Transport for London quarterly performance report

Quarter 2 2023/24
(25 June – 16 September 2023)

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 audited Statement of Accounts for the year ending 31 March 2023 was published in September 2023.


Rachel McLean, TfL's Chief Finance Officer

Introduction

Our 2023 TfL Business Plan set out our strategy for rebuilding our finances, improving efficiency and helping to secure our future. The 2023/24 Budget built on this, demonstrating how we will become operationally financially sustainable by March 2024. We have successfully delivered that strategy so far this year.

We are actively growing passenger demand, creating new sources of revenue to reduce our reliance on fares income, delivering recurring savings and growing an operating surplus based on our own sources of revenue. We continue to work with Government to agree a long-term settlement to fully fund our capital programme.

At the end of Quarter 2 we have made an operating surplus of £128m, which is £50m better than Budget. Therefore, we are on track to deliver financial sustainability this year and be the strong, green heartbeat for London.

We continue to see recovery in passenger journeys, with growth of more than seven per cent in the year to date. We are targeting six per cent year-on-year growth over the full year, on top of the 31 per cent increase in 2022/23. Passenger journeys are now 89 per cent of pre-pandemic levels, up from 85 per cent at the end of 2022/23.

Operating costs are two per cent lower than Budget, mainly from contingency we have not yet used. Like-for-like operating costs are falling in real terms and are seven per cent higher than last year despite year-on-year inflation of 11 per cent. We remain committed to delivery of almost £230m savings this year.

Capital renewals are slightly lower than Budget, but we expect to be in line with available funding of £736m over the full year. Expenditure on capital enhancements has continued to slip, partly due to funding uncertainty, and is now £78m lower than Budget.

Cash balances remain broadly in line with Budget and below £1.2bn as required under the conditions of the funding agreement.

Although we are on track to achieve operating financial sustainability, the Government has consistently recognised in its funding settlements that TfL is not expected to fund major capital projects from its operating incomes. We submitted additional information on our capital programme to the Department for Transport (DfT) in September and constructive discussion with Government continues with an outcome expected in the autumn.

Rachel McLean
Chief Finance Officer

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

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 IFS Cloud Cable Car

Rail
DLR, London Overground and London Trams

Places for London
Our commercial property company, Places for London Limited (Places for London), formerly TTL Properties Limited, which will deliver a dividend that we will invest back into London's transport network

Facts and figures

981 trains on our network

580km of highway that we operate

761km of Rail and London Underground routes

8,700 buses on our network

6,400 traffic signal sites that we operate

2023/24 Budget at a glance

Grants £2.3bn

Government capital funding £0.7bn

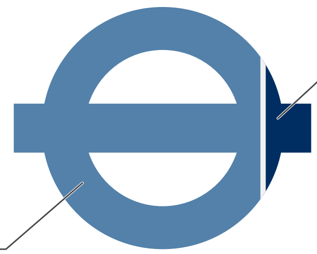
Other income £2.2bn

Passenger income £5.2bn

Crossrail funding £0.1bn

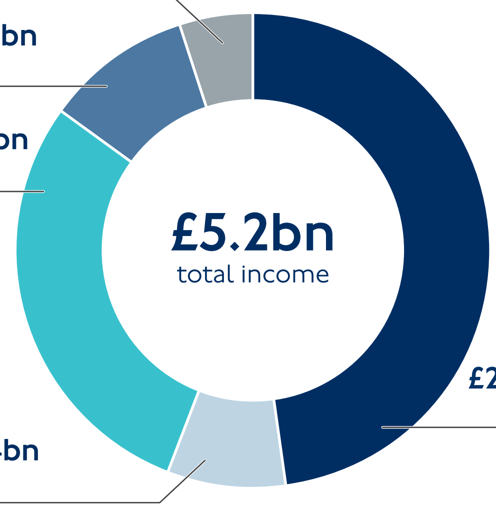
Sources of funds **£10.5bn**

86% spent on running and operating the network every day



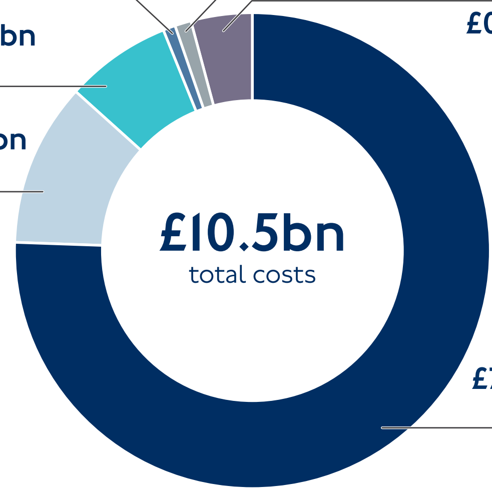
14% spent on renewing and improving the network through one of the largest capital investment programmes in Europe

Total passenger income



- London Underground
- Buses
- DfT revenue top up
- Rail
- Elizabeth line

Total costs



- Operating cost
- Capital renewals
- Places for London capital investment
- New capital investment
- Crossrail
- Net interest costs

Financial summary

Our performance in the year to date

Income statement

TfL Group (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Passenger income	2,368	2,393	(25)	1,937	431
Other operating income	665	667	(2)	698	(33)
Business rates retention	883	883	-	835	48
Other revenue grants	158	151	7	369	(211)
Revenue	**4,074**	**4,094**	**(20)**	**3,839**	**235**
Operating cost	(3,455)	(3,512)	57	(3,223)	(232)
Operating surplus before interest and renewals	**619**	**582**	**37**	**616**	**3**
Capital renewals	(298)	(312)	14	(241)	(57)
Net interest costs	(193)	(192)	(1)	(199)	6
Operating surplus	**128**	**78**	**50**	**176**	**(48)**

Capital expenditure

TfL Group (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Capital renewals	(298)	(312)	14	(241)	(57)
New capital investment	(421)	(499)	78	(335)	(86)
Total TfL capital expenditure	**(719)**	**(811)**	**92**	**(576)**	**(143)**
Crossrail	(23)	(53)	30	(128)	105
Places for London	(39)	(62)	23	(19)	(20)
Total capital expenditure	**(781)**	**(926)**	**145**	**(723)**	**(58)**

Cash flow statement

TfL Group (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Operating surplus before interest and renewals	**619**	**582**	**37**	**616**	**3**
Less Places for London, LTIG and LTM*	(26)	(9)	(17)	(12)	(14)
Net cash generated by TfL operating activities	**593**	**573**	**20**	**604**	**(11)**
Cash flows from investing activities					
Capital renewals	(298)	(312)	14	(241)	(57)
New capital investment	(421)	(499)	78	(335)	(86)
Ring-fenced capital funding	498	471	27	30	468
Working capital movements	(36)	(9)	(27)	101	(137)
Net cash utilised by investing activities	**(257)**	**(349)**	**(92)**	**(445)**	**188**
Free cash flow	**336**	**224**	**112**	**159**	**177**
Cash flows from financing activities					
Net interest paid	(193)	(192)	(1)	(199)	6
Existing debt maturing	(60)	(60)	-	(585)	525
New long-term debt issued	-	20	(20)	500	(500)
Short-term borrowing net change	(100)	-	(100)	(101)	1
Net cash generated from financing activities	**(353)**	**(232)**	**(121)**	**(385)**	**32**
Net change in cash	**(17)**	**(8)**	**(9)**	**(226)**	**209**

* Places for London, London Transport Insurance (Guernsey) Limited (LTIG) and London Transport Museum (LTM)

In the year to date we remain on track to deliver this year's Budget, with the operating surplus £50m higher than expected, largely driven by contingency we have not yet used. Total revenue is six per cent higher than last year despite the reduction in support grant required from Government as we continue to rebuild our passenger income.

TfL's passenger journeys at the end of Quarter 2 were 1.6 billion and passenger income has increased by £431m compared to last year. Much of this increase is due to the full running of the Elizabeth line, but underlying passenger demand has also increased by seven per cent.

Other operating income is lower than last year primarily due to a decrease in income from road user charging of £28m. Although we are tracking above Budget in this area there is still a range of uncertainty around compliance levels as well as underlying Congestion Charge volumes and payment rates.

Total operating costs are £3,455m in the year to date, £57m lower than Budget. We are seeing some cost pressures – including bus operators costs through improved performance – as well as timing differences in delivering savings. These cost pressures have been offset by staff cost savings, as well as central contingency to mitigate uncertainty on other operating income.

Total TfL capital expenditure (excluding Crossrail construction and Places for London) is £143m higher than last year as spend progresses in projects including DLR rolling stock (£55m), the Piccadilly line upgrade (£31m), improving air quality and the environment through London's streets (£35m) and transformative developments such as at the Old Street roundabout (£14m).

TfL cash balances, excluding balances committed to Crossrail construction, LTM, LTIG and Places for London, are £1,220m at the end of Quarter 2, broadly in line with Budget.

New rolling stock will be introduced on the DLR

TfL Group balance sheet

TfL Group (£m)	16 September 2023	31 March 2023	Movement
Intangible assets	239	257	(18)
Property, plant and equipment	44,846	44,589	257
Right-of-use assets	1,868	1,954	(86)
Investment property	1,546	1,575	(29)
Investment in joint ventures and associated undertakings	222	247	(25)
Derivative financial instruments	34	26	8
Finance lease receivables	8	9	(1)
Retirement benefit surplus	1,631	1,631	-
Debtors	59	60	(1)
Long-term assets	**50,453**	**50,348**	**105**
Inventories	92	79	13
Debtors	620	696	(76)
Assets held for sale	55	54	1
Derivative financial instruments	1	2	(1)
Finance lease receivables	3	5	(2)
Cash and investments	1,409	1,402	7
Current assets	**2,180**	**2,238**	**(58)**
Creditors	(2,037)	(2,106)	69
Borrowings	(661)	(694)	33
Right-of-use lease liabilities	(318)	(300)	(18)
PFI liabilities	(15)	(14)	(1)
Other financing liabilities	(7)	(7)	-
Derivative financial instruments	(10)	(3)	(7)
Provisions	(152)	(175)	23
Current liabilities	**(3,200)**	**(3,299)**	**99**

TfL Group (£m)	16 September 2023	31 March 2023	Movement
Creditors	(86)	(87)	1
Borrowings	(12,092)	(12,217)	125
Right-of-use lease liabilities	(1,866)	(1,916)	50
PFI liabilities	(70)	(77)	7
Other financing liabilities	(112)	(115)	3
Derivative financial instruments	(26)	(10)	(16)
Deferred tax liabilities	(370)	(370)	-
Provisions	(55)	(50)	(5)
Retirement benefit obligation	(85)	(88)	3
Long-term liabilities	**(14,762)**	**(14,930)**	**168**
Net assets	**34,671**	**34,357**	**314**
Reserves			
Usable reserves	483	319	164
Unusable reserves	34,188	34,038	150
Total reserves	**34,671**	**34,357**	**314**

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

- Long-term assets: £105m increase, largely driven by capital expenditure on the Piccadilly line upgrade, DLR rolling stock replacement and Healthy Streets
- Current assets: £58m decrease. A fall in debtor balances of £76m is offset by a £13m increase in the level of stock driven by the fleet heavy overhaul programmes across the Central, Piccadilly and Jubilee lines
- Current liabilities: £99m decrease. Mainly due to a decrease in short-term creditors
- Long-term liabilities: £168m decrease, mainly due to the movement between long- and short-term borrowings to suit our cash and liquidity needs

Quarter 2 forecast

TfL Group (£m)	Full year forecast 2023/24	Full year Budget 2023/24	Variance	Full year 2022/23	Variance
Passenger income	5,256	5,239	17	4,353	903
Other operating income	1,630	1,699	(69)	1,585	45
Business rates retention	1,914	1,913	1	1,819	95
Other revenue grants	334	278	56	967	(633)
Revenue	**9,134**	**9,129**	**5**	**8,724**	**410**
Operating cost	(7,905)	(7,888)	(17)	(7,055)	(850)
Operating surplus before interest and renewals	**1,229**	**1,241**	**(12)**	**1,669**	**(440)**
Capital renewals	(736)	(745)	9	(624)	(112)
Net interest costs	(414)	(417)	3	(424)	10
Operating surplus	**79**	**79**	**-**	**621**	**(542)**

Capital expenditure

TfL Group (£m)	Full year forecast 2023/24	Full year Budget 2023/24	Variance	Full year 2022/23	Variance
Capital renewals	(736)	(745)	9	(624)	(112)
New capital investment	(1,128)	(1,202)	74	(1,082)	(46)
Total TfL capital expenditure	**(1,864)**	**(1,947)**	**83**	**(1,706)**	**(158)**
Crossrail	(63)	(80)	17	(188)	125
Places for London	(106)	(145)	39	(90)	(16)
Total capital expenditure	**(2,033)**	**(2,172)**	**139**	**(1,984)**	**(49)**

In 2023/24, we are on track to achieve operational financial sustainability and no longer require Government funding to support our day-to-day operations. Our focus is now firmly on maintaining and building on this sustainability so we can grow our operating surplus and reinvest it into making our city and our organisation better.

Revenue is forecast to be £5m higher than Budget. The additional £50m of Greater London Authority (GLA) scrappage funding has been included in other revenue grants with increased disbursements in operating costs.

Operating costs are expected to be £17m higher than Budget, predominantly driven by the expansion of the scrappage scheme, and is offset by increased grant funding.

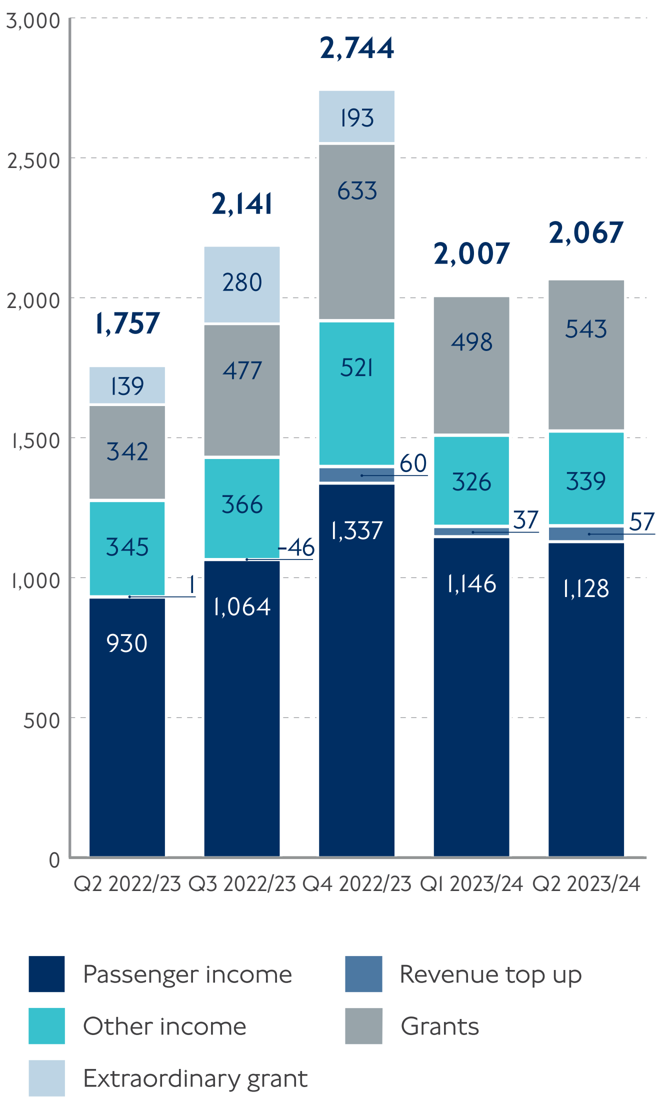
Capital renewals are expected to end the year £9m below Budget and in line with the funding available from the DfT (£736m). Capital enhancements are £74m lower than Budget, impacted by funding uncertainty, including the Government's decision not to provide any additional funding to TfL for higher levels of inflation in 2023/24.

Financial trends

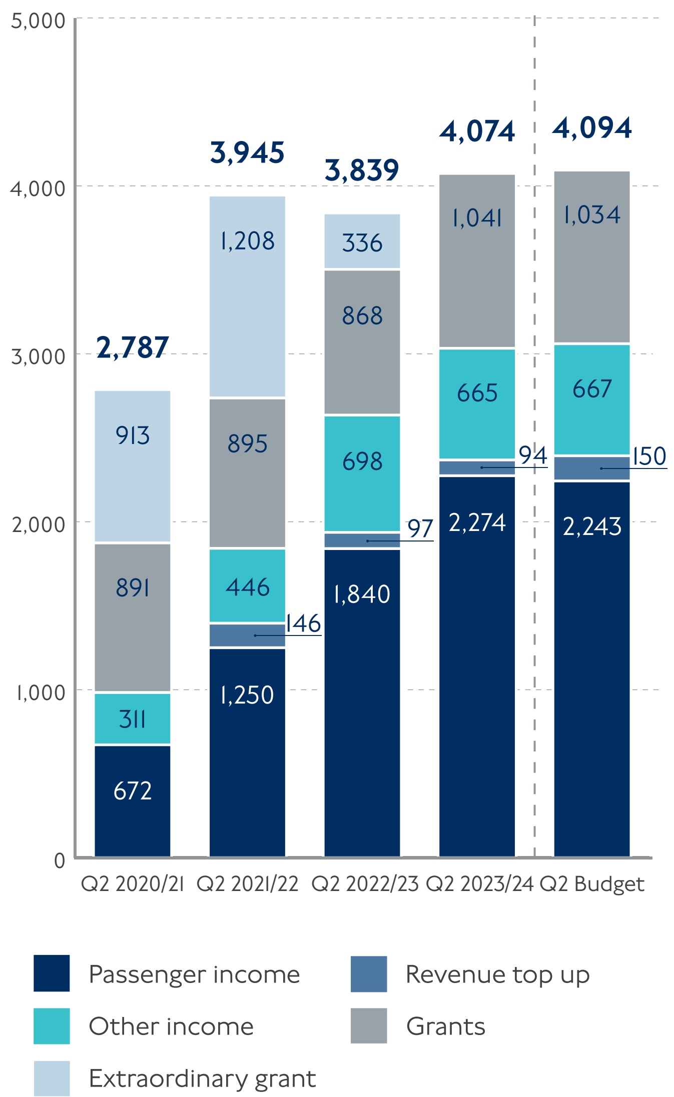
Our overall trends in the short and long term

Total revenue (including extraordinary grant from Government)

Quarterly (£m)*

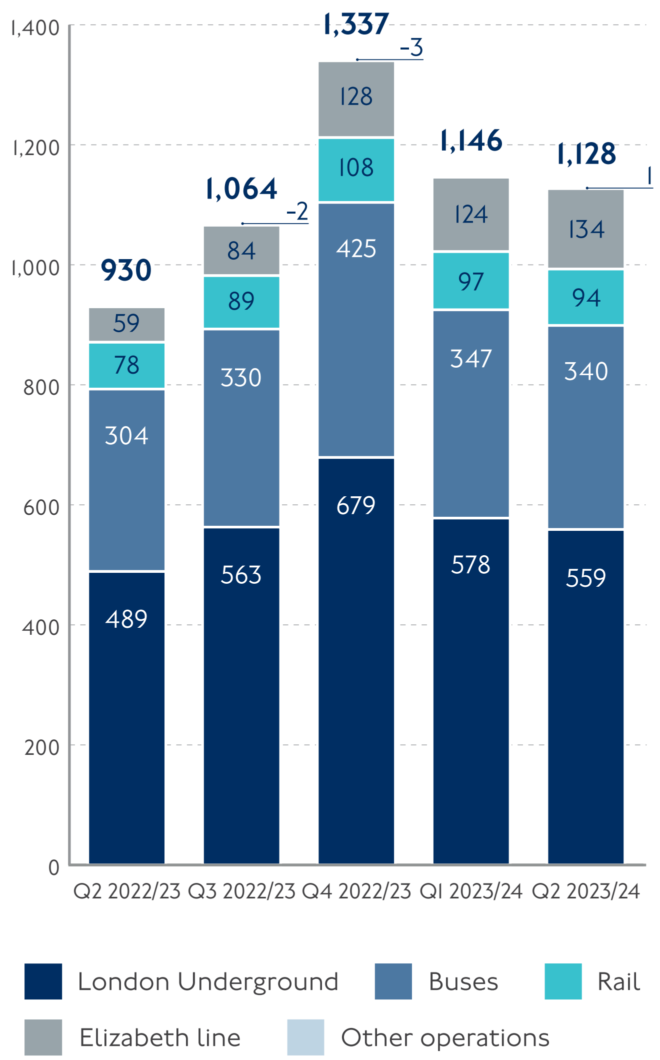


Year to date (£m)

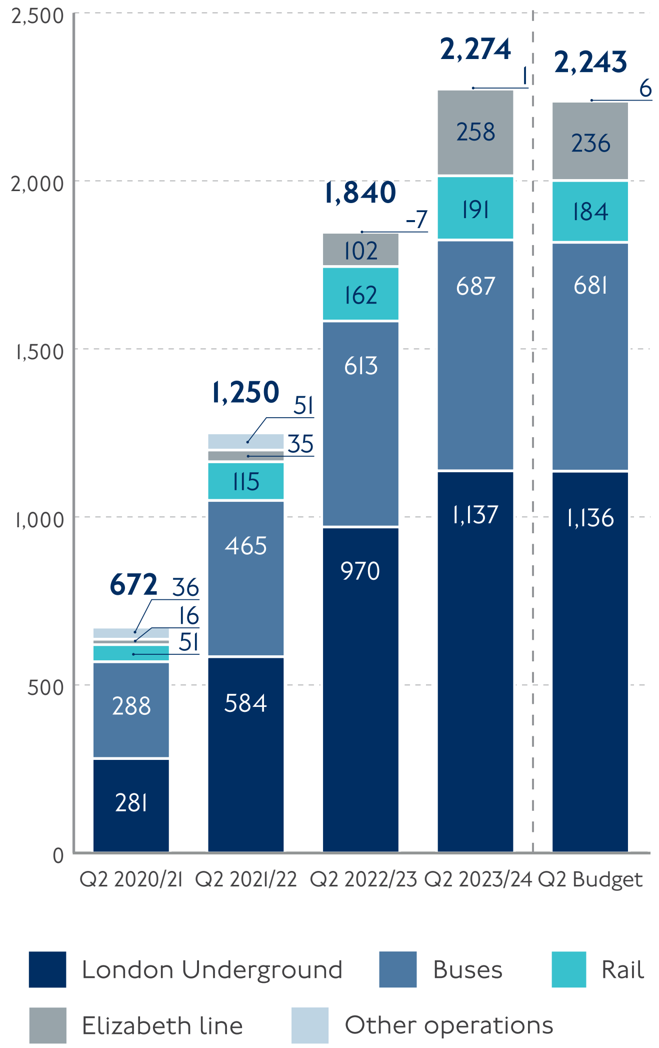


Total passenger income

Quarterly (£m)*



Year to date (£m)



Year-to-date total revenue £20m below Budget

6%▲ year on year

Total revenue is tracking just below Budget and £235m higher than last year. Passenger income has increased since this time last year, due to increased ridership and additional Elizabeth line services.

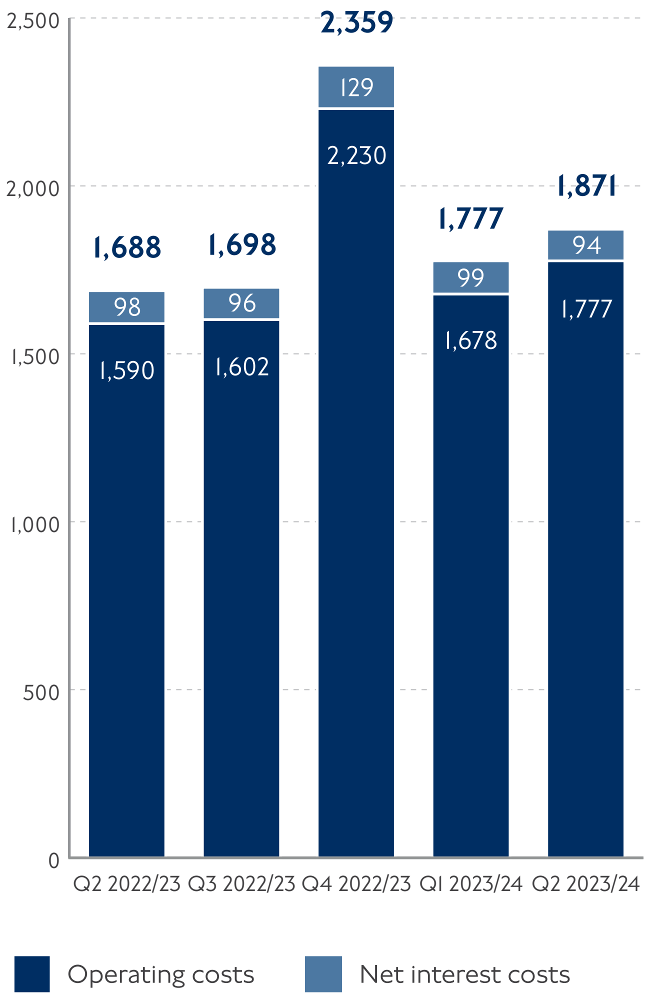
Year-to-date passenger income £31m above Budget

24%▲ year on year

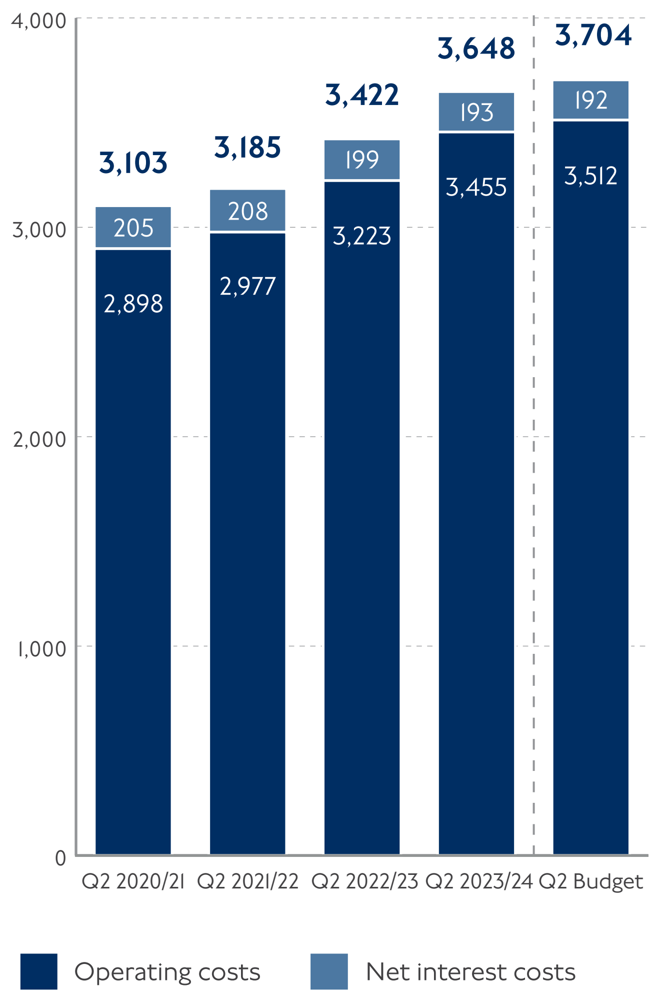
Passenger income has shown strong performance this year with cumulative journey growth of just over seven per cent in the year to date. London Underground and Rail journeys are performing strongly in the year to date, offsetting slower growth on buses.

* Quarter 4 is longer than quarters 1 to 3 (15 weeks and six days vs 12 weeks)

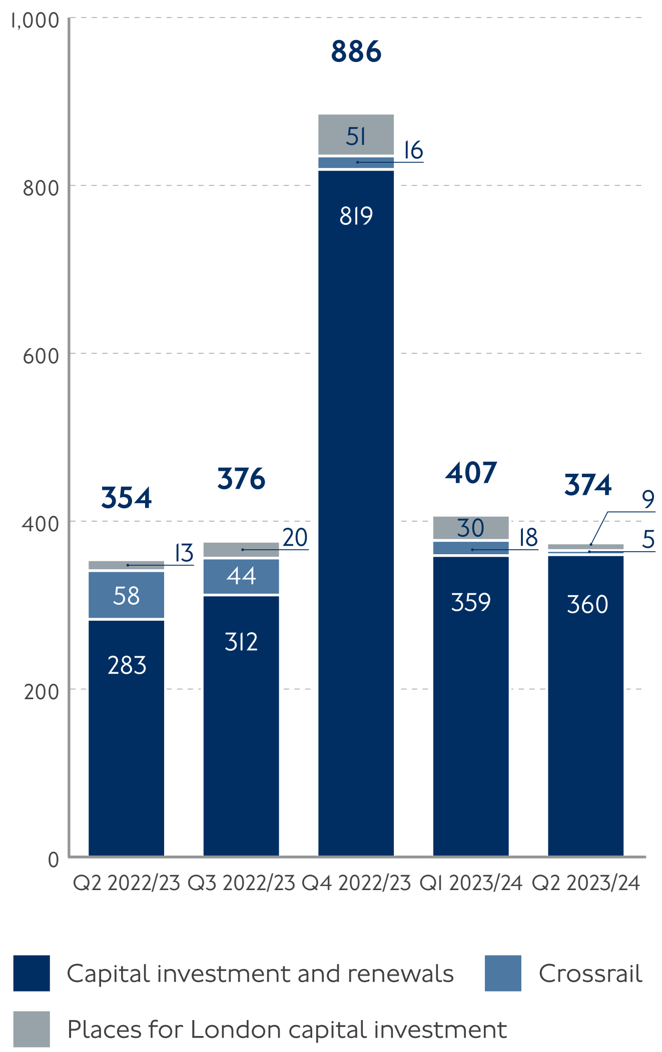
Total cost
Quarterly (£m)*



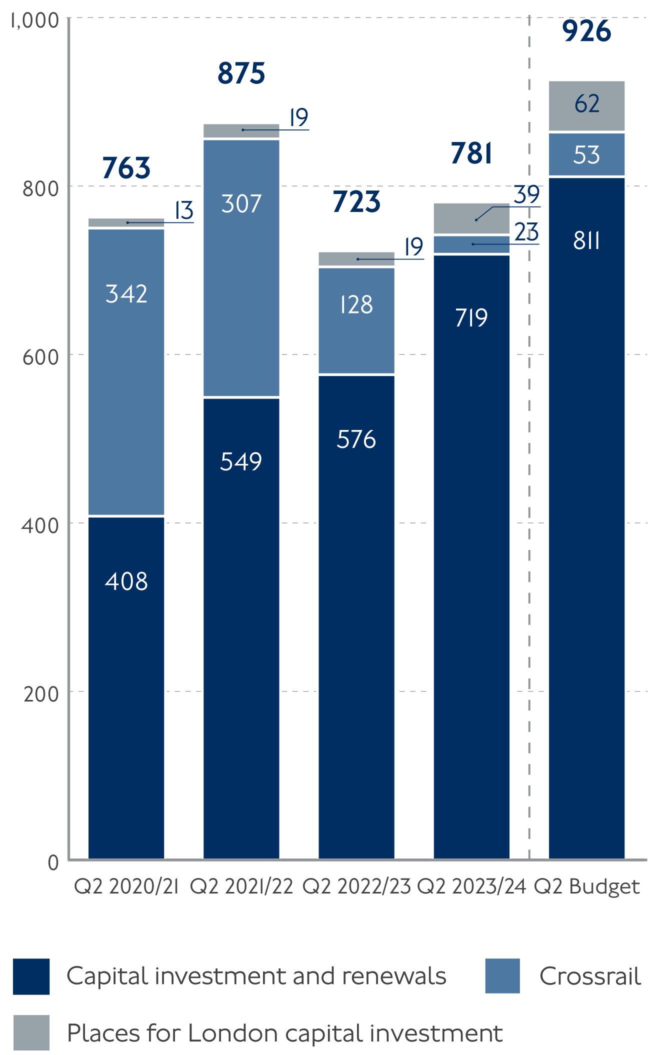
Year to date (£m)



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



Year to date (£m)



Year-to-date operating costs £57m below Budget

7%▲ year on year

Although like-for-like operating costs are falling in real terms, they are seven per cent higher than last year – this is despite year-on-year inflation of 11 per cent. We are committed to delivering almost £230m savings this year.

Total capital expenditure £145m below Budget

8%▲ year on year

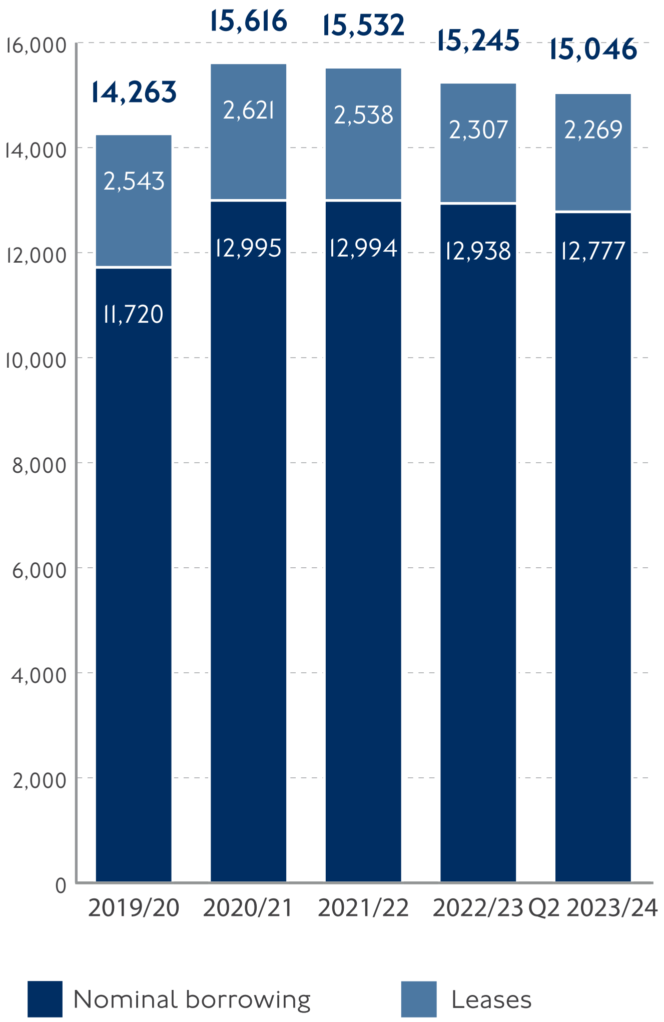
Capital renewals are slightly lower than Budget, but we expect to be in line with the available funding of £736m over the full year. Expenditure on capital enhancements has continued to slip, partly due to funding uncertainty, and is now £78m lower than Budget.

* Quarter 4 is longer than quarters 1 to 3 (15 weeks and six days vs 12 weeks)

Debt and cash

Our borrowing and cash balances

Total debt (£m)



Borrowing update

There has been a decrease of £161m in the level of our outstanding borrowing during the year. This is largely driven by a reduction in our short-term borrowing, to suit our cash and liquidity needs. In addition, we made a repayment to our facility with the DfT for the purposes of Crossrail.

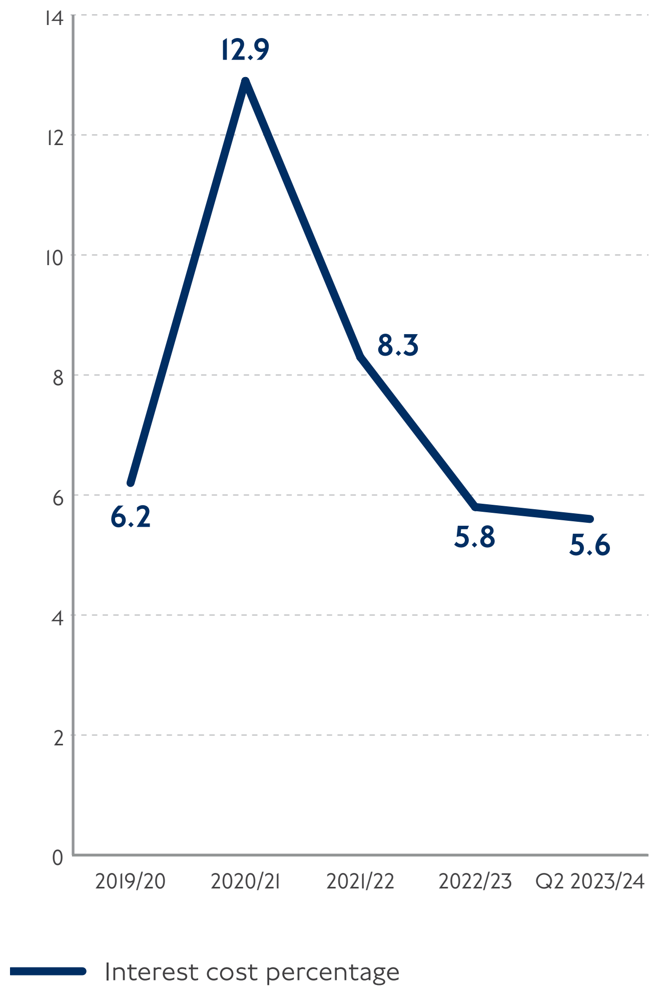
Credit ratings

We are rated by three leading international credit rating agencies. There have been no changes to our credit ratings during Quarter 2.

Credit ratings at the end of Q2

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

Interest costs (% of total revenue)*



Interest costs (£m)

Q2 2023/24	(221)
2022/23	(455)
2021/22	(442)
2020/21	(446)
2019/20	(429)

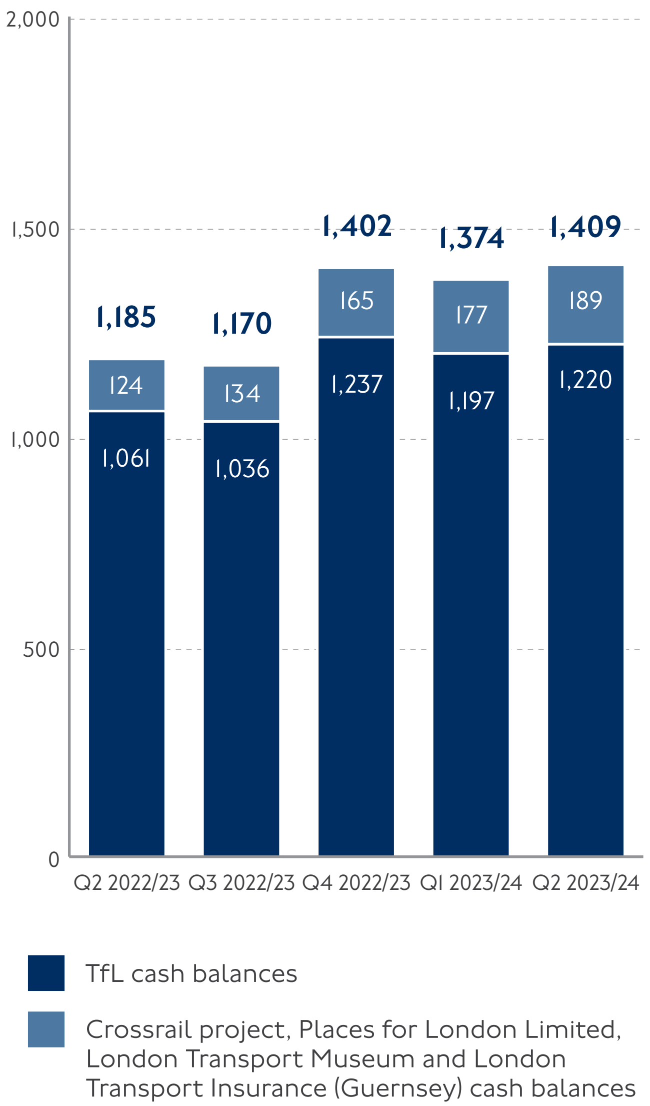
The ratio of interest costs to total revenue (excluding extraordinary grant) helps us to monitor the affordability of our debt. The ratio has been decreasing since 2020/21. This is because our total revenue improved significantly as we came out of the coronavirus pandemic, while the majority of our debt remains at fixed interest rates.

Interest costs and income (£m)

Year to date	Q2 2023/24	Q2 Budget	variance
Interest income	28	25	3
Interest costs	(221)	(217)	(4)

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

Cash balances (£m)



Cash balances at the end of Quarter 2 were £1,409m. Of the total cash balance, £189m was held for the Crossrail project, LTM, LTIG and Places for London.

We continue to balance the requirements of our liquidity policy and the latest funding settlement letter with the Government by aiming to have, on average, up to or around £1.2bn of cash and liquid investments held by the TfL Group (excluding specified subsidiaries Crossrail Limited, LTIG, LTM and Places for London).

TfL cash balances fluctuate and as a result of the funding settlement condition they may sometimes fall below £1.2bn. However, the funding settlement protects TfL from passenger demand risks.

Preserving liquidity by maintaining a minimum cash balance 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 provide 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, 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 that 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 shows the importance of an appropriate level of cash to ensure we can meet our liabilities.

The Superloop is improving the bus network in outer London

Passenger journeys

Our performance based on passenger numbers

Q2 year to date: 2023/24

1,614m	1,600m	1,431m
total journeys	Budget	2022/23

London Underground

535m 5%▲ Budget

London Buses

848m 1%▼ Budget

DLR

46m 9%▲ Budget

London Overground

83m 4%▲ Budget

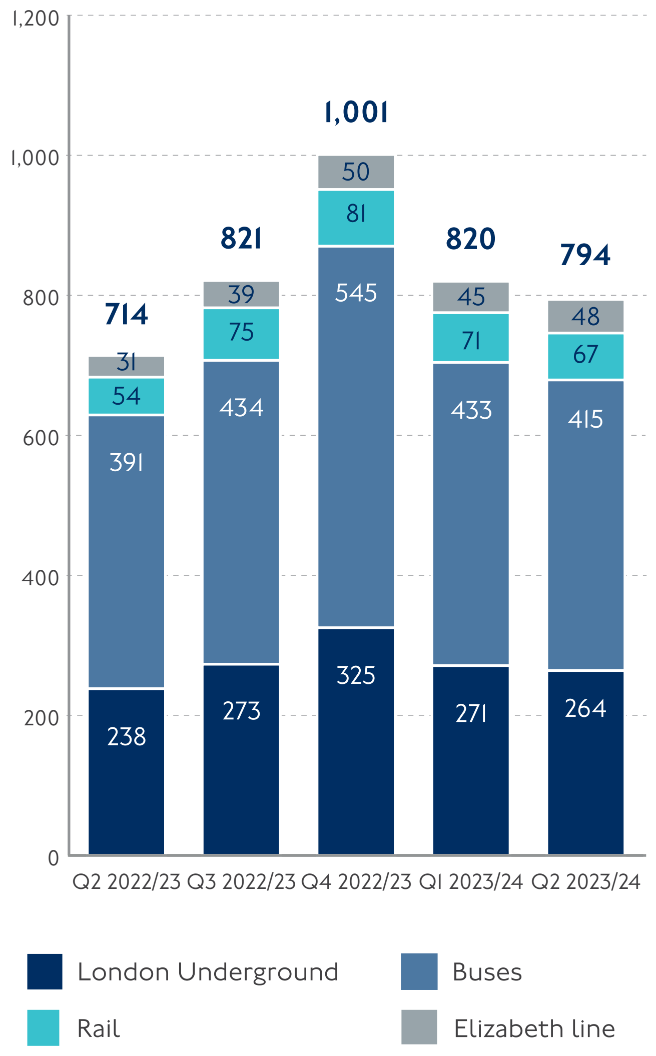
London Trams

10m 9%▼ Budget

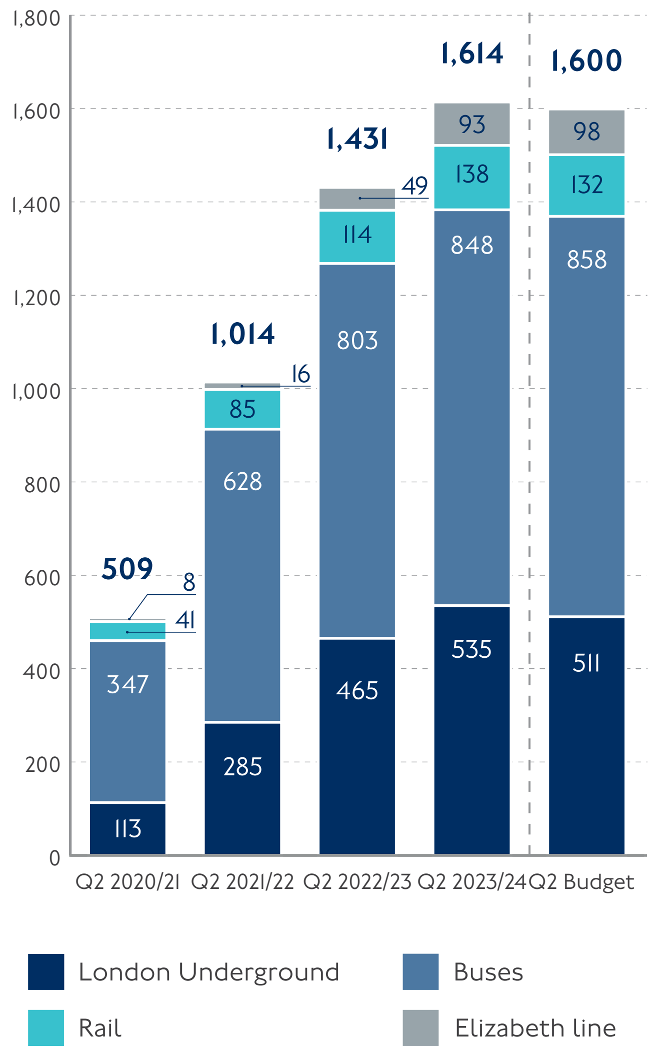
Elizabeth line

93m 6%▼ Budget

Quarterly (millions)*



Year to date with Budget (millions)



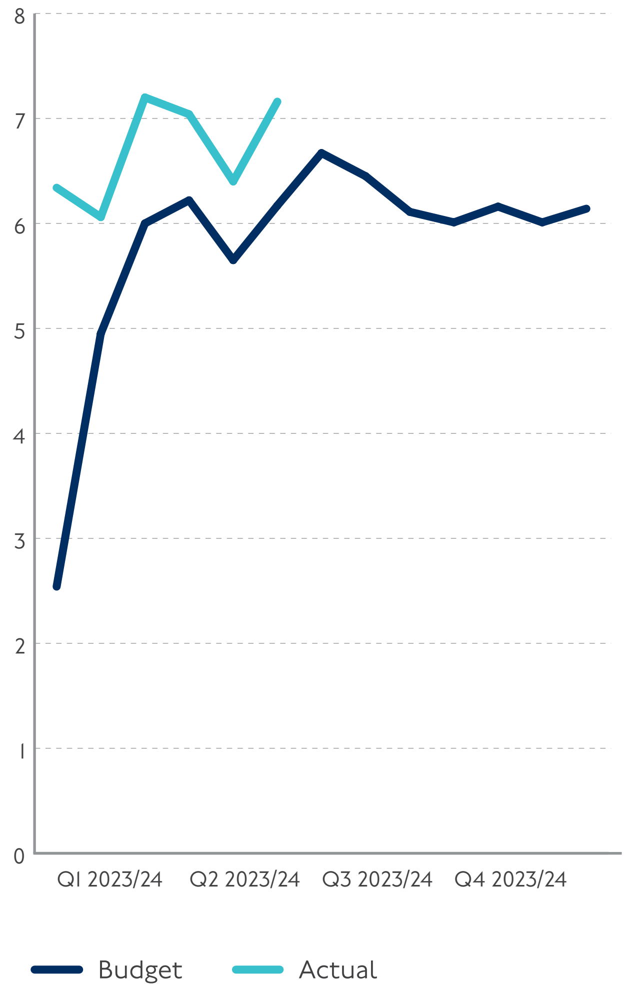
Passenger journeys across the network continue to grow and are starting to exceed pre-pandemic levels on some weekends. Year-to-date figures show 1,614 million journeys have been completed, compared with 1,431 million last year. August Bank Holiday weekend saw the highest number of bus and Tube journeys in comparison to previous years.

Latest figures show that stations in central London are hitting pre-pandemic levels at weekends. Weekday ridership levels on the Tube and bus are now regularly reaching at least 80 per cent of pre-pandemic levels.

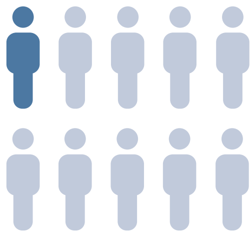
* Q4 is longer than quarters 1 to 3 (15 weeks and six days vs 12 weeks)

Passenger journeys across the network continue to grow

Passenger journeys cumulative year-on-year growth (%)*
(TfL)



At the end of the quarter, total journeys across the network are above budget with continued growth across London Underground and Rail offsetting slower growth on buses.



Passenger journeys are up
7%
year-on-year

* Prior year baseline has been adjusted to reflect seasonal differences across quarters

Underground

Ten stations to be prioritised for step-free access to meet the Mayor’s accessibility targets

Financial summary

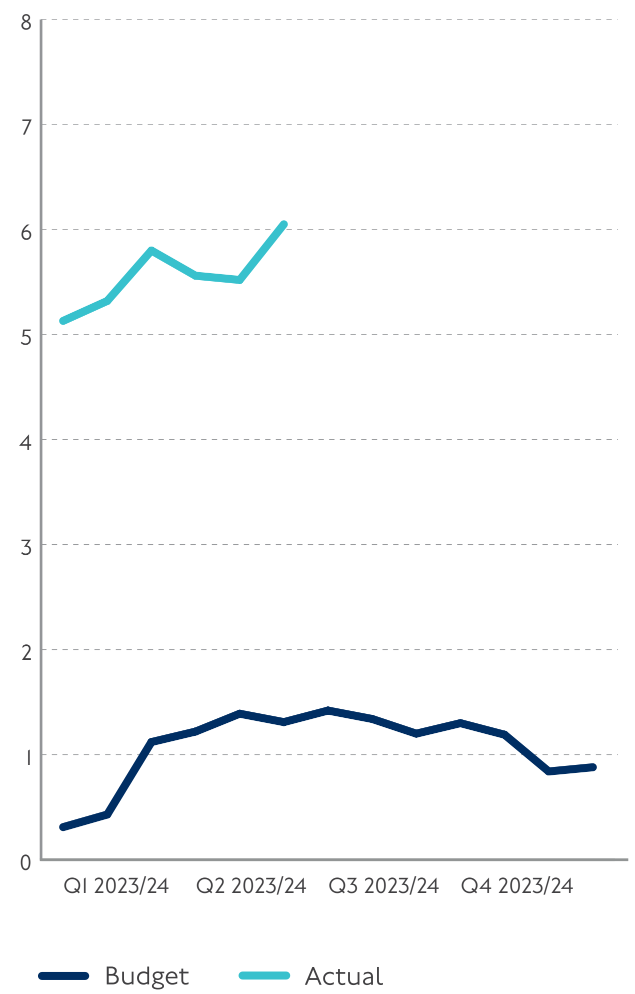
Underground (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Passenger income	1,137	1,136	1	970	167
Other operating income	15	11	4	15	-
Revenue	**1,152**	**1,147**	**5**	**985**	**167**
Operating cost	(1,019)	(989)	(30)	(972)	(47)
Net contribution	**133**	**158**	**(25)**	**13**	**120**
Indirect operating cost	(216)	(214)	(2)	(192)	(24)
Net interest cost	(127)	(125)	(2)	(129)	2
Capital renewals	(185)	(165)	(20)	(144)	(41)
Operating deficit	**(395)**	**(346)**	**(49)**	**(452)**	**57**
New capital investment	(199)	(228)	29	(226)	27

Passenger income in the year to date is in line with budget at £1,137m and £167m higher than last year, as demand for services continues to grow.

Direct operating costs are £30m higher than Budget, largely owing to timing differences and increased maintenance costs, partially offset by favourable staff costs, service-level savings and other minor savings.

Capital expenditure is £9m lower than Budget mainly due to new capital investment, which is £29m lower than expected due to the release of a provision on the Bank congestion relief project and slippage across the Piccadilly line upgrade. This has been offset by a higher than anticipated spend on capital renewals as we have been able to deliver more essential capital renewals work than budgeted.

Passenger journeys cumulative year-on-year growth (%)*
Underground



Year-to-date demand is 24 million higher than Budget and 70 million higher compared to this time last year. Weekday ridership levels on the Tube are now regularly reaching at least 80 per cent as more people return to their offices.

Tube journeys are up
6%
year-on-year

* Prior year baseline has been adjusted to reflect seasonal differences across quarters

Elizabeth line

Full peak Elizabeth line timetable introduced as railway celebrates remarkable success in its first year

Financial summary

Elizabeth line (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Passenger income	258	236	22	102	156
Other operating income	3	4	(1)	8	(5)
Revenue	**261**	**240**	**21**	**110**	**151**
Operating cost	(233)	(240)	7	(221)	(12)
Net contribution	**28**	**-**	**28**	**(111)**	**139**
Indirect operating cost	(8)	(12)	4	(8)	-
Net interest cost	(38)	(38)	-	(40)	2
Capital renewals	(3)	(4)	1	(1)	(2)
Operating deficit	**(21)**	**(54)**	**33**	**(160)**	**139**
New capital investment	(2)	(4)	2	(3)	1
Crossrail construction costs	(23)	(53)	30	(128)	105
Total capital expenditure	**(25)**	**(57)**	**32**	**(131)**	**106**

Passenger income is £22m better than Budget, driven by better than expected yield, plus the inclusion of some income which related to 2022/23.

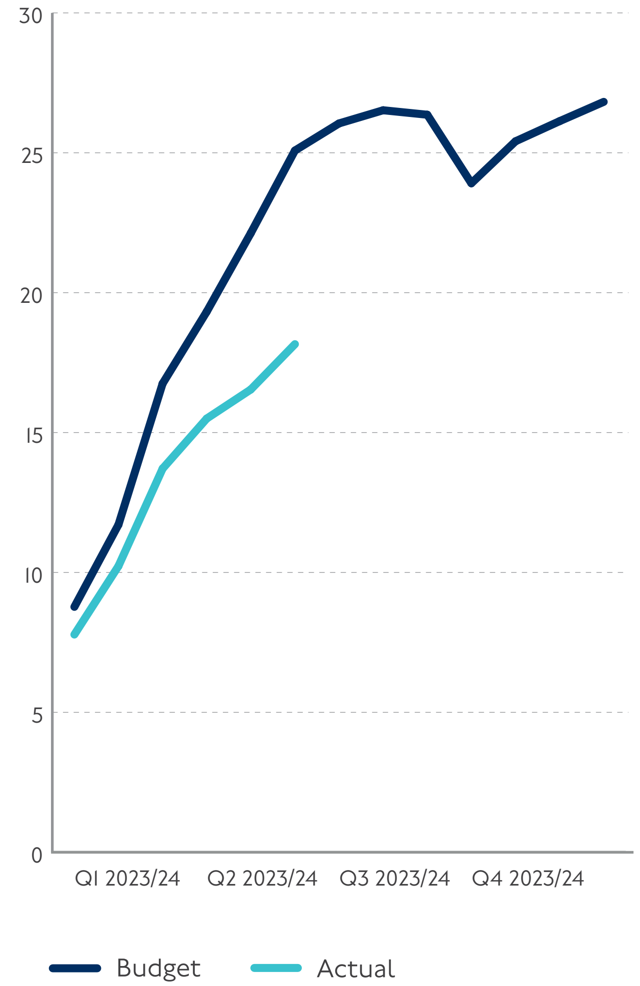
Operating costs are £7m lower than Budget. Higher maintenance and operations costs have been offset by savings in rolling stock performance credits and concession costs.

New capital investment is £3m lower than Budget, driven by the rephasing of projects spend.

The Elizabeth line has had a big impact on how people travel, partly due to the faster journeys offered, as well as the improved train comfort levels. The Elizabeth line has carried just over 220 million passenger journeys since the line's opening in May 2022.

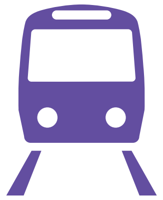
Passenger journeys cumulative year-on-year growth (%)*

Elizabeth line



The Elizabeth line had 93 million journeys by the end of Quarter 2. Passenger journeys have risen from an average of 2.6 million a week at the time of the Elizabeth line's opening in May 2022 and currently stand at an average of more than four million a week following full through running in May 2023.

Forecasting demand for a new line is challenging, but passenger demand has exceeded our post-pandemic business case projections. However it is slightly below a stretching annual budget.



Elizabeth line journeys are up

18%

year-on-year

* Prior year baseline has been adjusted to reflect seasonal differences across quarters

Buses, Streets and other operations

London reaches major milestone with more than one in nine buses now zero emission

Financial summary

Buses, Streets and other operations (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Passenger income	693	687	6	618	75
Other operating income	472	476	(4)	508	(36)
Revenue	**1,165**	**1,163**	**2**	**1,126**	**39**
Operating cost	(1,535)	(1,535)	-	(1,407)	(128)
Net contribution	**(370)**	**(372)**	**2**	**(281)**	**(89)**
Indirect operating cost	(38)	(30)	(8)	(36)	(2)
Net interest cost	(12)	(11)	(1)	(12)	-
Capital renewals	(57)	(83)	26	(66)	9
Operating deficit	**(477)**	**(496)**	**19**	**(395)**	**(82)**
New capital investment	(110)	(142)	32	(53)	(57)

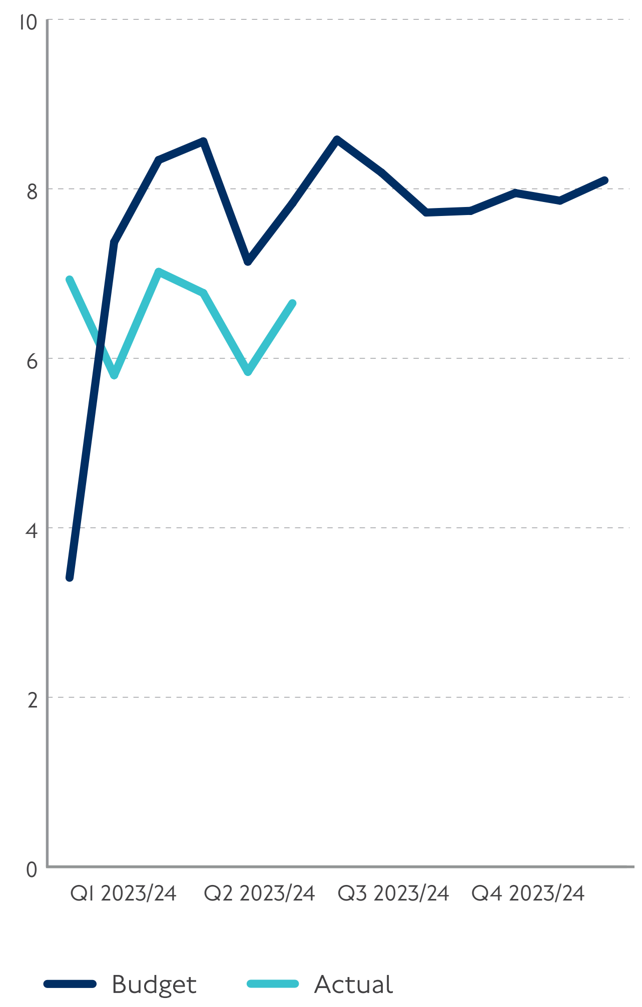
Total revenue is £2m higher than Budget. Higher than anticipated bus passenger income (£6m) is driven by better than expected yield, offset by lower operating income.

Operating cost is as budgeted, despite cost pressures from bus operator payments due to improving performance.

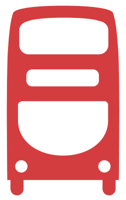
On 29 August, we expanded the ULEZ to cover all of London, taking us further towards cleaning up the capital's air and making ours a greener, healthier city. The Mayor provided an extra £50m to help more Londoners scrap their non-compliant vehicles while increasing the amount those that are eligible for the scheme can receive. This will take the funding for the country's biggest scrappage scheme to £160m.

Passenger journeys cumulative year-on-year growth (%)*

Buses



Year-to date bus demand totalling 848 million journeys, an increase of 45 million compared to the same quarter last year. Bus demand is seeing a strong recovery in weekday ridership levels as the school's new academic year begins.



Bus journeys are up
7%
year-on-year

* Prior year baseline has been adjusted to reflect seasonal differences across quarters

Volume analysis

	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Congestion Charge volumes (thousands)	7,611	7,327	284	8,700	(1,089)
Congestion Charge and enforcement income (£m)	161.1	159.4	1.7	170.4	(9.3)
ULEZ volumes (thousands)	5,500	5,421	79	7,175	(1,675)
ULEZ charge and enforcement income (£m)*	196.8	184.6	12.2	237.0	(40.2)

Cycling

There were just over two million hires in the second quarter of 2023/24, a 31 per cent reduction compared to the same quarter last year. The reduction is largely due to poorer weather in Q2, fewer casual access redemptions and increased competition from other operators.

The quarter saw 160,000 e-bike hires, the busiest period since their introduction last year.

Fleet of

12,000

cycles of which 600 are e-bikes, based at more than 800 docking stations

Traffic flow

Traffic flows across London are 0.4 per cent higher than they were last year. Flows are down by 0.3 per cent from last quarter – 89.1 per cent compared to 89.4 per cent in Quarter 1.

Traffic flow (volume) year-on-year change

Q2 2023/24

0.4%▲

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

* This includes the impact of the expanded ULEZ from 29 August to the end of Q2. For more detail on the first month of ULEZ expansion, see the London-wide ULEZ first month report on the GLA website

Volume analysis

	Q2 2023/24	Q2 2022/23	Variance
Santander Cycles			
Number of hires (millions)	4.4	6.6	(2.2)
Victoria Coach Station			
Number of coach departures (thousands)	97.6	82.7	14.9
London River Services			
Number of passenger journeys (millions)	5.4	5.0	0.4
London Dial-a-Ride			
Number of passenger journeys (thousands)	261.1	229.0	32.1
Taxi and Private Hire			
Number of private hire vehicle drivers	106,692	96,370	10,322
Taxi drivers	17,900	18,859	(959)
IFS Cloud Cable Car			
Number of passenger journeys (thousands)	846.9	858.1	(11.2)

Rail

NaviLens app trial at four DLR stations to help customers with access needs travel with ease on London's transport network

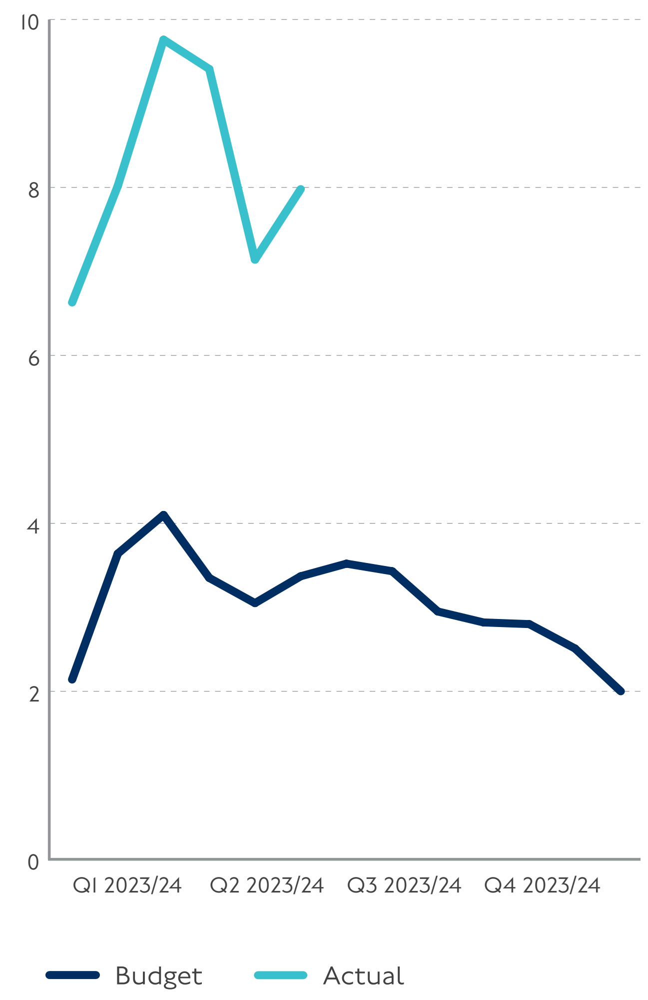
Financial summary

Rail (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Passenger income	191	184	7	162	29
Other operating income	6	6	-	11	(5)
Revenue	**197**	**190**	**7**	**173**	**24**
Operating cost	(252)	(252)	-	(239)	(13)
Net contribution	**(55)**	**(62)**	**7**	**(66)**	**11**
Indirect operating cost	(12)	(11)	(1)	(12)	-
Net interest cost	(16)	(16)	-	(17)	1
Capital renewals	(24)	(29)	5	(20)	(4)
Operating deficit	**(107)**	**(118)**	**11**	**(115)**	**8**
New capital investment	(103)	(108)	5	(45)	(58)

Passenger income is £7m better than Budget, mainly due to higher than anticipated demand and better than expected yield on the DLR.

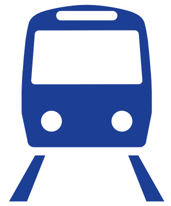
The DLR network is using four stations to trial the innovative NaviLens technology in partnership with GoMedia and Royal National Institute of Blind People. The trial of NaviLens will be supported by audio announcements at stations, members of staff at Woolwich Arsenal DLR station and Passenger Service Agents that are onboard on all DLR trains to assist passengers. The technology will improve the customer experience, especially for those with accessibility needs, in addition to making access to information in other languages more easily available.

Passenger journeys cumulative year-on-year growth (%)*
Rail



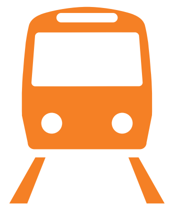
Demand on Rail, including London Overground, DLR and Trams, is six million higher than Budget showing rising demand across the network.

* Prior year baseline has been adjusted to reflect seasonal differences across quarters



Rail journeys are up
8%
year-on-year

DLR journeys are up
5%
year-on -year



London Overground journeys are up
10%
year-on-year

London Tram journeys are up
4%
year-on-year

Places for London

The programme to start 20,000 homes by 2031 has a target for 50 per cent to be affordable, in line with the Mayor's Transport Strategy

Financial summary

Places for London (£m)	Q2 2023/24	Q2 Budget	Variance	Q2 2022/23	Variance
Other operating income	43	38	5	38	5
Direct operating cost	(19)	(27)	8	(24)	5
Net contribution	**24**	**11**	**13**	**14**	**10**
Indirect operating cost	(3)	(3)	-	(4)	1
Operating surplus	**21**	**8**	**13**	**10**	**11**
New capital investment	(39)	(62)	23	(19)	(20)
Property receipts	11	18	(7)	4	7
Net capital expenditure	**(28)**	**(44)**	**16**	**(15)**	**(13)**

Operating income is £5m higher than Budget due to the receipt of an unbudgeted dividend from one of our joint venture developments, plus additional property income from backdated rent reviews and turnover-based rents.

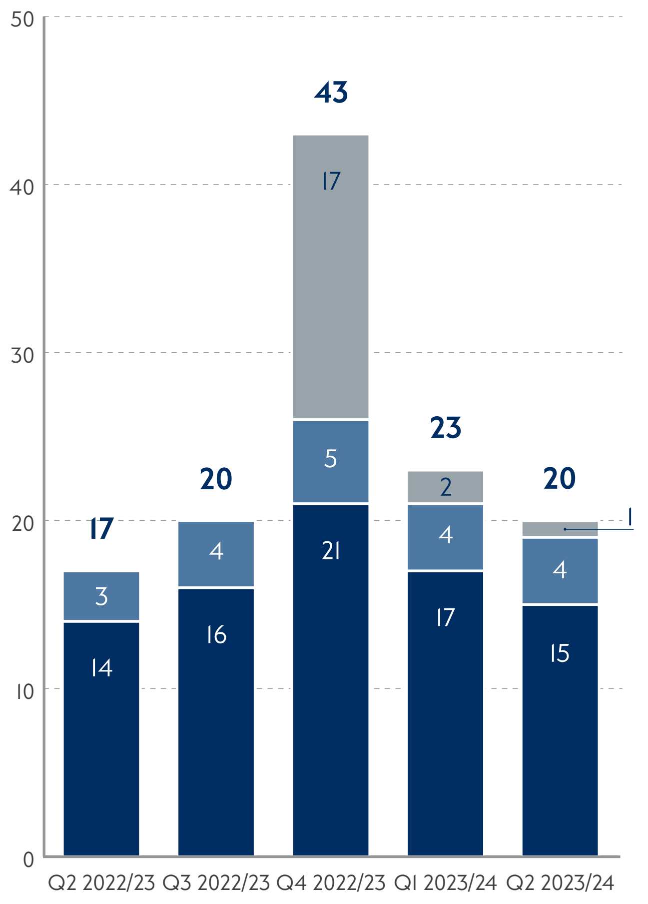
Operating costs are £8m lower than Budget mainly driven by the release of a bad-debt provision, due to the settlement of a long-running dispute with a tenant resulting in them paying their overdue invoices.

New capital investment is £23m lower than Budget. This is driven by the reprofiling of a number of developments, which have been impacted as we await further clarity on proposed building regulation changes. The programmes most impacted by this are Build to Rent development £14m and Bollo Lane residential development £4m.

Property receipts are £7m lower than Budget, mainly due to seven property disposals that have been removed from our current year disposal forecast owing to the current economic environment.

Property income (£m)

Quarterly*



* Q4 is longer than quarters 1 to 3 (15 weeks and six days vs 12 weeks)

We have officially launched our new property company – Places for London. TfL is one of the city's largest landowners, with more than 5,500 acres stretching across almost every borough. Places for London has acquired much of that land and opportunity, and is now working with community and commercial partners to build and look after more affordable homes, flexible retail spaces and sustainable workplaces for a greener, fairer and more connected London for everyone. Money generated by Places for London will be returned to TfL as a dividend, creating a growing long-term revenue stream that can be reinvested into the transport network.

Quarter 2 saw us confirm the completion of our first joint housing development at Blackhorse View with our partners Barratt London and L&Q. Providing 350 new homes and 50 per cent affordable housing, the site also brings improvements for the local community including new streets, play areas, cycle hubs and commercial space.

The Section 106 Agreement is now agreed and planning permission has been granted by Enfield Council for our development by Cockfosters Tube station. Our scheme will contribute around £4.5m to help improve local infrastructure and services and will provide numerous jobs and training opportunities while being constructed.

Planning permission has been secured for 51 arches to the east and west of Kilburn London Underground station. The arches will be restored, hopefully attracting small and medium-sized businesses, and making the area a more enjoyable and welcoming place to sit and spend time.

Capital expenditure

Order placed for an additional 11 new state-of-the-art DLR trains – a total of 54 new trains will be introduced from 2024

Financial summary

Capital expenditure (£m)	Q2 2023/24	Q2 Budget 2023/24	Variance	Q2 2022/23	Variance
Piccadilly line upgrade	(130)	(144)	14	(99)	(31)
DLR rolling stock replacement (including the DLR Housing infrastructure Fund)	(92)	(106)	14	(37)	(55)
Four Lines Modernisation	(44)	(46)	2	(58)	14
Other	(4)	9	(13)	(4)	-
Rolling stock and signalling replacement	**(270)**	**(287)**	**17**	**(198)**	**(72)**
Air quality and environment	(51)	(68)	17	(16)	(35)
Healthy Streets	(51)	(55)	4	(27)	(24)
Bank congestion relief	(3)	(6)	3	(36)	33
Silvertown Tunnel	(3)	(8)	5	(5)	2
Elephant & Castle station capacity	(5)	(6)	1	(5)	-
Other enhancements	(38)	(69)	31	(48)	10
Total new capital investment	**(421)**	**(499)**	**78**	**(335)**	**(86)**
Renewals	(298)	(312)	14	(241)	(57)
Crossrail project	(23)	(53)	30	(128)	105
Places for London	(39)	(62)	23	(19)	(20)
Total capital expenditure	**(781)**	**(926)**	**145**	**(723)**	**(58)**

Total TfL new capital investment, excluding Crossrail construction and Places for London, was £421m at the end of Quarter 2, which is £78m lower than Budget. The variance is driven by a slightly slower than anticipated spend across the Piccadilly line upgrade, DLR rolling stock replacement, Air quality and environment, and other projects.

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

Piccadilly line rolling stock

The manufacturing contract with Siemens Mobility Limited is progressing well, and we remain on schedule for the first train to be delivered to London in July 2024. In July 2023 the first fully assembled train was successfully transferred from Vienna, Austria to Siemens' test and validation centre in Wildenrath, Germany. The train will now undergo an extensive programme of pre-delivery performance and reliability proving, prior to mass production.

In May 2023, we brought into use an expanded train stabling facility at South Harrow. This upgrade has expanded the site from its original six-train capacity to 12 longer sidings to accommodate the new rolling stock and increase overall stabling capacity on the line. This is a key enabler to the introduction of the new Piccadilly line trains on our network for testing in 2024 and for passenger service from 2025.

Bank station upgrade

Since opening the new entrance on Cannon Street in February 2023, the project continues to progress through snagging, close-out works and finalising the assurance and handover process. The works to reinstate Arthur Street await further negotiations with the City of London Corporation on the terms of a lease agreement to allow the backfill of the Arthur Street shaft to begin.

DLR rolling stock and systems integration

The manufacture of the new rolling stock in Spain is continuing to plan with 19 trains completed. Main line testing is underway with several successful elements already complete. The order for 11 additional trains funded by the Housing Infrastructure Fund trains has been executed.

On 17 August 2023, Buckingham Group Contracting Ltd, the Principal Contractor for the Beckton depot northern sidings contract, filed notice of intention to appoint administrators. Buckingham Group suspended works on site and stood down its subcontractors. The TfL team enacted a Safe Stop of the works to ensure the site was left in a safe and secure condition. Buckingham Group has now entered administration with no buyer found for the TfL contract. We are now exploring options for how the works can be progressed and assessing the overall impact of this to the programme. The impact of this is to delay commissioning of the Beckton northern sidings and start of the main works on site for the new maintenance building.

Following the award of the contract for the maintenance facility building and southern sidings, our contractor has now fully mobilised and key subcontracts have begun for significant enabling works.

Silvertown Tunnel

The tunnel boring machine completed its drive on 23 July 2023, 62 days ahead of plan. This is a significant achievement for the programme as it represents successful completion of a complex tunnel boring machine manoeuvre and is the first time this technique has been used in the UK.

The new Boord Street walking and cycling bridge across the A102 was opened to the public on 20 June 2023 with a temporary ramp on the northside, which will be in place until the bridge is completed by December 2023. The new bridge provides a safe and easily accessible crossing for those walking and cycling, including those using cargo bikes, on the Greenwich Peninsula and will accommodate future neighbouring development proposals. The demolition and removal of the old bridge was completed in early August 2023 and work to install the permanent ramp on the northside is now progressing.

Works are progressing on the A102 road following several productive weekend closures and on 9 October 2023 the southbound carriageway was moved into its new alignment to the tunnel.

The new walking and cycling bridge across the A102 at Greenwich

Headcount

Our people provide a vital service for London

Full-time equivalents, including non-permanent labour

	31 March 2023 Actual	YTD net (leavers)/ joiners	16 September 2023 Actual
Underground	16,286	(183)	16,103
Elizabeth line	369	7	376
Buses, Streets and other operations	2,406	42	2,448
Rail	281	26	307
Places for London	218	32	250
Capital directorate	2,518	138	2,656
Professional services*	4,823	269	5,092
TfL total	**26,900**	**332**	**27,232**
Crossrail	143	(46)	97
Total	**27,043**	**286**	**27,329**

Total staff levels have increased by 286 in the year, driven by new graduates and apprentices joining the business at the end of Quarter 2.

The increase in Professional services includes 86 new graduates. The remainder relates to labour to assist with projects in Technology and Data and for Safety, Health and Environmental support to projects and the building of these important capabilities within the organisation.

The reduction of 183 full-time equivalent staff in London Underground is mainly owing to a higher number of leavers than expected.

* Professional services comprises functions within TfL including Legal, Finance, Human Resources, Ticketing, Procurement and Customers, Communication and Technology, where services are provided on a shared basis across all TfL divisions

Non-permanent labour

Agency and non-permanent labour staff have increased by nearly 500 since the end of 2019/20 but remain significantly lower than 2015/16 levels. Non-permanent labour offers flexibility, particularly through time of change and temporary peaks in demand.

Reduction since December 2015

Date	Number of non-permanent labour	Weekly cost (£)	Reduction in non-permanent labour since December 2015	Weekly saving (£)
15 December 2015	3,092	5,249,002		
31 March 2020	1,327	1,527,251	1,765	3,721,751
31 March 2022	1,422	1,995,652	1,670	3,253,350
31 March 2023	1,833	3,006,721	1,259	2,242,281
16 September 2023	1,981	3,274,589	1,111	1,974,413

Non-permanent labour by length of service

Length of service	31 March 2023 Actual	Year-to-date net (leavers)/joiners	16 September 2023 Actual
0-6 months	520	(14)	506
6-12 months	353	17	370
1-2 years	440	27	467
2-3 years	144	117	261
3-5 years	223	(10)	213
5+ years	153	11	164
Total	**1,833**	**148**	**1,981**

We still have a large number of non-permanent contractors who have been working at TfL for more than two years. Many of these are working on large construction projects, but we continue to seek to reduce reliance on these resources to the extent that this is possible.

Appendix

Comprehensive Income and Expenditure (CI&E) Statement

(£m)	Q2 2023/24 Year to date Actual Gross income	Gross expenditure	Net income/ (expenditure)
Operating segment			
Underground	1,152	(1,235)	(83)
Elizabeth line	261	(241)	20
Buses, streets and other operations	1,165	(1,573)	(408)
Rail	197	(264)	(67)
Property development	43	(22)	21
Corporate overhead	215	(215)	-
Net operating deficit before interest and renewals	**3,033**	**(3,550)**	**(517)**
Depreciation and amortisation			(693)
Less IFRS 16 lease payments included in operating deficit			171
Central items			20
Net cost of services			**(1,019)**
Other net operating expenditure			(41)
Financing and investment income			22
Financing and investment expenditure			(267)
Grant income			1,658
Group share of loss after tax of associated undertakings			(25)
Surplus on provision of services before tax			**328**
Taxation income			-
Surplus on provision of services after tax			**328**
Movement in fair value of derivative financial instruments			-
Total group comprehensive income and expenditure			**328**

Detailed reconciliation of the operating surplus per the management accounts to the CI&E Statement

(£m)	Q2 2023/24 Year to date Actual	
Operating surplus		**128**
Adjustments between management and statutory reports:		
Add amounts included in the CI&E Statement not reported in the management accounts income statement		
Depreciation and amortisation	(693)	
Gain on disposal of fixed assets and investment properties	(10)	
Interest payable on lease and PFI liabilities	45	
Amounts capitalised into qualifying assets	(6)	
Capital grant income	593	
Other net operating expenditure	(128)	
		(199)
Less amounts included in the management accounts income statement but excluded from the CI&E Statement		
Cash payments under PFI and lease arrangements	171	
Capital renewals	298	
		469
Amounts subject to differing account treatment between the management accounts and the CI&E Statement		
Grant income	(70)	
		(70)
Group surplus after tax per the CI&E Statement		**328**

Performance against the GLA Budget

The Budget approved by the TfL Board in March 2023 supersedes its submission into the GLA Budget process. It offers the latest trends and information in more detail. The following tables set out the key differences against the Mayor's Budget approved by the London Assembly on 23 February 2023.

GLA objective analysis

	Q2 2023/24 year to date			Full year 2023/24		
TfL Group (£m)	**Actual**	**GLA Budget**	**Variance**	**TfL Budget**	**GLA Budget**	**Variance**
Income						
Passenger income	(2,368)	(2,356)	(12)	(5,239)	(5,239)	-
Congestion Charge, Low Emission Zone and ULEZ income	(386)	(366)	(20)	(1,017)	(1,028)	11
Other income	(265)	(276)	11	(651)	(609)	(42)
Third-party contributions	(14)	(13)	(1)	(32)	(31)	(1)
Sub-total income	**(3,033)**	**(3,011)**	**(22)**	**(6,939)**	**(6,907)**	**(32)**
Operating costs						
London Underground	826	805	21	1,743	1,753	(10)
Bus, roads, compliance and policing	1,401	1,467	(66)	3,129	3,186	(57)
Contracted rail and sponsored services	268	282	(14)	577	607	(30)
Elizabeth line	234	246	(12)	538	549	(11)
Congestion Charge, Low Emission Zone and ULEZ income	196	182	14	519	535	(16)
Other	530	604	(74)	1,382	1,213	169
Sub-total operating costs	**3,455**	**3,586**	**(131)**	**7,888**	**7,843**	**45**
Net operating income and expenditure	**422**	**575**	**(153)**	**949**	**936**	**13**
Other						
Debt servicing	193	191	2	417	415	2
Revenue resources used to support capital investment	420	354	66	816	689	127
Net service income and expenditure	**1,035**	**1,120**	**(85)**	**2,182**	**2,040**	**142**
Transfer to/(from) reserves	6	(151)	157	10	156	(146)

	Q2 2023/24 year to date			Full year 2023/24		
TfL Group (£m)	**Actual**	**GLA Budget**	**Variance**	**TfL Budget**	**GLA Budget**	**Variance**
Financing requirement	**1,041**	**969**	**72**	**2,192**	**2,196**	**(4)**
Specific grants	3	3	-	8	8	-
GLA contribution	66	56	10	93	92	1
Retained business rates	883	821	62	1,991	1,991	-
Services grant	-	-	-	-	5	(5)
Collection fund deficit	-	-	-	(78)	(78)	-
Council tax requirement	**89**	**89**	**-**	**178**	**178**	**-**

Capital account

	Q2 2023/24 year to date			Full year 2023/24		
TfL Group (£m)	**Actual**	**GLA Budget**	**Variance**	**TfL Budget**	**GLA Budget**	**Variance**
Crossrail	23	42	(19)	80	48	32
TfL new capital investment	421	569	(148)	1,202	1,292	(90)
Places for London	39	67	(28)	145	229	(84)
Renewals	298	314	(16)	745	725	20
Total capital expenditure	**781**	**992**	**(211)**	**2,172**	**2,294**	**(122)**
Financed by						
Capital receipts	11	92	(81)	68	250	(182)
Capital grants and third-party contributions	505	572	(67)	784	887	(103)
Borrowing	(157)	(35)	(122)	191	125	66
Crossrail funding sources	37	67	(30)	99	73	26
Revenue contributions	385	296	89	1,030	959	71
Total funding	**781**	**992**	**(211)**	**2,172**	**2,294**	**(122)**

GLA subjective analysis

TfL Group (£m)	Q2 2023/24 year to date Actual	GLA Budget	Variance	Full year 2023/24 TfL Budget	GLA Budget	Variance
Passenger income	(2,368)	(2,356)	(12)	(5,239)	(5,239)	-
Congestion Charge, LEZ and ULEZ income	(386)	(366)	(20)	(1,017)	(1,028)	11
Advertising income	(65)	(61)	(4)	(139)	(137)	(2)
Property income	(38)	(38)	-	(82)	(83)	1
Other income	(176)	(190)	14	(462)	(420)	(42)
Total income	**(3,033)**	**(3,011)**	**(22)**	**(6,939)**	**(6,907)**	**(32)**
Employee expenses	1,056	1,057	(1)	2,405	2,265	140
Property, utilities, cleaning and security	254	283	(29)	595	614	(19)
Bus contract payments	973	1,006	(33)	2,153	2,183	(30)
Other contracted services costs	378	380	(2)	843	860	(17)
Traction current	113	133	(20)	261	289	(28)
Maintenance	244	243	1	497	536	(39)
Legal and professional fees	62	60	2	131	132	(1)
Technology costs	87	79	8	170	166	4
Bad-debt provisioning	169	157	12	466	458	8
Investment programme	130	117	13	238	224	14
Staff recharges	(179)	(171)	(8)	(407)	(372)	(35)
Other operating costs	168	242	(74)	536	488	48
Total operating costs	**3,455**	**3,586**	**(131)**	**7,888**	**7,843**	**45**

TfL Group (£m)	Q2 2023/24 year to date Actual	GLA Budget	Variance	Full year 2023/24 TfL Budget	GLA Budget	Variance
Debt servicing	193	191	2	417	415	2
Revenue resources used to support capital investment	420	335	85	816	689	127
Total gross expenditure	**4,068**	**4,112**	**(44)**	**9,121**	**8,947**	**174**
Net service income and expenditure	**1,035**	**1,101**	**(66)**	**2,182**	**2,040**	**142**
Transfer to/(from) reserves	6	(132)	138	10	156	(146)
Financing requirement	**1,041**	**969**	**72**	**2,192**	**2,196**	**(4)**
Specific grants	3	3	-	8	8	-
GLA contribution	66	56	10	93	92	1
Retained business rates	883	821	62	1,991	1,991	-
Services grant	-	-	-	-	5	(5)
Collection fund deficit	-	-	-	(78)	(78)	-
Council tax requirement	**89**	**89**	**-**	**178**	**178**	**-**

About us

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 safety, 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 IFS Cloud Cable Car.

We manage the city's red route strategic roads and are responsible for the maintenance, management and operation of more than 6,000 sets of traffic lights across the capital. The London boroughs are responsible for all the remaining roads within their boundaries. The experience, reliability and accessibility of our services are fundamental to Londoners' quality of life. Safety remains our number one priority and we continue to work tirelessly to improve safety across the network for both colleagues and customers.

Our vision is to be a strong, green heartbeat for London. We are investing in green infrastructure, improving walking and cycling, reducing carbon emissions, and making the city's air cleaner. The Ultra Low Emission Zone, and fleets of increasingly environmentally friendly and zero-emission buses, are helping to tackle London's toxic air. We are also improving public transport options, particularly in outer London, to ensure that more people can choose public transport or active travel over using their vehicles.

That is why we are introducing the outer London Superloop bus network, providing express bus routes circling the entire capital, connecting outer London town centres, railway stations, hospitals and transport hubs.

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

The Elizabeth line, which opened in 2022, has quickly become one of the country's most popular railways, adding 10 per cent to central London's rail capacity and supporting new jobs, homes and economic 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 and safe 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 are creating brighter journeys and a better city.

November 2023
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PUB23_059