other operating income is also performing well and is £19m higher than budget. Road User Charging (RUC) income is in line with Budget, but we have seen lower charge volumes offset by higher ULEZ enforcement income. Property rental, advertising income and sponsorship income are all ahead so far this year.

Operating costs were £1,643m in Quarter 1 and are within one per cent of Budget. Pension costs are lower than Budget this year, reflecting recent revaluations. We have seen pressures from inflation on external contracts as well as on RUC, with increased bad debt from lower payment rates on penalty charge notices during the initial discounted period. Pressures have so far been offset by the pensions upside and other smaller savings across the organisation.

Capital investment (excluding TTL Properties and Crossrail) is £293m in the year to date and within one per cent of Budget. Expenditure is £4m lower than target, a result of timing differences with no expected impact to the full-year Budget.

Property and asset receipts are £45m lower than Budget, a result of timing of receipts for Nine Elms and Southall sites, which are now expected later this financial year.

Cash flow summary

TfL Group (£m)	Q1 2022/23	Q1 Budget	Variance	Q1 2021/22	Variance
Net cost of operations	(34)	(50)	16	3	(37)
Net capital account	126	126	-	107	19
Working capital movements	(102)	(46)	(56)	(68)	(34)
(Decrease)/increase in cash balances	**(10)**	**30**	**(40)**	**42**	**(52)**

TfL cash balances (excluding balances committed to Crossrail construction, London Transport Museum, London Transport Insurance (Guernsey) Limited and TTL Properties Limited) are £1,248m at the end of Quarter 1, broadly in line with the end of 2021/22.

We have continued to receive revenue top-up funding from Government (up to an agreed limit) during this period. As part of this agreement, cash balances are required to be below £1.2bn for TfL to receive funding from Government.

We work hard to improve cycling safety across London

TfL Group balance sheet

TfL Group (£m)	25 June 2022	31 March 2022	Movement
Intangible assets	247	257	(10)
Property, plant and equipment	43,954	43,792	162
Right-of-use assets	2,161	2,210	(49)
Investment property	1,713	1,713	–
Investment in joint ventures and associated undertakings	246	245	1
Derivative financial instrument	25	13	12
Finance lease receivables	21	23	(2)
Debtors	69	72	(3)
Long-term assets	**48,436**	**48,325**	**111**
Inventories	64	58	6
Debtors	624	524	100
Assets held for sale	161	161	–
Derivative financial instruments	–	1	(1)
Finance lease receivables	13	14	(1)
Cash and investments	1,399	1,409	(10)
Current assets	**2,261**	**2,167**	**94**
Creditors	(1,867)	(1,847)	(20)
Borrowings	(1,440)	(1,423)	(17)
Right-of-use lease liabilities	(327)	(334)	7
PFI liabilities	(11)	(11)	–
Other financing liabilities	(6)	(6)	–
Derivative financial instruments	(6)	(7)	1
Provisions	(96)	(99)	3
Current liabilities	**(3,753)**	**(3,727)**	**(26)**

TfL Group (£m)	25 June 2022	31 March 2022	Movement
Creditors	(92)	(82)	(10)
Borrowings	(11,489)	(11,543)	54
Right-of-use lease liabilities	(2,077)	(2,102)	25
PFI liabilities	(88)	(91)	3
Other financing liabilities	(120)	(122)	2
Derivative financial instruments	(13)	(14)	1
Deferred tax liabilities	(375)	(375)	–
Provisions	(87)	(87)	–
Retirement benefit obligation	(3,200)	(3,202)	2
Long-term liabilities	**(17,541)**	**(17,618)**	**77**
Net assets	**29,403**	**29,147**	**256**
Reserves			
Usable reserves	(663)	(681)	18
Unusable reserves	(28,740)	(28,466)	(274)
Total reserves	**(29,403)**	**(29,147)**	**(256)**

In the year to date, the main movements on the balance sheet are:

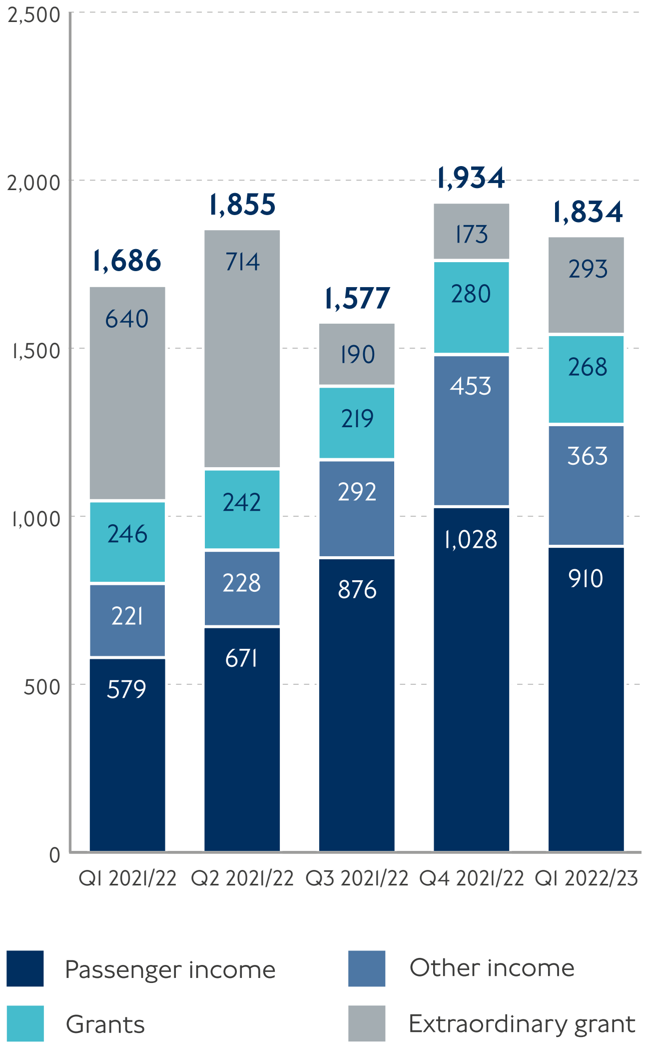
- Long-term assets: £111m increase – largely driven by expenditure on the Crossrail project, plus additions to infrastructure on London Underground
- Current assets: £94m increase – reflecting an increase in short-term debtors. This balance includes prepayments made at the start of the year and an increase in VAT debtors
- Current liabilities: £26m increase – mainly due to the reclassification of borrowings from long- to short-term and an increase in short-term creditors
- Long-term liabilities: £77m decrease – mainly due to the movement between long- and short-term borrowings, plus the repayment of £35m of the DfT loan for Crossrail

Financial trends

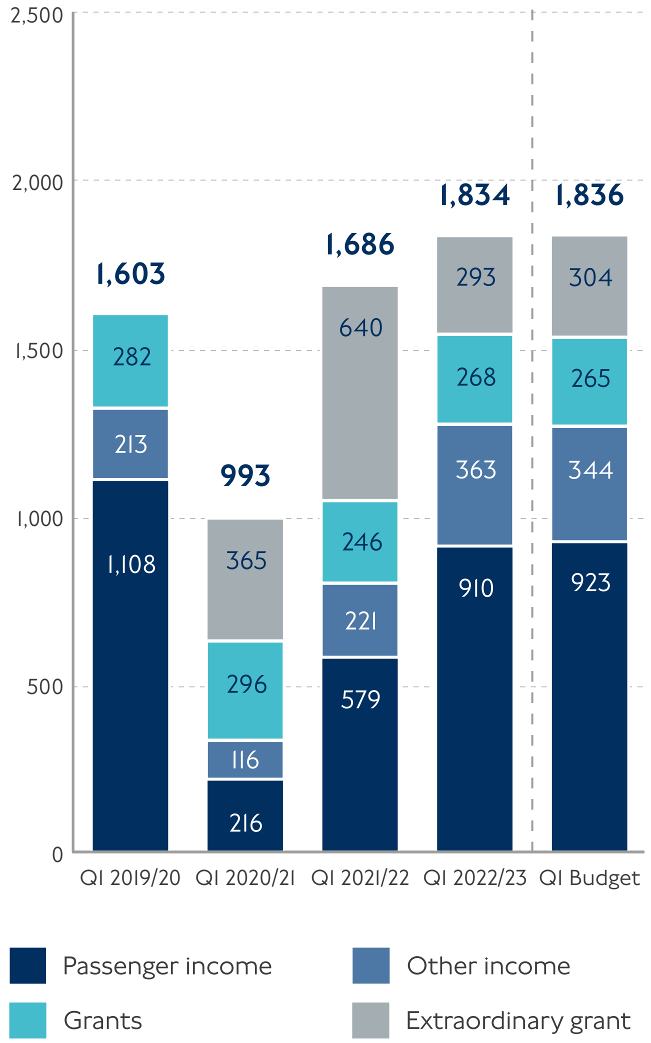
Our overall trends in the short and long term

Total income (including extraordinary grant from Government)

Quarterly (£m)*

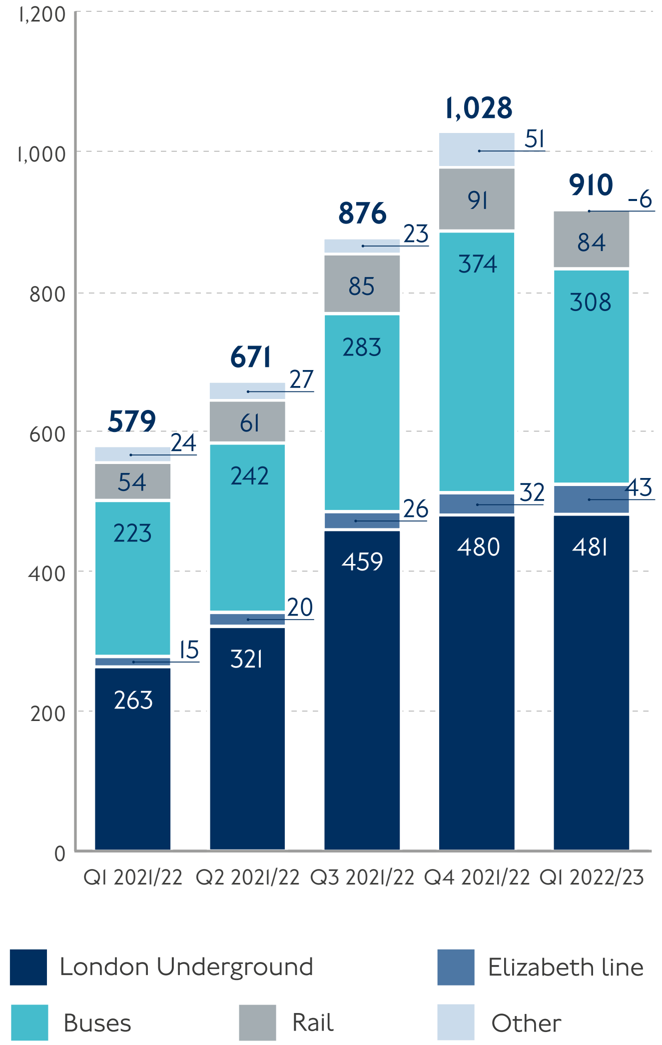


Year to date (£m)

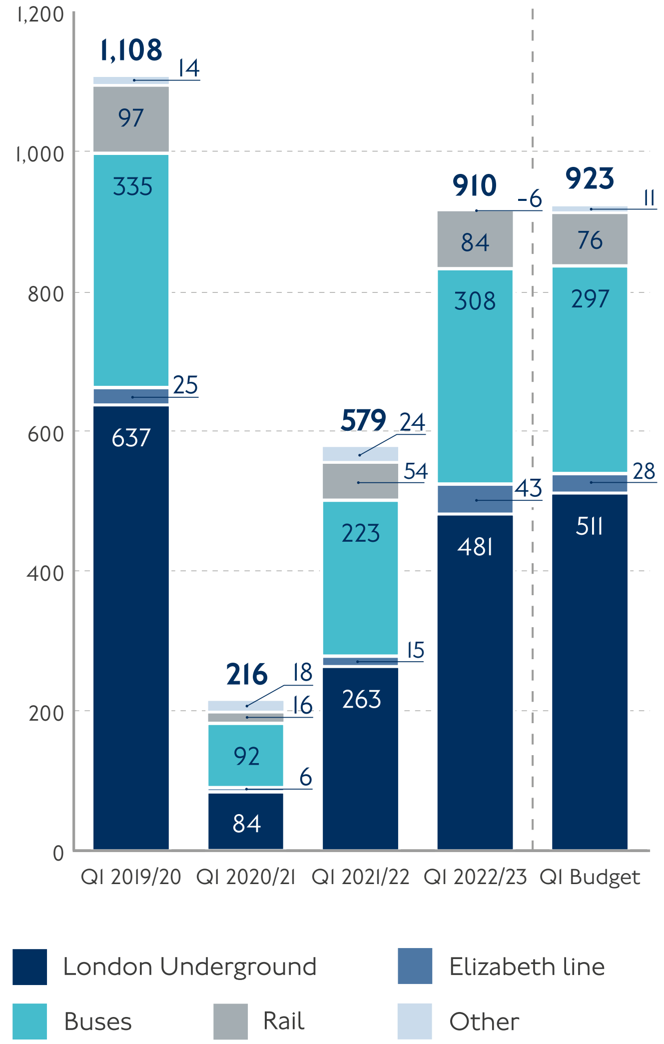


Total passenger income

Quarterly (£m)*



Year to date (£m)



Year-to-date total income £2m below budget

9%▲ year on year

Total income for the quarter is in line with budget as we continue to rely on government support to bolster our passenger income. Excluding the extraordinary grant, our income is currently only £62m below the pre-pandemic Quarter 1 in 2019/20 demonstrating our efforts to become financially sustainable from April 2023.

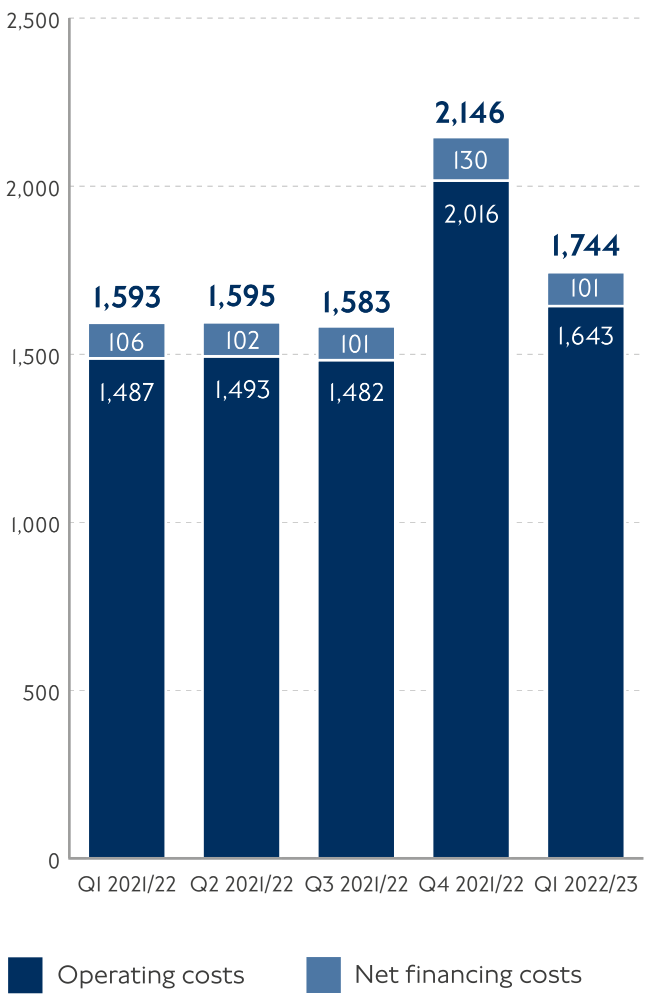
* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Year-to-date passenger income £13m below budget

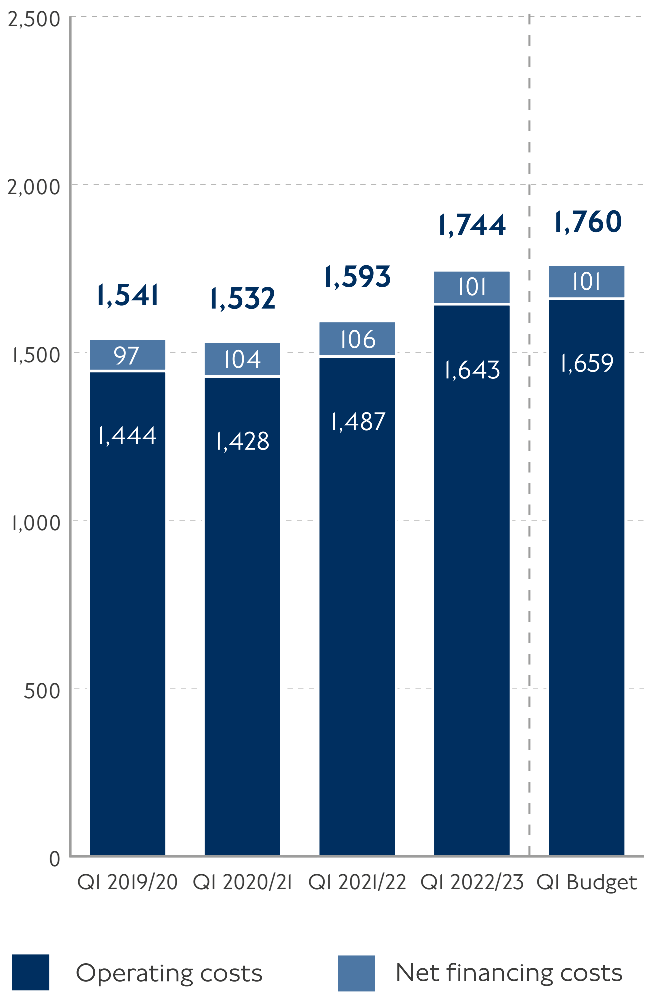
57%▲ year on year

Passenger income has increased by 57 per cent year on year as we return to the first Quarter 1 without any government-advised travel restrictions for three years. Passenger journeys are tracking at 76 per cent of the pre-pandemic baseline. Income is above budget on all modes except London Underground where passengers have been slower to return to the network, in addition to being affected by industrial action.

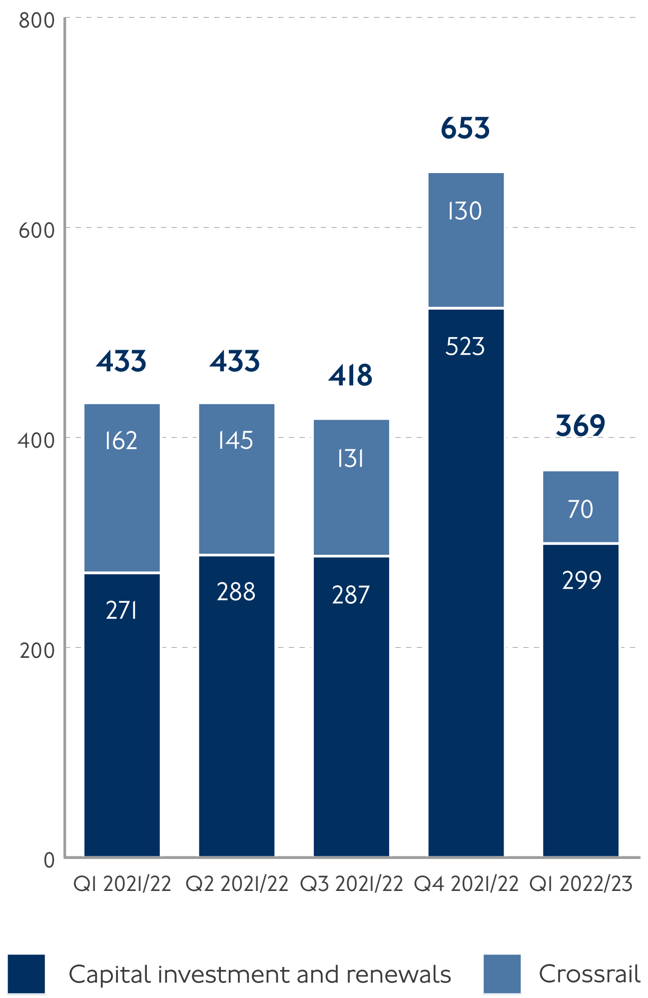
Total cost
Quarterly (£m)*



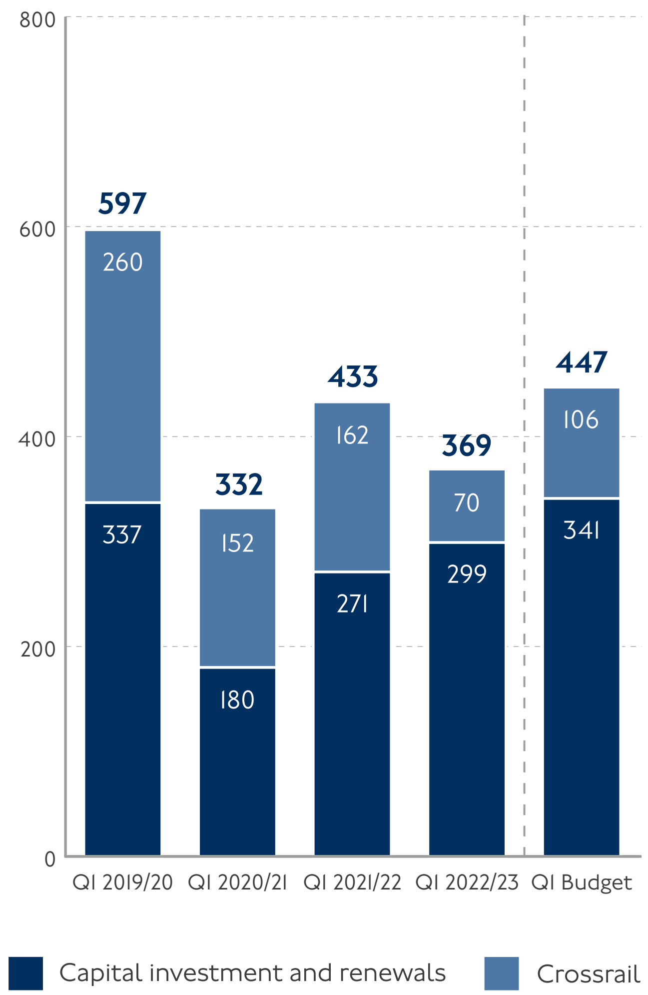
Year to date (£m)



Total capital expenditure (including Crossrail)
Quarterly (£m)*



Year to date (£m)



Year-to-date operating costs £16m below budget

9%▲ year on year

Operating costs are £156m higher than the prior year as a result of new services such as the Northern Line Extension, the ULEZ expansion and the Elizabeth line. Core operating costs are £15m lower than budget due to continued focus on spend controls.

Total capital expenditure £78m below budget

15%▼ year on year

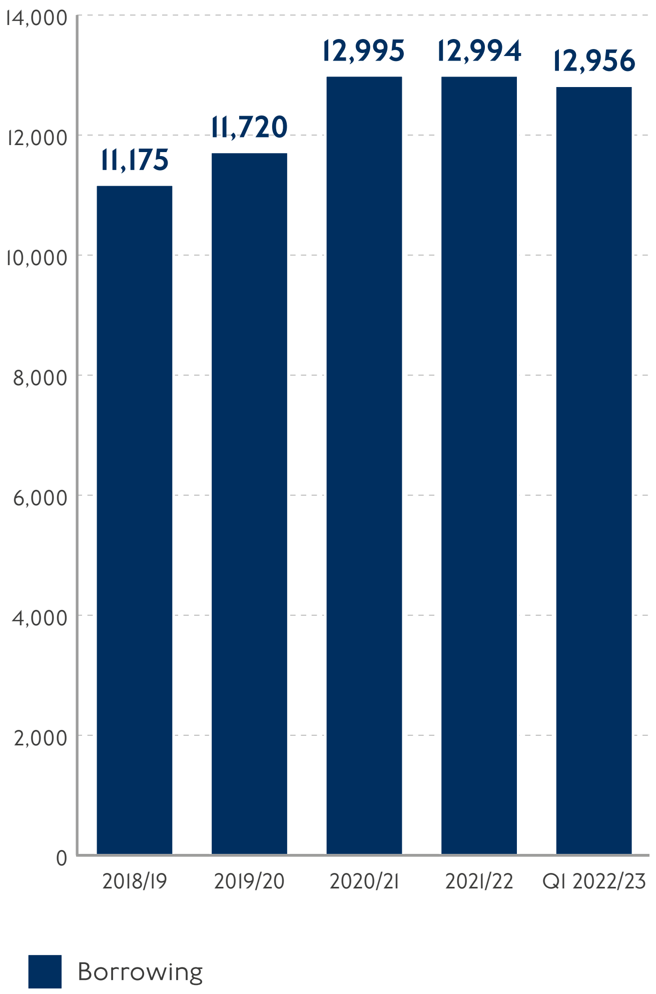
Total capital expenditure is lower than budget, largely due to re-phasing of a number of development disposals to later in the year. With clear controls in place, there is no impact to the full-year Budget.

* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Debt and cash

Our borrowing and cash balances

Total nominal borrowing (£m)



Borrowing update

There was a decrease of £38m in the level of our outstanding borrowing during Quarter 1. We refinanced a maturing Public Works Loan Board loan, and a Department for Transport (DfT) loan, with Commercial Paper. The DfT loan was provided for the purposes of the Crossrail project. Some maturing Commercial Paper was not reissued, leading to an overall decrease in the level of outstanding borrowing.

Credit ratings

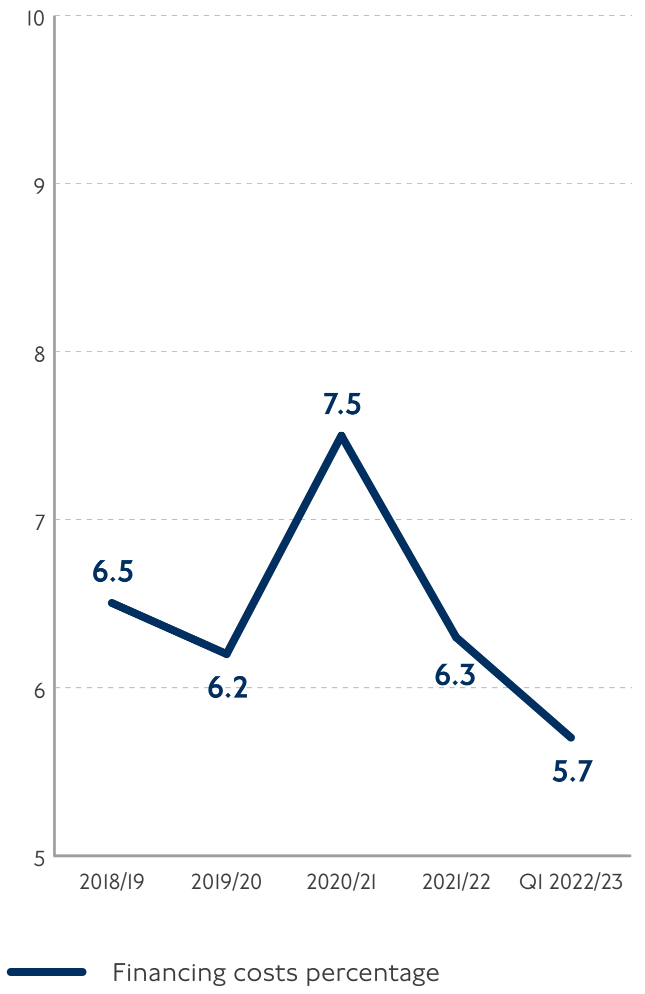
We are rated by three leading international credit rating agencies. On 9 May 2022, Moody's downgraded our long-term credit rating from A3 to Baa1 and assigned a stable outlook. This reflects Moody's view on several factors, including concerns that operating performance will be weaker than expected, due to weaker economic growth and higher inflation, as well as the ongoing uncertainty around our long-term funding framework, especially for capital funding.

On 26 May 2022, S&P Global Ratings affirmed our credit ratings at the existing level of A+/A-1. This reflected its view that the Government would continue to provide adequate support to TfL until performance returns to sustainable levels.

Credit ratings at the end of Q1

Agency	Long-term rating	Short-term rating
Moody's	Baa1 stable outlook	P-2
S&P Global Ratings	A+ stable outlook	A-1
Fitch Ratings	A+ stable outlook	F1+

Financing costs (% of total income)*



* Financing costs include interest costs for borrowing and other financing liabilities

Financing costs (£m)

Q1 2022/23	(104)
2021/22	(442)
2020/21	(446)
2019/20	(429)
2018/19	(439)

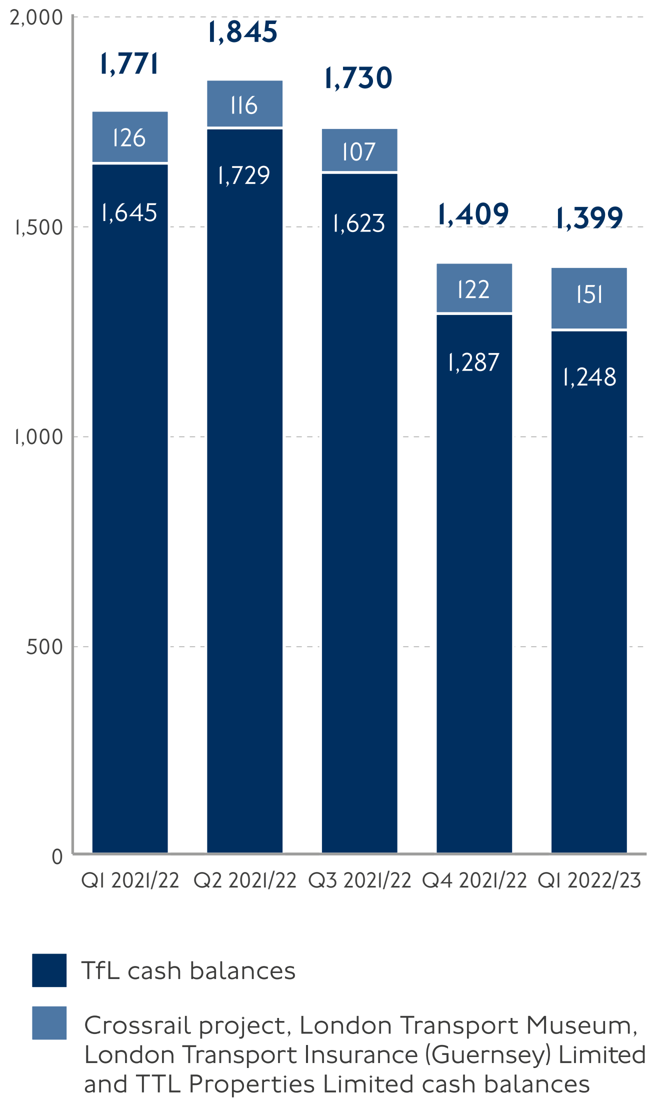
The ratio of financing costs to total income, including operating and extraordinary grants, helps us to monitor the affordability of our debt. The ratio has reduced during 2021/22 and Quarter 1 of 2022/23, as our total income has begun to increase.

Financing costs and income (£m)

Year to date	Q1 2022/23	Q1 Budget	Variance
Interest income	3	2	1
Financing costs	(104)	(104)	-

Barking Riverside London Overground station opened in July

Cash balances (£m)



Cash balances at the end of Quarter 1 were £1,399m. Of the total cash balance, £151m was held for the Crossrail project, London Transport Museum, London Transport Insurance (Guernsey) Limited and TTL Properties Limited. Our cash position reflects £4.8bn received from the Government as part of the extraordinary financing and funding packages since the start of the coronavirus pandemic.

Our liquidity policy requires us to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure, which is currently around £1.2bn. We complied with our liquidity policy throughout Quarter 1. The extraordinary funding and financing packages agreed with the Government have also assumed that we will retain usable cash reserves, which is cash and liquid investments held by the TfL Group (excluding specified subsidiaries Crossrail Limited, London Transport Insurance (Guernsey) Limited, London Transport Museum Limited and TTL Properties Limited) of £1.2bn.

Preserving liquidity by maintaining a minimum cash balance of £1.2bn is crucial to our financial resilience. Statutory restrictions around prudent borrowing constrains our ability to access funding and financing from external sources to preserve our liquidity. Therefore, our cash reserves ensure we can deal with a range of short- and longer-term uncertainties, and provides assurance to our lenders, suppliers, and credit rating agencies that we can meet our commitments.

Our current liabilities (those falling due within 12 months) outweigh our current assets. Of these assets, cash is the only truly liquid element. While our long-term assets outweigh our short-term liabilities, the former is mainly property, plant and equipment. This is largely fixed infrastructure or specialist assets, which would not be convertible into cash, even over a longer-term horizon, to meet our long-term liabilities when they fall due. The balance sheet structure highlights the importance of holding an appropriate level of cash to ensure that we can always meet our liabilities as required.

Passenger journeys

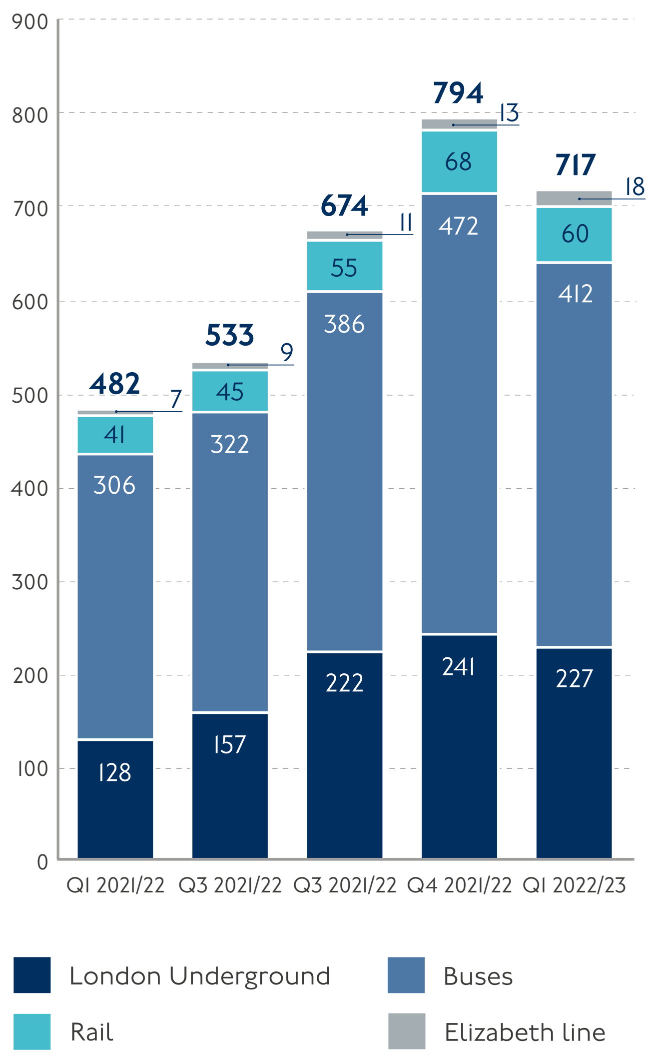
Our performance based on passenger numbers

Q1 year to date: 2022/23

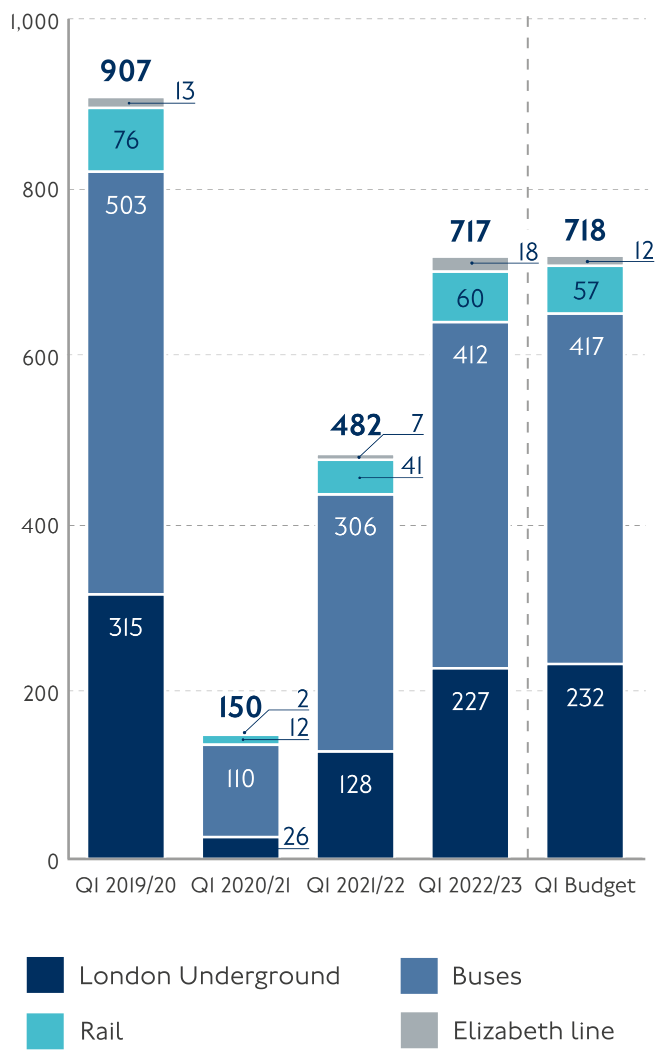
717m	718m	948m
total journeys	Budget	pre-pandemic baseline (2018/19)

Mode	Journeys	vs Budget	vs pre-pandemic
London Underground	227m	2.1%▼ Budget	68% of pre-pandemic baseline
London Buses	412m	1.3%▼ Budget	79% of pre-pandemic baseline
DLR	21m	4.5%▲ Budget	74% of pre-pandemic baseline
London Overground	34m	9.5%▲ Budget	76% of pre-pandemic baseline
London Trams	5m	3.8%▼ Budget	77% of pre-pandemic baseline
Elizabeth line	18m	51.2%▲ Budget	154% of pre-pandemic baseline

Passenger journeys (millions)
Quarterly*



Passenger journeys with budget (millions)
Year to date

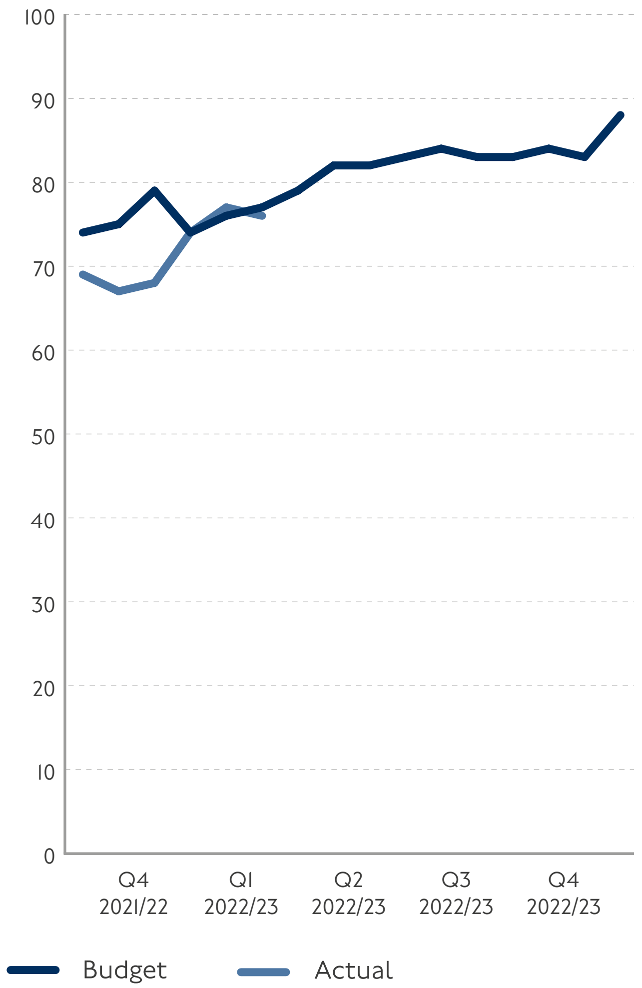


Passenger journey numbers continue to recover, with some days seeing similar passenger demand to before the pandemic. Weekend travel is recovering more quickly than weekdays. Journey numbers are slightly below Budget on the Underground and Buses as they were impacted by spring bank holidays and several days of industrial action, during which demand fell. Passenger demand is expected to continue to improve as more people return to their offices and growth in leisure travel recovers.

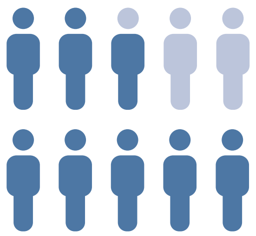
* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Passenger demand recovery

Percentage of journeys compared to pre-coronavirus baseline
(TfL)



Passenger journeys were 76 per cent of pre-pandemic levels compared to a target of 77 per cent and 55 per cent at the same time last year. The increase in ridership levels around the network are a result of strong growth in evening and weekend travel across the network.



Passenger journeys at the end of Quarter 1 are

76%

of pre-coronavirus demand levels

More than five million bus journeys are now made each day

Underground

Northern line re-opens with brand-new tunnel and passenger concourse at Bank Underground station

Financial summary

Underground (£m)	Q1 2022/23	Q1 Budget	Variance	Q1 2021/22	Variance
Passenger income	481	511	(30)	263	218
Other operating income	6	5	1	5	1
Total operating income	**487**	**516**	**(29)**	**268**	**219**
Direct operating costs	(501)	(527)	26	(472)	(29)
Net operating deficit	**(14)**	**(11)**	**(3)**	**(204)**	**190**
Indirect costs	(93)	(112)	19	(82)	(11)
Net financing costs	(65)	(66)	1	(67)	2
Capital renewals	(75)	(67)	(8)	(58)	(17)
Net cost of operations	**(247)**	**(256)**	**9**	**(411)**	**164**
New capital investment	(116)	(103)	(13)	(116)	-

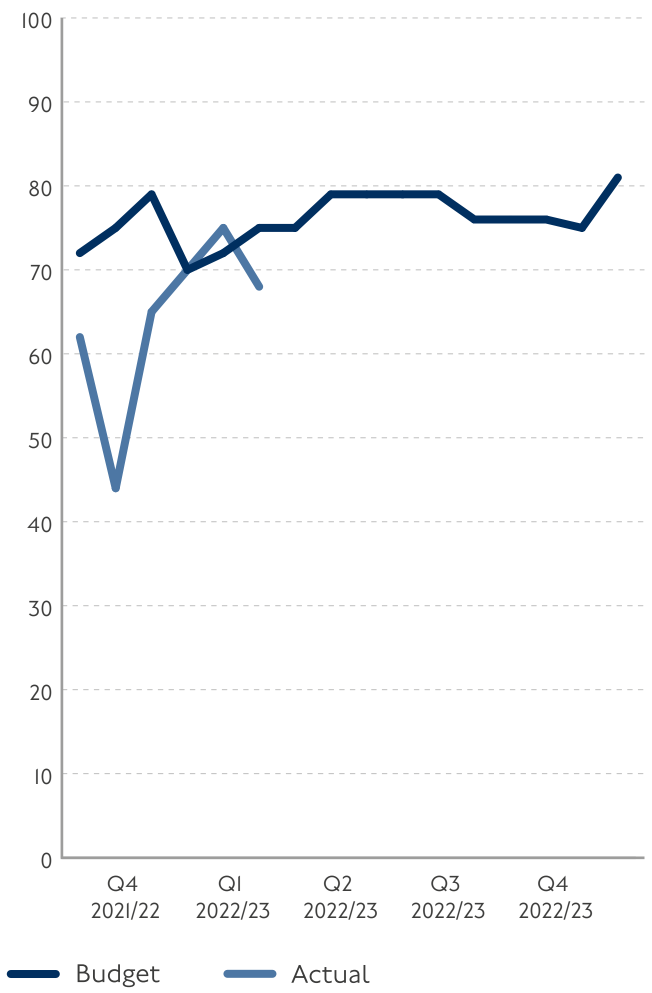
Passenger income is £30m lower than budget, mainly due to lower-than-expected yield as well as the impact of industrial action.

Direct operating costs are £26m lower than budget, largely owing to £14m pension rates adjustments. £9m relates to rephasing of maintenance spend, service level savings and other minor savings.

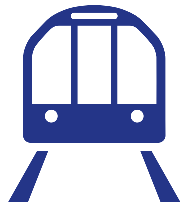
Capital expenditure is £21m higher than budget, mainly due to acceleration of spend on a number of projects.

Spend on renewals is £8m ahead of Budget. On the Piccadilly line upgrade, track works at Northfields and South Harrow were accelerated to take advantage of possessions earlier than planned.

Percentage of journeys compared to pre-coronavirus baseline (Underground)



Almost three million journeys a day are being made on the Tube – a level not seen since before the pandemic. However, demand this quarter is lower than budget, impacted by several days of industrial action and the opening of the Elizabeth line.



Tube journeys at the end of Quarter 1 are

68%

of pre-coronavirus demand levels

Elizabeth line

New central section between Paddington and Abbey Wood sees more than one million passenger journeys in the first week of coming into service

Financial summary

Elizabeth line (£m)	Q1 2022/23	Q1 Budget	Variance	Q1 2021/22	Variance
Passenger income	43	28	15	15	28
Other operating income	11	9	2	4	7
Total operating income	**54**	**37**	**17**	**19**	**35**
Direct operating costs	(111)	(111)	-	(98)	(13)
Net operating deficit	**(57)**	**(74)**	**17**	**(79)**	**22**
Indirect costs	(5)	(5)	-	(2)	(3)
Net financing costs	(20)	(21)	1	(22)	2
Capital renewals	-	(1)	1	(1)	1
Net cost of operations	**(82)**	**(101)**	**19**	**(104)**	**22**
New capital investment	(1)	(2)	1	(5)	4
Crossrail construction costs	(70)	(106)	36	(162)	92
Total capital expenditure	**(71)**	**(108)**	**37**	**(167)**	**96**

The Elizabeth line opened on Tuesday 24 May 2022 with services between Paddington and Abbey Wood. TfL Rail services from Reading and Heathrow to Paddington mainline, and Shenfield to Liverpool Street mainline were also rebranded to the Elizabeth line on this day.

Passenger income is £15m above Budget, driven by six million more passenger journeys, following the earlier than budgeted opening in May.

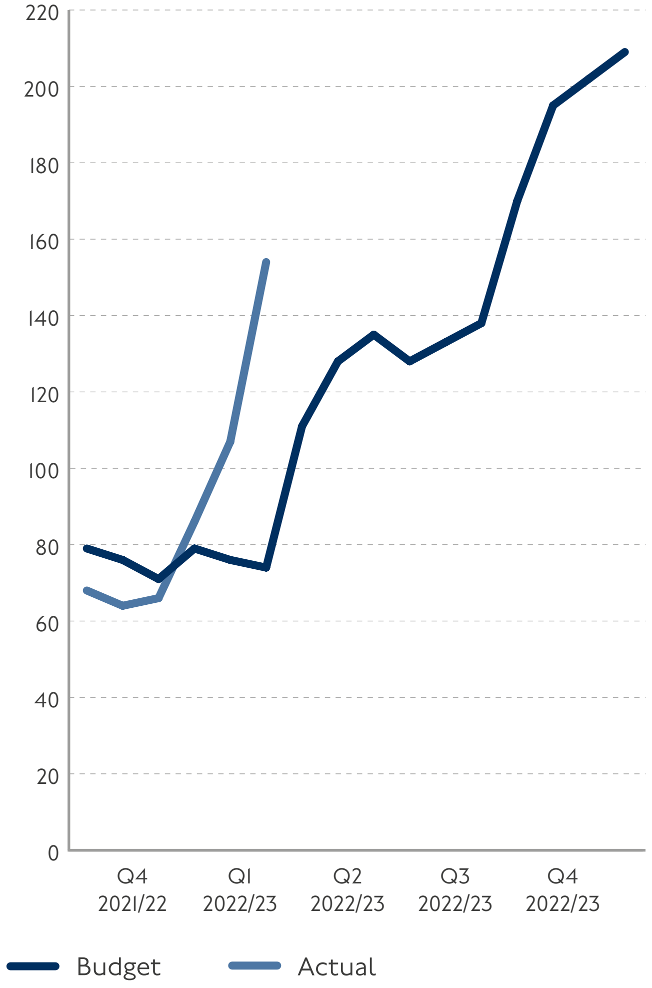
Operating income is £2m higher than budget, owing to more regulatory income. This nets off higher operating costs.

A £3m saving in operating expenditure, from lower staff and rolling stock cost, has been offset by £2m higher regulatory charges and £1m RPI-related cost increase.

Services from Reading, Heathrow and Shenfield are anticipated to connect with the central tunnels in autumn, at which point frequencies will also be increased to up to 22 trains per hour in the peak and 16 trains per hour off-peak between Paddington and Whitechapel.

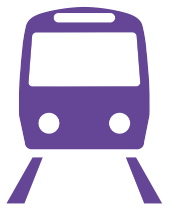
Good progress continues to be made at Bond Street and the team are working hard to open the station to customers later this year.

Percentage of journeys compared to pre-coronavirus baseline (Elizabeth line)



The railway has received an incredible reception, with more than one million passengers using the central section in the first five days of operation, travelling through the heart of London from Paddington to Abbey Wood.

The opening of the central section has contributed to journey numbers being 154 per cent higher than the pre-coronavirus baseline, when only part of the line was open (operated as TfL Rail).



Elizabeth line journeys at the end of Quarter 1 are

154%

of pre-coronavirus demand levels

Buses, streets and other operations

New mobile speed enforcement camera launched in London to tackle TfL's Vision Zero goal

Financial summary

Buses, streets and other operations (£m)	Q1 2022/23	Q1 Budget	Variance	Q1 2021/22	Variance
Passenger income	310	299	11	225	85
Other operating income	259	259	-	153	106
Total operating income	**569**	**558**	**11**	**378**	**191**
Direct operating costs	(715)	(687)	(28)	(644)	(71)
Direct operating deficit	**(146)**	**(129)**	**(17)**	**(266)**	**120**
Indirect operating costs	(19)	(18)	(1)	(9)	(10)
Net financing costs	(6)	(6)	-	(6)	-
Capital renewals	(34)	(38)	4	(21)	(13)
Net cost of operations	**(205)**	**(191)**	**(14)**	**(302)**	**97**
New capital investment	(28)	(28)	-	(23)	(5)

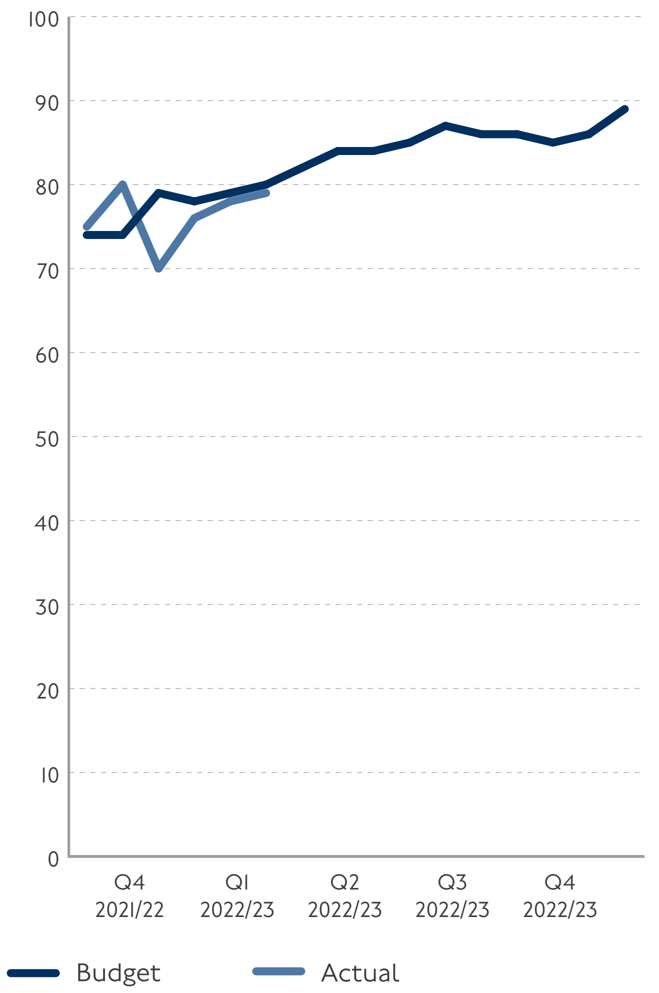
Total income is £11m higher than budget, mainly from bus passenger income driven by better-than-expected yield.

Within other operating income, lower congestion charge income is offset by higher enforcement income than budgeted from ULEZ. Lower than expected volumes in the congestion charge zone have led to reduced charge income (£12m) and enforcement income (£10m). We have also seen lower than expected volumes within ULEZ, leading to lower charge income of £8m. However, ULEZ enforcement income is £26m above budget due to a higher number of contraventions (up 28 per cent against budget) and higher escalations.

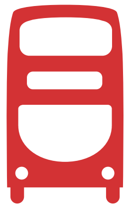
Direct operating costs are £28m higher than budget, mainly driven by an increased level of bad debt. Within ULEZ we have seen a continuation of trends on higher contraventions and escalations, as well as worsening payment rates, causing a significant increase in bad debt costs. This is offset by higher enforcement income than budgeted from ULEZ.

Capital expenditure is £4m lower than budget, driven by re-phasing of renewals projects.

Percentage of journeys compared to pre-coronavirus baseline
(Buses)



Buses are now seeing more than five million journeys made every weekday and around four million at weekends with ridership levels reaching 79 per cent of pre-pandemic levels, which is in line with the budget. Bus journeys have consistently been more than 70 per cent of pre-pandemic levels since September 2021.



Bus journeys at the end of Quarter 1 are

79%

of pre-coronavirus demand levels

Volume analysis

	Q1 YTD 2022/23	Q1 YTD Budget	Variance	Q1 YTD 2021/22	Variance
Congestion Charge volumes (thousands)	3,977	4,710	(733)	4,449	(472)
Congestion Charge and enforcement income (£m)	84.4	106.2	(21.8)	93.1	(8.7)
ULEZ volumes (thousands)	3,462	3,830	(368)	746	2,716
ULEZ charge and enforcement income (£m)	123.6	105.6	18.0	16.9	106.7

Cycling

There were 3.3 million hires in the first quarter of 2022/23, an increase of 382,000 (13 per cent) on the same quarter last year, which was the previous best. The first four weeks of the quarter saw more than one million hires taking place for the first time in the scheme's history.

A total of 6,232 free 24-hour NHS promo codes were redeemed in the quarter and over 20,000 new members joined the scheme.

Traffic flow

Traffic flows across London are 0.6 per cent higher than they were last year. Flows are up by three per cent from the last quarter, 90.1 per cent compared to 87.5 per cent in Quarter 4.

Fleet of

14,000

cycles based at more than 780 docking stations

Traffic flow (volume) year-on-year change

Q1 2022/23

0.6% ▲

Compares traffic flow volumes for the year-to-date with the corresponding quarters in the previous year.

Volume analysis

	Q1 YTD 2022/23	Q1 YTD 2021/22	Variance
Santander Cycles			
Number of hires (millions)	3.3	2.9	0.4
Victoria Coach Station			
Number of coach departures (thousands)	39.5	14.7	24.8
London River Services			
Number of passenger journeys (millions)	2.3	0.9	1.4
London Dial-a-Ride			
Number of passenger journeys (thousands)	112.6	62.4	50.2
Taxi and Private Hire			
Number of private hire vehicle drivers	98,195	104,105	(5,910)
Taxi drivers	19,109	20,458	(1,349)
London Cable Car			
Number of passenger journeys (thousands)	393.4	314.1	79.3

Rail

Improved access to northbound services on the London Overground as new entrance opens at Imperial Wharf station

Financial summary

Rail (£m)	Q1 2022/23	Q1 Budget	Variance	Q1 2021/22	Variance
Passenger income	84	76	8	54	30
Other operating income	4	2	2	7	(3)
Total operating income	**88**	**78**	**10**	**61**	**27**
Direct operating costs	(126)	(121)	(5)	(105)	(21)
Net operating deficit	**(38)**	**(43)**	**5**	**(44)**	**6**
Indirect operating costs	(6)	(6)	-	(4)	(2)
Net financing costs	(8)	(9)	1	(11)	3
Capital renewals	(10)	(11)	1	(7)	(3)
Net cost of operations	**(62)**	**(69)**	**7**	**(66)**	**4**
New capital investment	(20)	(32)	12	(28)	8

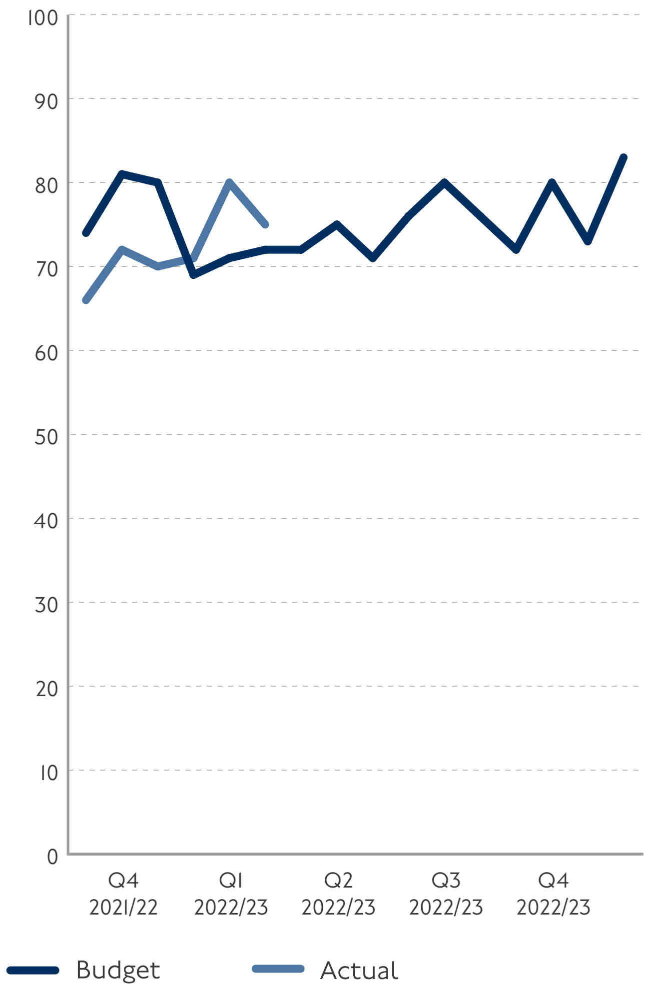
Total operating income is £10m above budget, of which £8m relates to passenger income, mainly due to higher-than-expected demand on the London Overground and DLR services. Other operating income is £2m higher than expected, of which £1m relates to rail compensation for lost revenue.

Direct operating costs are £5m higher than budget, of which £2m relates to higher inflation indexation on London Overground and DLR.

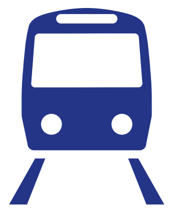
In addition, £2.7m in compensation payments have been made to Network Rail for track access, offset by minor savings including staff costs due to slower recruitment.

Capital expenditure is £13m lower than budget, mainly driven by an early compensation event contribution from Barking Riverside and the rescheduling of the Northern Siding depot on DLR.

Percentage of journeys compared to pre-coronavirus baseline
(Rail)

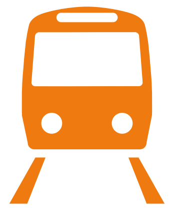


At the end of Quarter 1, Rail journeys – including London Overground, DLR and Trams – were at 75 per cent of pre-pandemic levels. Passenger demand was three million higher than budget, mostly on London Overground and DLR, showing a slower-than-anticipated return on Trams.



Rail journeys at the end of Quarter 1 are
75%
of pre-coronavirus demand levels

DLR journeys at the end of Quarter 1 are
74%
of pre-coronavirus demand levels



London Overground journeys at the end of Quarter 1 are
76%
of pre-coronavirus demand levels

London Trams journeys at the end of Quarter 1 are
77%
of pre-coronavirus demand levels

Property development

We're creating a commercial office portfolio that will generate vital revenue to help reduce TfL's reliance on fares income to keep the city moving

Financial summary

Property (£m)	Q1 2022/23	Q1 Budget	Variance	Q1 2021/22	Variance
Other operating income	20	18	2	13	7
Direct operating costs	(10)	(11)	1	(9)	(1)
Direct operating surplus	**10**	**7**	**3**	**4**	**6**
Indirect costs	(2)	(3)	1	(1)	(1)
Net operating surplus of operations	**8**	**4**	**4**	**3**	**5**
New capital investment	(6)	(44)	38	(5)	(1)
Property receipts	3	39	(36)	1	2
Crossrail over-site development	-	9	(9)	-	-
Net capital receipts	**(3)**	**4**	**(7)**	**(4)**	**1**

Direct operating surplus is £3m higher than Budget. Income is higher due to continued strong performance from car parks, plus property rental catch-up during the quarter. Direct operating costs are lower due to some activities being rephased to later in the year.

New capital investment is £38m lower than budget. This is driven by the rephasing of a number of developments to later in the year; the largest single site is Nine Elms at £17m. There is also lower spend across our asset management portfolio caused by procurement delays, but again this is expected to catch up during the year.

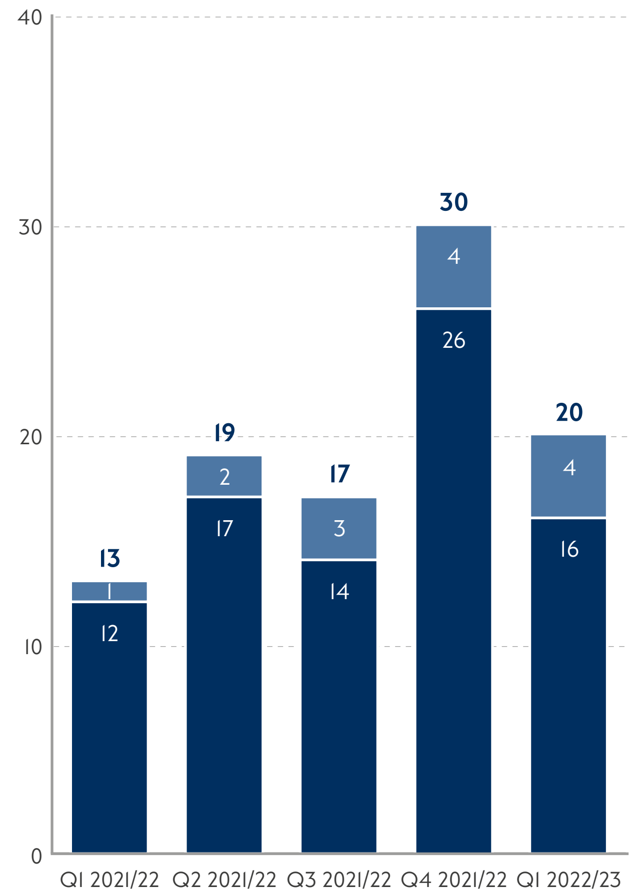
Property receipts are £36m lower than Budget, driven by the rephasing of a number of development disposals to later in the year. The largest single site is Nine Elms at £31m.

Crossrail over-site development income is £9m lower than budget, owing to the delay in the disposal of a property in Southall, which we still expect to complete this financial year.

Quarter 4 property income, shown in the graph opposite, includes a number of exceptional items, these being the invoicing of a number of years back rent to a tenant of £6m plus a year end accounting adjustment to do with covid support given to tenants during the year of £4m.

Property income (£m)

Quarterly*



In Quarter 1, our work to become a self-financing property company reached a major milestone. We signed a £200m debt facility that will provide funding certainty for TTL Properties for the next three years. This means we are able to commit to long-term investments with confidence, including our build-to-rent projects at Arnos Grove, Montford Place and Nine Elms, as well as investment in our existing assets.

Across the estate, we held several public engagement sessions about the future of various property assets. We held drop-in sessions about our plans to transform 51 railway arches in Kilburn. We have spent the past few months talking to local businesses and community groups about what the area means to them and how they could be involved in shaping the design. Students from a local secondary school helped us with a public survey and completed a photo essay to highlight what they think is missing from the community. We intend to apply for planning permission later this year.

On our housing projects, we also started to talk to people about our plans to build 98 new affordable homes in Barkingside. Working with Vistry Partnerships and Peabody, we are looking to develop a site currently used as a builder's yard, next to Barkingside Tube station. Sustainability is embedded throughout, with air-source heat pumps, green roofs, new allotments and communal gardens for residents. We will also provide new pedestrian crossings outside the station.

It has also been a busy quarter over at our development in Earls Court. Through pop-ups, workshops and an exhibition, we have been talking to the local community about our ambitious plans for the 40-acre site, which we are developing in partnership with The Earls Court Development Company. The site has also been hosting the Underbelly Festival for the second summer in a row.

* Q4 is longer than Q1 to Q3 (16 weeks and one day vs 12 weeks)

Capital expenditure

These are our largest and most complex projects, comprising line and station upgrades, and network extensions

Financial summary

Capital renewals and new capital investment (£m)	Q1 Actuals	Q1 Budget	Variance	Q1 2021/22	Variance
London Underground	**(191)**	**(170)**	**(21)**	**(174)**	**(17)**
Major stations	(23)	(25)	2	(14)	(9)
Railway system enhancements	(2)	(1)	(1)	(1)	(1)
Four Lines Modernisation	(30)	(28)	(2)	(31)	1
Piccadilly line upgrade	(50)	(44)	(6)	(30)	(20)
Other LU enhancements	(11)	(5)	(6)	(40)	29
Capital renewals	(75)	(67)	(8)	(58)	(17)
Elizabeth line	**(1)**	**(2)**	**1**	**(5)**	**4**
Buses, streets and other	**(62)**	**(66)**	**4**	**(44)**	**(18)**
Silvertown	(3)	(4)	1	(2)	(1)
Healthy Streets	(15)	(17)	2	(6)	(9)
Air quality and Environment	(7)	(4)	(3)	(11)	4
Other enhancements	(3)	(3)	-	(4)	1
Capital renewals	(34)	(38)	4	(21)	(13)
Rail	**(30)**	**(43)**	**13**	**(35)**	**5**
Barking Riverside	-	(4)	4	(10)	10
DLR	(19)	(24)	5	(16)	(3)
Other enhancements	(1)	(4)	3	(2)	1
Capital renewals	(10)	(11)	1	(7)	(3)
Other central expenditure	**(9)**	**(16)**	**7**	**(8)**	**(1)**
Total	**(293)**	**(297)**	**4**	**(266)**	**(27)**
Crossrail project	(70)	(106)	36	(162)	92
TTLP	(6)	(44)	38	(5)	(1)
Total capital expenditure	**(369)**	**(447)**	**78**	**(433)**	**64**

Total TfL capital expenditure, excluding Crossrail construction and TTLP, is £293m in the year-to-date, which is £4m lower than Budget. This represents a timing difference only and not a risk to the full year Budget.

Key deliverables for each of our main programmes are detailed below:

Four Lines Modernisation

Since commissioning in March 2022, the underlying system performance has been good, but a specific software issue required fixing. To introduce further improvements to the existing sections in service, an additional software update will be implemented in November 2022. Our schedule for future signal migration areas going live has been reviewed and we now expect the eastern end of the District line to go live in the first quarter of 2023. The final section of signalling, Rayners Lane to Uxbridge, is expected to go live in 2025.

Design and installation of the trackside signalling assets continues on the Uxbridge and Amersham branches of the Metropolitan line beyond Preston Road. Completion is targeted for March 2023.

Piccadilly line upgrade

We completed assembly of the first of nine cars for the first new Piccadilly line train, including painting it in the TfL livery. This marked early delivery of our first programme strategic milestone for the year. Completion enables the car to move to the next stage of manufacture, which includes installation of internal equipment and the next cars to commence assembly.

We have successfully completed installation of the track and signalling works for the first four roads in South Harrow sidings, as well as new driver walkways and driver access platforms. We remain on target to commission the first four roads in July.

The high-voltage power framework was signed and the first two call-off contracts awarded to suppliers Balfour Beatty and UK Power Networks Services. This will enable us to start delivering crucial substation upgrades at Sudbury Hill, Northfields and Cockfosters, and complex upgrades at Cobourg Street and Manor House.

DLR rolling stock and systems integration

The manufacture of the new rolling stock in Spain is continuing to plan, with three trains completed and in testing phase. One train is awaiting delivery to the testing area and another is in the final stages of construction, before delivery of the first two trains to Beckton in early 2023.

At Beckton, work on the northern sidings and sub-station continues. Pre-possession works are in progress to deliver the end-state northern sidings and power, which will be commissioned in late 2022. Tenders for the maintenance facility building, temporary fit-out shed and additional southern sidings have now been received.

Bank station upgrade
Following a 17-week planned closure, the Bank branch of the Northern line reopened to schedule on 16 May. During that closure, we constructed a new, wider southbound Northern line platform and spacious new customer concourse with three new passageways, which will make moving around the station quicker and easier for customers.

Works continue to bring into operational use the interchanges between the newly opened Northern line platform and concourse areas with both the Central line and DLR platforms. This will include six new escalators and two new moving walkways, and will provide greatly improved journey times for customers interchanging between these lines.

Works are also progressing on the new station entrance at Cannon Street, which includes step-free access to Northern line platforms and improved step-free access to the DLR, due to be completed later this year.

Barking Riverside
On Monday 18 July, the first passenger train ran on the new extension between Gospel Oak and Barking Riverside.

We were able to open the station ahead of the previously scheduled autumn completion date due to good progress in driver training, support from Network Rail and completing the finishing touches to the station.

Silvertown Tunnel
We have now taken temporary possession of much of the required land from existing tenants to enable handover of 59 out of 71 sites to our contractor, Riverlinx. Good progress continues on the issuing of notices for permanent land acquisition.

Progress continued on the tunnel-boring machine launch chamber and the first of the tunnel-boring machine components have been lowered into position. Excavation works continued on the rotation chamber (where the machine will be turned) and on the retrieval chamber, where it will be extracted following completion of the tunnelling.

The Piccadilly line will re-open at South Kensington with new escalators

Headcount

Our people provide a vital service for London

Full-time equivalents, including non-permanent labour

	31 March 2022 Actual	Year-to-date net (leavers)/joiners	25 June 2022 Actual
Underground	16,462	(77)	16,385
Elizabeth line	342	1	343
Buses, streets and other operations	2,355	15	2,370
Rail	279	(15)	264
Property development	199	(3)	197
Capital directorate	2,469	(48)	2,421
Professional services*	4,483	(25)	4,459
TfL total	**26,589**	**(151)**	**26,438**
Crossrail	444	(97)	347
Total	**27,033**	**(248)**	**26,785**

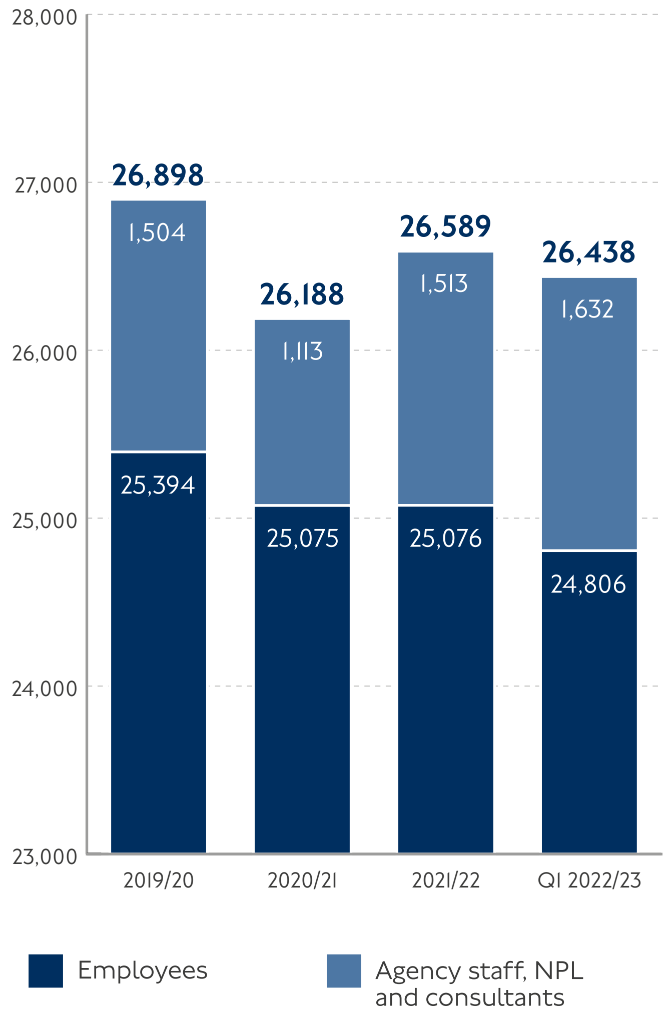
The figure for total TfL full-time equivalent (FTE) roles is 26,785 at the end of Quarter 1, 248 lower than at the start of the year.

The 77 FTE reduction in Underground is mainly due to attrition in Customer Operations (especially retirements at the end of the year) coupled with delays to planned recruitment.

A high level of leavers continues across the Capital directorate, with staff taking up secondment development opportunities within the business, which has left a backfill of posts to recruit. In addition, there are continued challenges recruiting for permanent staff across the business.

Permanent employee numbers are more than 500 lower than before the pandemic and are almost 300 down from last year. Ongoing labour market issues and funding uncertainty are hampering our ability to recruit. Agency and NPL staff have increased slightly since the end of 2019/20, but remain significantly lower than in 2015/16.

Headcount trends since 2019/20



TfL staff levels are now more than 400 lower than pre-pandemic levels and are down from the end of last year, mainly driven by lower permanent headcount.

Appendix

Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q1 2022/23 Year to date Actual		
	Gross income	Gross expenditure	Net income/ (expenditure)
Operating segment			
Underground	487	(594)	(107)
Elizabeth line	54	(116)	(62)
Buses, streets and other operations	569	(734)	(165)
Rail	88	(132)	(44)
Property development	20	(12)	8
Corporate overhead	55	(55)	-
Net operating deficit before financing and renewals	**1,273**	**(1,643)**	**(370)**
Depreciation and amortisation			(329)
Less IFRS 16 lease payments included in operating deficit			82
Central items			1
Net cost of services			**(616)**
Other net operating expenditure			7
Financing and investment income			3
Financing and investment expenditure			(109)
Grant income			955
Surplus on provision of services before tax			**240**
Taxation income			-
Surplus on provision of services after tax			**240**
Movement in fair value of derivative financial instruments			-
Total Group Comprehensive Income and Expenditure			**240**

Detailed reconciliation of net cost of operations per the Operating Account to the Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q1 2022/23 Year to date Actual	
Net cost of operations after extraordinary grant		**(34)**
Adjustments between management and statutory reports:		
Add amounts included in the CI&E Statement not reported in the Operating Account		
Depreciation and amortisation	(329)	
Gain on disposal of fixed assets and investment properties	4	
Interest payable on lease and PFI liabilities	(15)	
Amounts capitalised into qualifying assets	13	
Capital grant income	293	
Other net operating expenditure	1	
		(33)
Less amounts included in the Operating Account but excluded from the CI&E Statement		
Cash payments under PFI and lease arrangements	82	
Capital renewals	124	
		206
Amounts subject to differing account treatment between the Operating Account and the CI&E Statement		
Grant income	101	
		101
Group surplus after tax per the CI&E Statement		**240**

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' and helping to create a safer, 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 by walking, cycling or using public transport by 2041. To make this a reality, we prioritise sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the London Cable Car. The experience, reliability and accessibility of these services is fundamental to Londoners' quality of life.

We manage the city's red route strategic roads and, through collaboration with the London boroughs, we are helping to 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, improve air quality, revitalise town centres, boost businesses and connect communities. As part of this, our expanded Ultra Low Emission Zone and fleets of increasingly environmentally friendly and zero-emission buses are helping to tackle London's toxic air.

During the pandemic, we took a huge range of measures to ensure people were safe while travelling. This included extensive cleaning regimes across the public transport network and working with London's boroughs to introduce the Streetspace for London programme, which provided wider pavements and cycle lanes for people to walk and cycle safely and maintain social distancing. London's recovery is vital to the UK's recovery as life returns to normal. We want to ensure London avoids a car-led recovery and we continue to reassure people the capital and our transport network is safe and ready for them.

We have constructed many of London's most significant infrastructure projects in recent years, using transport to unlock much needed economic growth. This includes major projects like the extension of the Northern line to Battersea Power Station and Nine Elms in south London, as well as our work at Barking Riverside and the Bank station upgrade.

Working with the Government, we completed the Elizabeth line in time for Her Majesty the Queen's Jubilee. This transformational new railway adds 10 per cent to central London's rail capacity and supports the delivery of high-density, mixed-use developments, which are planned around active and sustainable travel to ensure 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 using information, 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. By working together, we can create a better city as London's recovery from the pandemic continues.

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