

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

SUBJECT: **OPERATIONAL AND FINANCIAL PERFORMANCE REPORT – FIRST QUARTER 2010/11**

DATE: **16 SEPTEMBER 2010**

1 PURPOSE AND DECISION REQUIRED

- 1.1 To inform the Finance and Policy Committee of Transport for London's Performance during the first quarter of 2010/11 (1 April 2010 - 26 June 2010).
- 1.2 The report will be considered by the TfL Board at its meeting on 22 September 2010.

2 BACKGROUND

- 2.1 This report covers the operational and financial performance during the first quarter of 2010/11.

3 RECOMMENDATION

- 3.1 The Committee is asked to NOTE the report.

4 CONTACT

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Operational and Financial Performance Report

First Quarter, 2010/11

Purpose of Report: For the Managing Director, Finance, to inform the Finance and Policy Committee, the TfL Board and other stakeholders of TfL's financial and operational performance every quarter.

This report covers quarter one (1 April 2010 – 26 June 2010), comprising operating periods one to three.

TfL performance summary

Service Demand: During quarter one 2010/11, passengers made more journeys than anticipated when the budget was set on all modes of transport. Passenger demand is recovering faster than anticipated from the economic recession, reflecting the position of the London economy. TfL has experienced year-on-year growth in a quarter which has seen the successful introduction of three-car trains on the DLR and the full opening of the East London Line. In addition, the index measure for cycle journeys on the TLRN (TfL road network) has continued the pattern of year-on-year growth.

Financial performance: Total operating income for quarter one was £885m (£48m above budget). The variance to budget is principally due to higher service demand levels than anticipated when the budget was set. Operating expenditure in the quarter was £1,284m (£54m below budget), and net capital expenditure excluding Crossrail was £363m (£73m below budget), both variances were mainly driven by timing changes that have occurred since the budget was agreed. TfL net service expenditure for the full year 2010/11 is forecast to be £226m below budget at £5,261m, incorporating current passenger demand expectations and economic forecasts.

Efficiencies: On a gross basis, £503 million of savings are forecast for the year, £23 million less than target. This reduction in forecast is mainly due to a shortfall in savings from London Underground's project efficiencies and the group wide Information Management (IM) programmes. This has been partially offset by increased savings relating to Fares and Ticketing, the surrender of the Agreement for Lease at "The Shard" and additional Enforcement savings.

Staff: At the end of quarter one, TfL employed fewer staff than budget reflecting ongoing efficiencies and headcount freezes across the organisation. The percentage of the workforce that are temporary workers continues to decline steadily.

Note on treatment of Tube Lines: On 27 June, TfL acquired Tube Lines. The forecast in this report takes account of the cash outflow for the purchase of the business, partly offset by the expected reduction in ISC (Infrastructure Service Charge) in London Underground due to the removal of profit and tax elements previously included before the acquisition. The forecast results of Tube Lines will be incorporated in the group forecast in the quarter two report.

London Underground

Operational Performance

London Underground Performance	unit	Q1				Full Year			
		Actual	Vs Target	Status	Vs Last Year	Forecast	Vs Target	Status	Vs Last Year
Passenger Journeys	m	259.9	14.1	○	9.9	1,098.0	61.0	○	33.3
Scheduled Service Operated	%	97.3	1.0	○	1.9	96.3	-	○	(0.3)
Excess Journey Time (Weighted)	mins	5.82	(0.81)	○	(0.94)	6.54	(0.16)	○	0.13
Overall Customer Satisfaction	score	80.0	1.0	○	-	No forecast	N/A		N/A

○: better than or equal to target; □: within 5% of target; ●: 5% or more worse than target

Tables may be subject to rounding errors.

- I.0 In the first quarter of 2010/11, London Underground (LU) passengers made 9.9 million (4.0 per cent) more journeys than quarter one 2009/10, despite quarter one this year being one day shorter in length. This was 14.1 million (5.8 per cent) more journeys than the target and reflects the quicker than anticipated recovery in demand which has become evident since the budget was set.
- I.1 In quarter one, LU operated more scheduled services than target and all quarterly results of last year.
- I.2 The LU excess journey time has also improved, with a quarter one result of fewer than six minutes for the first time.
- I.3 The Customer Satisfaction Survey (CSS) result for quarter one has increased 2 points from last quarter. It also matches the record scores achieved in the last quarter of 2008/09 and the first two quarters of 2009/10. All scores were the same or better than the previous quarter with large increases in satisfaction on 'Ease of getting to platform' and 'Train crowding'.
- I.4 There were no accidental fatalities on LU during quarter one but 36 passengers sustained major injuries. The moving annual average of major injuries per million hours on the LU infrastructure is in line with the target.
- I.5 In quarter one, there were 11.8 recorded crimes per million passenger journeys on the LU and Docklands Light Railway (DLR) networks. This was lower than the target of 12.9 as well as a reduction in the crime rate since the same quarter last year.

Financial Performance

London Underground Financials £m	Year to Date				Full Year			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(434)	(419)	(15)	○	(1,882)	(1,792)	(90)	○
Operating Expenditure (net of third party contributions)	575	617	(42)	○	2,735	2,835	(99)	○
Net Operating Expenditure	140	198	(57)	○	853	1,042	(189)	○
Net Capital Expenditure	264	290	(26)	○	1,270	1,261	9	►
Net Service Expenditure	404	487	(83)	○	2,123	2,304	(180)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ► Overspend/Lower income by more than 5% = ●
Tables may be subject to rounding errors.

- I.6 Operating income was higher than budget in the first quarter. This was mainly due to the fares income variance of £13 million reflecting higher than budgeted passenger numbers.
- I.7 The full-year forecast for operating income reflects the updated Retail Price Index (RPI) and the Greater London Authority (GLA) economic forecast.
- I.8 Operating expenditure in the year to date was below budget. Central Services expenditure was £10 million below budget, mainly due to timing differences. Changes in phasing of work and cost savings meant that Maintenance expenditure was £9 million below budget. Tube Lines' PPP cost was £7 million below budget reflecting late delivery of the Jubilee Line Upgrade and a usage adjustment for the final three periods of Contract Review Period 1. Further variances included Investment Programme revenue projects which were below budget by £5 million, mainly in Asset Stabilisation and Paddington enabling works.
- I.9 The full year forecast for operating expenditure is also below budget. Following the acquisition of Tube Lines the forecast has been reduced by £54m to reflect the reduction in the ISC (Infrastructure Service Charge) profit and tax elements. Central Expenses are forecast to be £18 million lower than budget due to reduced cost provisions and efficiencies following integration with the former Metronet business. Investment Programme revenue projects are £10 million below budget, notably stations. Other reductions against budget include £4 million for replacement bus costs due to the revised Northern Line closure programme.
- I.10 Capital expenditure year to date was below budget, largely due to the Victoria Line Upgrade which was £14 million below budget as a result of rolling stock production delays. The supplier (Bombardier) is addressing the production issues and this is anticipated to be resolved within the year. Also, Track projects were £9 million below budget mainly due to changes in the delivery plan.
- I.11 The variance in the capital expenditure forecast is mainly due to higher expenditure on the Sub Surface Rail upgrade, where the full-year budget included allowance for capital efficiencies which the programme is no longer forecasting to meet in full, and a release from overprogramming for delays in project expenditure. These are partly offset by reduced Track and Civils expenditure due to programme changes, and savings on stations projects.

Surface Transport

Operational Performance

Surface Transport Performance	unit	Q1				Full Year			
		Actual	Vs Target	Status	Vs Last Year	Forecast	Vs Target	Status	Vs Last Year
London Buses									
Passenger Journeys	m	546.6	24.5	○	(1.6)	2,248.5	65.5	○	(8.9)
Scheduled Service Operated	%	97.9	0.3	○	0.4	97.4	-	○	-
Excess Wait Time, High Freq Routes	mins	0.96	(0.12)	○	(0.13)	1.10	(0.03)	○	-
Overall Customer Satisfaction	score	82.0	3.0	○	3.0	No forecast	N/A		N/A
Other									
Cycle usage on TLRN (Index Mar 2000 = 100)	index	262.9	10.9	○	18.5	231.0	(9.0)	►	13.5
River Journeys	'000	1,182	(32.9)	►	4.1	4,000.0	-	○	(169.2)
Dial-a-Ride trips	'000	322.6	9.6	○	28.8	1,350.0	-	○	95.3
Dial-a-Ride Overall Customer Satisfaction	score	93.0	1.0	○	2.0	93.0	1.0	○	0.1

○: better than or equal to target; ►: within 5% of target; ●: 5% or more worse than target

Tables may be subject to rounding errors.

- 2.0 Bus passengers made more journeys than target in quarter one despite the fares rise in January 2010 and ongoing impacts of the recession. Although passenger journeys are slightly lower than last year, they have not fallen as anticipated. As a result, the year end forecast for passenger journeys was increased by 3.0 per cent.
- 2.1 In the first quarter, London Buses scheduled services operated and the excess wait time showed positive gains against their targets and the same quarter last year. Mileage losses due to traffic delays were lower than expected.
- 2.2 The London Buses Customer Satisfaction Survey (CSS) score in quarter one was 3 points higher than the previous quarter as well as being higher than target and the same quarter last year. All of the London Buses satisfaction scores were the same or better compared to last quarter. Notably, the scores for 'Stations overall' and 'Night bus' increased by 4 and 3 points respectively.
- 2.3 On the Bus network during quarter one, 251 major injuries were sustained by passengers and members of the public and four fatalities occurred. This equates to 0.47 major injuries or fatalities per million passenger journeys. The number of major injuries has increased from quarter four which follows a seasonal trend but does also show a year-on-year reduction.
- 2.4 In quarter one, there were 10.4 recorded crimes per million passenger journeys on the bus network, based on April-June crime and passenger journeys data. This was lower than quarter one 2009/10 (11.1) and the full year 2009/10 (11.1).
- 2.5 In quarter one, the average index of cycle flows on the TLRN (TfL Road Network) exceeded target and continued to show steady year-on-year growth.
- 2.6 There were fewer river journeys made than target in quarter one, mainly due to fewer passengers on commuter services to Canary Wharf and fewer events at the O2.

- 2.7 The data for road collisions in London is for January and February 2010, during which there were 379 people killed or seriously injured. This was 150 fewer than the reduction target. Other than February 2010 showing a slightly higher result than January 2010, this result shows a general decline since October 2009. Of these casualties, the highest proportion was pedestrians at 146. 112 were car occupants, 55 were motor cyclists, 43 were cyclists and 23 were other road users.
- 2.8 The delivery of 105 signal-timing reviews achieved a 4.1 per cent reduction in stop-start delays for traffic at traffic signals in quarter one. The review of 1,000 signal timings is forecast to be achieved in the full year enabling the target of a four per cent reduction in traffic delays to be met.

Financial Performance

Surface Transport Financials £	Year to Date				Full Year			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(391)	(376)	(15)	○	(1,651)	(1,592)	(59)	○
Operating Expenditure (net of third party contributions)	569	578	(9)	○	2,621	2,612	8	►
Net Operating Expenditure	178	202	(24)	○	970	1,021	(51)	○
Net Capital Expenditure	50	61	(11)	○	279	260	19	●
Net Service Expenditure	228	263	(34)	○	1,249	1,281	(32)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ► Overspend/Lower income by more than 5% = ●
Tables may be subject to rounding errors.

- 2.9 The year-to-date operating income was higher than budget largely due to bus fares income which was £14 million higher, driven by higher passenger journeys than budget.
- 2.10 The full-year forecast for operating income reflects the updated RPI and the GLA economic forecast.
- 2.11 Operating expenditure in the year to date was below budget. The largest variance of £3 million relates to the first two Barclays Cycle Superhighways as the result of revised phasing. The remaining variances included deferrals on various activities (including Smarter Travel and Local Implementation Plans) and savings (including lower bus Contract Price Adjustments and discretionary signals maintenance work).
- 2.12 The full-year operating expenditure is forecast to be above budget. This is due to deferred expenditure of £4 million for Barclays Cycle Hire Scheme and Cycle Superhighways, originally budgeted to occur during 2009/10. Congestion Charging is forecasting additional costs because of some restrictions on data administration put in place by the Driver and Vehicle Licensing Agency.
- 2.13 Capital expenditure in the first quarter was £11 million below budget. This includes revised phasing on the Barclays Cycle Hire Scheme and Cycle Superhighways projects of £20 million. This was partly offset by additional expenditure of £6 million for acceleration of project spend on the Blackwall Tunnel (Northbound) refurbishment.
- 2.14 Capital expenditure for the full-year is forecast to be higher than budget. This is mainly due to deferrals of project spend on the Barclays Cycle Hire Scheme and Cycle Superhighways from 2009/10.

Operational Performance

London Rail	unit	Q1				Full Year			
		Actual	Vs Target	Status	Vs Last Year	Forecast	Vs Target	Status	Vs Last Year
DLR									
Passenger Journeys	m	17.9	0.4	○	1.3	74.0	(0.4)	●	4.6
Scheduled Service Operated	%	97.9	(0.1)	●	(0.2)	98.0	-	○	0.8
On time Performance	%	97.7	1.7	○	3.4	96.0	-	○	1.2
Overall Customer Satisfaction	score	82.6	2.6	○	N/A	80.0	-	○	N/A
London Overground									
Passenger Journeys	m	See paragraph 3.4							
On Time Performance (PPM Moving Annual Average)	%	93.7	0.5	○	1.4	93.2	-	○	-
Overall Customer Satisfaction	score	78.0	3.0	○	N/A	75.0	-	○	N/A
Trams									
Passenger Journeys	m	6.6	0.3	○	-	26.8	-	○	0.3
Scheduled Service Operated	%	99.5	1.5	○	0.4	98.0	-	○	(0.6)
Overall Customer Satisfaction	score	88.0	2.0	○	-	86.0	-	○	(0.3)

○: better than or equal to target; ●: within 5% of target; ■: 5% or more worse than target

Tables may be subject to rounding errors.

- 3.0 DLR passengers made 1.8 per cent more journeys than target in quarter one. The increased ridership compared to last year can be attributed to the operation of three-car services, which commenced a full service on 26 April 2010. Furthermore, there has been an increase in passengers interchanging at Shadwell due to the full reopening of the East London Line (ELL) on 23 May 2010.
- 3.1 The percentage of scheduled services operated by DLR narrowly missed target. However, it continued to rise during the first quarter and reached the highest level since quarter two 2009/10.
- 3.2 DLR on-time performance reached its highest level for two and a half years during the first quarter.
- 3.3 The DLR customer satisfaction score for quarter one was better than target, with the introduction of three-car trains having a positive effect on service satisfaction. A new measure, in line with the rest of TfL, is being used so satisfaction levels cannot be compared to the previous year.
- 3.4 Passenger journey data for London Overground (LO) is not reported at present. The new trains being introduced on the LO network will enable passenger numbers to be automatically monitored. The data is being tested and calibrated and is expected to be available for reporting later in the year.
- 3.5 The LO passenger performance measure (PPM) is the percentage of trains arriving at their destination within five minutes of the time stated in the timetable. In quarter one, the moving annual average continued to improve and was half a percentage point better than quarter four 2009/10. Of the PPM failures on London Overground in quarter one, London Overground Rail Operations Limited (LOROL) was responsible for 44 per cent, Network Rail was responsible for 37 per cent, London Underground was responsible for 3 per cent and other operators for 6 per cent.
- 3.6 The London Overground customer satisfaction survey was five points higher than last quarter. The ELL contributed to this with an individual score of 85 points. The overall score for station facilities

has reached its highest level ever due to improvements on the North London Line and also the inclusion of the ELL stations.

- 3.7 The percentage of tram services operated remained higher than target and last year in quarter one.
- 3.8 Trams exceeded their target in the quarter one customer satisfaction survey. This result is part of a rising trend that started in quarter two 2009/10.

Financial Performance

London Rail Financials £m	Year to Date				Full Year			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(36)	(34)	(2)	○	(170)	(167)	(2)	○
Operating Expenditure (net of third party contributions)	71	72	(1)	○	337	337	-	○
Net Operating Expenditure	35	38	(3)	○	167	170	(3)	○
Net Capital Expenditure	43	77	(34)	○	200	247	(48)	○
Net Service Expenditure	78	115	(37)	○	367	417	(50)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▲ Overspend/Lower income by more than 5% = ●

Tables may be subject to rounding errors.

- 3.9 Operating income in the year to date was higher than budget; this was mainly because engineering works have not had as great an impact as expected on the LO fares income. Ticket commissions received from other train operating companies were also higher.
- 3.10 The full-year forecast for operating income is higher than budget as a result of increases in commissions earned by LO for selling other operators' tickets.
- 3.11 The full year operating expenditure forecast is in line with budget overall but includes offsetting variances. The North London Rail (NLR) station upgrade is £10 million below budget, as it has been rephased in line with the LOROL revised programme. Additional expenditure of £3 million was incurred on the concession agreement between Rail for London and LOROL due to higher inflation. East London Line (ELL) infrastructure maintenance spend was £3 million higher than budget as a result of repassing from 2009/10. There was also £3 million of expenditure which could not be included in the lease and arose once the railway became operational. This included LU track circuit works, cab simulator, driver only operation developments and power supply issues at Euston.
- 3.12 Capital expenditure in the year to date was £34 million below budget. The ELL Project underspent by £12 million as a result of costs occurring in 2009/10 which was earlier than budgeted. Lower expenditure of £12 million on the DLR was mainly due to new vehicle expenditure incurred earlier than budgeted in 2009/10, along with slower progress on Stratford International and Beckton Depot Offices. Additional underspends included the North London Rail Infrastructure Project (NLRIP) of £9 million due to a delay in contract awards.
- 3.13 The capital expenditure full year forecast is below budget, £26 million of which reflects the revised phasing across years for ELL. On the NLRIP, the Latchmere Curve works costs of £11 million will now be incurred in 2011/12. A further forecast variance lower than budget arises from an increase in the overprogramming of £8 million as a result of reprofiling between years.

Crossrail

Financial Performance

Crossrail Financials £m	Year to Date				Full Year			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Third Party Capital Contributions	-	-	-	○	(15)	(15)	-	○
Capital Expenditure	104	125	(21)	○	727	734	(7)	○
Net Capital Expenditure	104	125	(21)	○	712	719	(7)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▶ Overspend/Lower income by more than 5% = ●
Tables may be subject to rounding errors.

- 4.0 Year-to-date expenditure was below budget, due to a rep phasing of expenditure and a reduction in the provision for property compensation commitments.
- 4.1 The full-year forecast variance to budget is due to reductions in land and property expenditure of £70 million, as a result of deferrals and a reduction in the provision for property compensation commitments. This is largely offset by an increase of £63 million due to revised phasing of the Central Section's design and construction activity expenditure following a review of activities.

Corporate Directorates

Financial Performance

Corporate Directorates Financials £m	Year to Date				Full Year			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(22)	(5)	(17)	○	(46)	(29)	(18)	○
Operating Expenditure	67	70	(3)	○	347	286	62	●
Third party revenue contributions	-	(1)	1	●	(3)	(3)	-	○
Operating Expenditure (net of third party contributions)	67	69	(2)	○	344	283	61	●
Net Operating Expenditure	45	64	(19)	○	298	254	44	●
Capital Income	(5)	(5)	-	○	(29)	(29)	-	○
Third Party Capital Contributions	-	-	-	○	-	-	-	○
Capital Expenditure	11	14	(2)	○	57	53	4	●
Net Capital Expenditure	6	9	(3)	○	28	24	4	●
Net Service Expenditure	51	73	(21)	○	325	278	47	●

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▶ Overspend/Lower income by more than 5% = ●
Tables may be subject to rounding errors.

- 5.0 The operating income variance to budget for both the year to date and full year forecast is in part due to cash received for surrendering accommodation leases.
- 5.1 The operating expenditure full year variances include forecast shortfalls in Information Management and accommodation savings, the latter mainly being due to savings materialising later than anticipated.
- 5.2 The capital expenditure forecast overspend includes the Integrated Transport Smartcard Organisation project deferral from 2009/10.

Group items

2009/2010 Prior Year		2010/2011 Year to date				2010/2011 Full Year			
Year to date	Group Items £m	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
(7)	Interest Income	(2)	(2)	-	○	(5)	(5)	-	○
35	Debt Servicing	43	43	-	○	200	202	(2)	○
-	Contingency/Other Group Items	-	38	(38)	○	289	291	(2)	○
28	Total Group Items	42	80	(38)	○	484	488	(4)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▶ Overspend/Lower income by more than 5% = ●
Tables may be subject to rounding errors.

- 6.0 Contingency and other group items expenditure was lower than budget in the year to date by £38 million. Due to the nature of contingency, funds will be drawn down as required, but the budget was evenly phased.

Savings Programme

Savings £m	Year to date Actual	Forecast at Q1	Target	Variance
Corporate and Group Wide	43	141	141	-
London Rail	3	9	8	1
London Underground	40	209	241	(32)
Surface Transport	29	144	136	8
Total Gross Saving	115	503	526	(23)
Implementation cost	(5)	(82)	(79)	(3)
Total Net Savings	111	421	447	(26)

- 7.0 On a gross basis, £503 million of savings are forecast for the year, £23 million less than target. This reduction in forecast is mainly due to a shortfall in savings from London Underground's project efficiencies and the Information Management (IM) programmes. This has been partially offset by increased savings relating to Fares and Ticketing following the termination of the Prestige PFI contract, the surrender of accommodation leases, and additional Enforcement savings.
- 7.1 Implementation costs for the full year are forecast to be £3 million greater than target.
- 7.2 Net savings are currently forecast to be £421 million for the year, £26 million below target. By the end of quarter one, net savings of £111 million had been delivered.
- 7.3 London Underground is currently forecasting a shortfall in savings from the capital programme of £32 million. Work to reduce this shortfall is progressing (it stood at £64 million at period one) and the aim remains to fully deliver the target for the current financial year.
- 7.4 Following a review of its existing costs and potential savings, IM is forecasting £24 million of savings against a target of £45 million this year while facing additional cost pressures of £18 million from business-as-usual activities. IM is unlikely to achieve its savings target in 2010/11 but work is ongoing to find opportunities to mitigate the gap. This gap is offset by Fares and Ticketing savings following the termination of the Prestige contract and savings resulting from the surrender of accommodation leases.

Balance Sheet

Quarter One

Transport for London Group Balance Sheet at end of Quarter I £m	Actual	Variance to Budget
Fixed Assets – <i>(higher) / lower than budget</i>	22,211	132
Stocks, Debtors and Payments in Advance – <i>(higher) / lower than budget</i>	694	(146)
Cash – <i>(higher) / lower than budget</i>	1,274	47
Creditors and Receipts in Advance – <i>higher / (lower) than budget</i>	(4,633)	(37)
Prudential Borrowings – <i>higher / (lower) than budget</i>	(4,118)	-
Deferred Capital Grant – <i>higher / (lower) than budget</i>	(10,157)	19
Provisions – <i>higher / (lower) than budget</i>	(2,681)	(136)
Total Net Assets – <i>(higher) / lower than budget</i>	2,590	(121)

- 8.0 Fixed assets variances are largely due to lower than budget capital expenditure, as explained within the relevant modal capital expenditure sections above.
- 8.1 Stock, debtors, payments in advance and accrued income are some £146 million above budgeted levels. This principally reflects the cash paid to date for the purchase of shares in Tube Lines which is being temporarily held in current assets until the fair value exercise for the acquisition is completed.
- 8.2 Cash is £47 million below budget reflecting the cash outflow for the Tube Lines purchase, offset by trading variances to date.
- 8.3 Creditors are £37 million below budget reflecting lower than planned activity to date.
- 8.4 Deferred Capital Grants are £67 million lower than budget. Of this, some £8 million is in respect of lower contributions from third parties. The remainder is the non-cash effect of the grant accounting process.
- 8.5 The provision variance of £136 million below budget is as a result of revised assumptions and timing differences for property purchases in respect of the Crossrail project.

Full year Forecast

Transport for London Group Balance Sheet Forecast for the Year End £m	Forecast	Variance to Budget
Fixed Assets – (higher) / lower than budget	23,750	138
Stocks, Debtors and Payments in Advance – (higher) / lower than budget	823	(333)
Cash – (higher) / lower than budget	945	337
Creditors and Receipts in Advance-higher / (lower) than budget	(4,644)	(3)
Prudential Borrowings – higher / (lower) than budget	(4,949)	135
Deferred Capital Grant – higher / (lower) than budget	(10,751)	168
Provisions – higher / (lower) than budget	(2,484)	(308)
Total Net Assets – (higher) / lower than budget	2,690	134

- 8.6 The forecast fixed assets are £138 million lower than budget. £23 million is due to lower activity as explained within the relevant modal capital expenditure sections above, and £34 million is due to lower than budgeted additions from Tube Lines under the PPP. The balance is due to forecast higher fixed asset disposals and higher depreciation.
- 8.7 Stock, debtors etc are £333 million higher than budget. As per quarter one commentary, this is largely due to the effects of full year costs relating to the purchase of Tube Lines. This is being temporarily held in current assets until the conclusion of the fair value exercise, following acquisition.
- 8.8 Cash is forecast to be below budget by £337 million reflecting the cash outflow for the purchase of Tube Lines partly offset by the expected reduction in ISC (Infrastructure Service Charge) due to the removal of profit and tax elements previously included before the acquisition. The variance also includes the reduction in transport grant of £108 million, other activity and working capital changes.
- 8.9 Prudential borrowing is expected to be £135 million higher than originally budgeted. This is due to the refinancing, within the Corporation, of certain elements of Tube Lines external borrowings.
- 8.10 Deferred Capital Grant balance again results from the non-cash effects of the grant accounting process.
- 8.11 Provisions are forecast to be £308 million below budget again due to revised assumptions and timing differences on Crossrail-related property purchases.

Appendix one: Operational summary

20010/11 Key Performance Indicator	Unit	Quarter I				Full Year				
		Actual	Variance to target	Status	PY	Forecast	Variance to target	Status	PY	
Contextual Indicators										
Service Demand										
Passenger Journeys - LU	m	259.9	14.1	○	250.0	1,098.0	61.0	○	1,064.7	
Passenger Journeys - Buses	m	546.6	24.5	○	548.2	2,248.5	65.5	○	2,257.4	
Passenger Journeys - DLR	m	17.9	0.4	○	16.6	74.0	(0.4)	●	69.4	
Passenger Journeys - Trams	m	6.6	0.3	○	6.6	26.8	-	○	26.5	
Passenger Journeys (total)- River Services	'000s	1,182.1	(32.9)	●	1,178.0	4,000.0	-	○	4,169.2	
Total Trips - Dial a Ride	'000s	322.6	9.6	○	293.8	1,350.0	-	○	1,254.7	
Supporting Economic Development										
Excess Journey Time (Weighted) - LU	mins	5.82	(0.81)	○	6.76	6.54	(0.16)	○	6.41	
% Scheduled Services Operated - LU	%	97.3	1.0	○	95.4	96.3	-	○	96.6	
Excess Wait Time, High Freq Routes – Buses	mins	0.96	(0.12)	○	1.09	1.10	(0.03)	○	1.12	
% Scheduled Services Operated - Buses	%	97.9	0.3	○	97.5	97.4	-	○	97.1	
On Time Performance - DLR	%	97.7	1.7	○	94.3	96.0	-	○	94.8	
% Scheduled Services Operated - DLR	%	97.9	(0.1)	●	98.1	98.0	-	○	97.2	
On Time Performance (PPM Moving Annual Average) - LO	%	93.7	0.5	○	92.4	93.2	-	○	93.2	
% Scheduled Services Operated - Trams	%	99.5	1.5	○	99.1	98.0	-	○	98.6	
Cycle usage on TLRN (Index Mar 2000 = 100)	index	262.9	10.9	○	244.4	231.0	(9.0)	●	217.5	
Quality of Life										
Overall Customer Satisfaction - LU	score	80.0	1.0	○	80.0	No forecast	N/A		79.0	
Overall Customer Satisfaction - Buses	score	82.0	3.0	○	79.0	No forecast	N/A		81.0	
Overall Customer Satisfaction - DLR	score	82.6	2.6	○	N/A	80.0	-	○	N/A	
Overall Customer Satisfaction - Trams	score	88.0	2.0	○	88.0	86.0	-	○	86.3	
Overall Customer Satisfaction - LO	score	78.0	3.0	○	N/A	75.0	-	○	N/A	
Overall Customer Satisfaction - Dial-a-Ride	score	93.0	1.0	○	91.0	93.0	-	○	92.9	
Ensuring Safety and Security										
Number of killed or seriously injured people (Londonwide) *	#	379	(150)	○	488	2,787	(555)	○	3,178	
Recorded Crime (per million journeys) - LU/DLR **	#	11.5	(1.4)	○	13.7	12.9	-	○	13.2	
Recorded Crime (per million journeys) - Buses **	#	10.3	(0.5)	○	11.2	10.2	-	○	11.1	

○: better than or equal to target; ●: within 5% of target; ●: 5% or more worse than target

Tables may be subject to rounding errors.

FTE = Full Time Equivalents

PY = Prior Year

* Due to the reporting process and nature of road traffic accident data the latest data available and included in the Q1 section above is for January & February 2010.

** The latest data available for recorded crime is for April - June 2010.

Appendix two: Financial summary

£m	Year to Date				Full Year			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Fares Income - LU, buses and LR	(726)	(698)	(28)	○	(3,144)	(3,005)	(138)	○
Other Income	(159)	(138)	(21)	○	(614)	(583)	(31)	○
Total Operating Income	(885)	(837)	(48)	○	(3,758)	(3,588)	(169)	○
Operating Expenditure net of third party contributions	1,284	1,338	(54)	○	6,046	6,075	(30)	○
Operating Margin	399	501	(103)	○	2,288	2,487	(199)	○
Interest Income & Debt Payments	42	42	-	○	195	197	(2)	○
Contingency/other group items	-	38	(38)	○	289	291	(2)	○
Total Group Items	42	80	(38)	○	484	488	(4)	○
Margin	440	581	(141)	○	2,772	2,975	(203)	○
Capital Income (including property sales)	(6)	(5)	(2)	○	(28)	(29)	-	○
Capital Expenditure	388	468	(80)	○	1,901	1,917	(16)	○
Reimbursements from third parties	(18)	(26)	8	●	(96)	(96)	-	○
Net Capital Expenditure (excl Crossrail)	363	436	(73)	○	1,777	1,793	(16)	○
Net Service Expenditure (excl Crossrail)	804	1,018	(214)	○	4,549	4,768	(219)	○
Capital Expenditure - Crossrail	104	125	(21)	○	712	719	(7)	○
Net Service Expenditure (TfL)	908	1,143	(235)	○	5,261	5,487	(226)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▲ Overspend/Lower income by more than 5% = ●
Tables may be subject to rounding errors.

Operating Income

2009/2010		2010/2011				2010/2011			
Prior Year		Year to date				Full Year			
Year to date	Operating Income £m	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
(411)	London Underground	(434)	(419)	(15)	○	(1,882)	(1,792)	(90)	○
(362)	Surface Transport	(391)	(376)	(15)	○	(1,651)	(1,592)	(59)	○
(29)	London Rail	(36)	(34)	(2)	○	(170)	(167)	(2)	○
(6)	Group Directorates	(24)	(7)	(17)	○	(55)	(37)	(18)	○
(808)	Total Operating Income	(885)	(837)	(48)	○	(3,758)	(3,588)	(169)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▲ Overspend/Lower income by more than 5% = ●

Tables may be subject to rounding errors.

Operating Expenditure

2009/2010		2010/2011				2010/2011			
Prior Year		Year to date				Full Year			
Year to date	Operating Expenditure - Net of Third Party Contributions £m	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
574	London Underground	575	617	(42)	○	2,735	2,835	(99)	○
592	Surface Transport	569	578	(9)	○	2,621	2,612	8	▲
64	London Rail	71	72	(1)	○	337	337	-	○
75	Corporate Directorates	68	70	(2)	○	352	291	62	●
1,306	Total Operating Expenditure	1,284	1,338	(54)	○	6,046	6,075	(30)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▲ Overspend/Lower income by more than 5% = ●

Tables may be subject to rounding errors.

Capital Expenditure

2009/2010		2010/2011				2010/2011			
Prior Year		Year to date				Full Year			
Year to date	Net Capital Expenditure £m	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
264	London Underground	265	290	(25)	○	1,269	1,261	8	▲
44	Surface Transport	50	61	(11)	○	279	260	19	●
152	London Rail	43	77	(34)	○	200	247	(47)	○
14	Corporate Directorates	11	14	(2)	○	56	53	4	●
-	Over-programming	-	-	-	○	-	-	-	○
474	Net Capital Expenditure (excl Crossrail)	370	441	(72)	○	1,805	1,821	(17)	○
(1)	Capital Income (excl Crossrail)	(6)	(5)	(2)	○	(28)	(29)	-	○
473	Net Capital (Exc Crossrail)	363	436	(73)		1,777	1,793	(16)	
91	Crossrail	104	125	(21)	○	712	719	(7)	○
564	Net Capital (TfL)	468	561	(94)	○	2,489	2,512	(23)	○

(Underspend)/(Higher income) or equal to budget = ○ Overspend/Lower income by 5% or less = ▲ Overspend/Lower income by more than 5% = ●

Tables may be subject to rounding errors.

Appendix three: Balance sheet

Balance Sheet £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Fixed Assets						
Tangible Assets	22,211	22,343	132	23,750	23,888	138
Current Assets						
Stocks	21	18	(3)	21	18	(3)
Debtors	430	280	(150)	555	247	(308)
Capital Debtors	29	11	(18)	29	10	(19)
Payments in Advance	214	239	25	218	215	(3)
Cash at Bank and in Hand	1,274	1,321	47	945	1,282	337
Current Liabilities						
Revenue	(971)	(1,016)	(45)	(967)	(936)	31
Receipts in Advance	(290)	(274)	16	(305)	(305)	-
Capital	(401)	(415)	(14)	(351)	(406)	(55)
Long Term Liabilities						
Balances with Infracos	(1,895)	(1,890)	5	(1,958)	(1,938)	20
Creditors Due after One Year	(1,076)	(1,075)	1	(1,063)	(1,062)	1
Prudential Loans	(4,118)	(4,118)	-	(4,949)	(4,814)	135
Capital Grants	(10,157)	(10,138)	19	(10,751)	(10,583)	168
Other Provisions	(538)	(674)	(136)	(341)	(649)	(308)
Pension Provision	(2,143)	(2,143)	-	(2,143)	(2,143)	-
Total Net Assets	2,590	2,469	(121)	2,690	2,824	134
Capital and Reserves						
Earmarked Reserves	1,008	750	(258)	1,251	1,329	78
Pension Reserves	(2,143)	(2,143)	-	(2,143)	(2,143)	-
General Fund	154	154	-	154	154	-
Other Reserves	3,571	3,708	137	3,428	3,484	56
Total Capital Employed	2,590	2,469	(121)	2,690	2,824	134

Appendix four: Cash summary

Cash Summary In / (Out) Flow £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast	Budget	Variance
Margin (from Appendix 2)	(440)	(581)	(141)	(2,772)	(2,975)	(203)
Working Capital Movements	72	405	333	755	1,362	607
Cash Spend on Operating Activities	(368)	(176)	192	(2,017)	(1,613)	404
Net Capital Expenditure (from Appendix 2)	(363)	(436)	(73)	(1,777)	(1,793)	(16)
Crossrail (from Appendix 2)	(104)	(125)	(21)	(712)	(719)	(7)
Working Capital Movements	(56)	(24)	32	(106)	(32)	74
Cash Spend on Capital Activities	(523)	(585)	(62)	(2,595)	(2,544)	51
Funded by:						
Transport and Other Grants	662	679	17	3,205	3,222	17
Precept Funding	2	2	-	12	12	-
Prudential Borrowing	-	-	-	831	696	(135)
Total Funding	664	681	17	4,048	3,930	(118)
Net Movement in Cash	(227)	(80)	147	(564)	(227)	337