

TRANSPORT FOR LONDON

FINANCE AND POLICY COMMITTEE

**SUBJECT: TfL OPERATIONAL AND FINANCIAL PERFORMANCE REPORT
– FIRST QUARTER 2011/12**

DATE: 15 SEPTEMBER 2011

1 PURPOSE AND DECISION REQUIRED

- 1.1 To inform the Committee of TfL's Operational and Financial Performance during the first quarter of 2011/12 (1 April – 25 June 2011).
- 1.2 The report is attached and will be considered by the Board at its meeting on 21 September 2011.

2 RECOMMENDATION

- 2.1 The Committee is asked to NOTE this report.

3 CONTACT

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Operational and Financial Performance Report

First Quarter, 2011/12

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 2011 – 25 June 2011), comprising operating periods one to three.

TfL performance summary

Service: Passenger demand continued in line with expectations in Quarter One 2011/12 but was particularly strong on the Docklands Light Railway (DLR). The operation of three-car services on all DLR routes saw 5.4 per cent more passenger journeys than the same period last year, while the completion of London Overground upgrade works has also brought strongly increasing passenger demand. Customer satisfaction levels on London Overground are four points higher than both target and the previous year. London Underground (LU) passengers made 0.9 per cent more journeys than the same quarter last year, despite the fall in demand during the Royal Wedding period, while bus passenger journeys increased by 1.2 per cent.

Financial performance: Total operating income for Quarter One was £926 million, £11 million above budget. Operating expenditure, at £1,194 million, was £69 million lower than budget and spread across all modes of transport, but is forecast to be in line with budget in the full year. Net capital expenditure (excluding Crossrail) was £357 million in the quarter, £102 million below budget, primarily due to re-phasing of the Sub-Surface Railway (SSR) upgrade, the Northern line upgrade and the cycle programmes. Crossrail capital expenditure was £158 million (£33 million below budget) and is forecast to be £107 million lower than budget for the full year, mainly reflecting deferred expenditure on tunnelling and stations work. TfL's net service expenditure for the full year 2011/12 is forecast to be £4,600 million, £355 million below budget, with the main contributing factor being the re-phasing of the line upgrades.

Efficiencies: On a gross basis, £840 million of savings are forecast to be delivered for the full year and is anticipated to be £3 million more than target. LU delivered £17 million more than planned in the first quarter, with the additional savings reflecting earlier delivery of benefits planned for later in the year.

Staff: At the end of Quarter One, TfL employed 24,879 full time equivalent (FTE) staff. This was 980 fewer than budget, mainly due to limited recruitment pending the outcome of Project Horizon.

London Underground

Operational Performance

London Underground Performance	Units	Quarter One			Full Year		
		Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
Passenger Journeys	m	262.3	(3.6) ●	2.4	1,133.0	- ○	25.7
% Scheduled Services Operated	%	97.3	0.6 ○	-	96.7	- ○	1.1
Excess Journey Time (Weighted)	Mins	5.90	(0.30) ○	0.08	6.11	(0.09) ○	(0.39)
Overall CSS Q1 2012	Score	79.0	- ○	(1.0)	80.0	1.0 ○	1.0
Recorded Crime - LU & DLR Q1 2012	#	10.9	(0.6) ○	(1.1)	11.3	(0.2) ○	(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. CSS: Customer Satisfaction Survey

- 1.0 In the first quarter of 2011/12, LU passengers made 2.4 million more journeys than Quarter One 2010/11, despite an initial fall in passenger demand due to the number and proximity of bank holidays in April 2011. Although there were 1.3 per cent fewer journeys than target in the quarter, there was an acceleration of growth towards quarter end which has continued into Quarter Two, with the full year forecast being in line with target.
- 1.1 LU operated 97.3 per cent of scheduled services in the quarter, which was better than target and in line with last year. Jubilee line performance has improved between Stratford and Willesden Green following the introduction of transmission based train control (TBTC) in December such that, on average, overall train journey times are 33 seconds faster than between April and December 2010. From the start of Quarter Two 2011/12, TBTC was introduced across the entire Jubilee line.
- 1.2 Excess journey time (EJT) in Quarter One averaged 5.90 minutes. This was slightly higher than last year but 0.30 minutes better than target, representing an improvement of 0.46 minutes compared to the previous quarter - largely due to a reduction in the impact of planned weekend engineering works. However, the improvement in EJT was not reflected in the customer satisfaction score for train service, which is an indication of passenger perception.
- 1.3 The LU Customer Satisfaction Survey scored 79 at Quarter One, the same score as the previous quarter, but one point lower than Quarter One last year. Overall improvements compared to the previous quarter were seen in cleanliness, station staff helpfulness and availability, but there was a decline in the passenger perception of personal safety, despite crime statistics indicating a lower level of crime.
- 1.4 In Quarter One, there were 10.9 recorded crimes per million passenger journeys on the LU and DLR networks. This was significantly lower than the same quarter last year and lower than the target. This is due to continued improvements in safety and security on trains and stations, as well as TfL's ongoing collaborative work with the British Transport Police.
- 1.5 FTE staff numbers in LU were 449 lower than budget at the end of Quarter One. This is mainly due to reductions in Operations and Asset Performance, partly offset by an increase in staff engaged on capital projects.

Financial Performance

London Underground Financials £m	Quarter One 2011/2012				Full Year 2011/2012			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(476)	(471)	(5)	○	(2,078)	(2,055)	(23)	○
Operating Expenditure (net of third party contributions)	402	415	(13)	○	1,818	1,867	(49)	○
Net Operating Expenditure	(74)	(55)	(19)	○	(261)	(188)	(73)	○
Net Capital Expenditure	245	262	(18)	○	1,032	1,087	(55)	○
Net Service Expenditure	171	207	(36)	○	771	899	(128)	○

(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 in the first quarter varied by one per cent, driven partly by Travelcard apportionment factors. This is reflected in the forecast for operating income for the full year, along with updated forecasts for RPI and GLA economic indicators and advertising revenue.
- I.7 Operating expenditure in the quarter, net of third party contributions, was £13 million lower than budget. This was mainly due to savings in operational staff costs, overheads and bus replacement services. It also reflects changes to non-capital elements of the Investment Programme, including Track, Asset Stabilisation and the decommissioning of old Victoria line rolling stock.
- I.8 Operating expenditure in the full year is forecast to be £49 million lower than budget, reflecting lower staff costs, electricity savings and other cost efficiencies, insurance cost savings following the integration of Tube Lines, removal of the TfL IM recharges and a reduction in unplanned maintenance.
- I.9 Net capital expenditure in Quarter One was £18 million lower than budget. The most significant variances were in the SSR Upgrade, due to re-phasing of rolling stock expenditure, reflecting slower production by Bombardier, and in BCV/SSL track works.
- I.10 Net capital expenditure in the full year is forecast to be £55 million lower than budget, reflecting re-phasing of Neasden Phase B power works and SSR signalling power works, and savings in SSR Traction power works following a revised Contractor's programme. There were also efficiencies and lower than budgeted requirements in Asset Stabilisation, more robust cost estimates in BCV/SSL track projects and re-phasing of Paddington congestion relief following project delays. These will be partly offset by increased compulsory purchase property costs for the Bond Street congestion relief project.

Tube Lines

Tube Lines £m	Quarter One 2011/2012				Full Year 2011/2012			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(3)	(3)	1	●	(11)	(14)	3	●
Operating Expenditure (net of third party contributions)	87	100	(12)	○	421	411	10	▶
Net Operating Expenditure	85	96	(11)	○	410	397	13	▶
Net Capital Expenditure	40	98	(58)	○	212	372	(160)	○
Net Service Expenditure	125	194	(70)	○	621	768	(147)	○

(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

- 2.0 Net operating expenditure in Quarter One was £11 million lower than budget, mainly due to the delayed start of Jubilee line rolling stock overhaul works, deferred to Quarter Three, and work on the Piccadilly line. Full year operating expenditure is forecast to be £10 million over budget, mainly due to track activity work being higher than anticipated.
- 2.1 In the quarter, net capital expenditure was £58 million lower than budget, mainly due to slippage on the Northern line upgrade, re-phasing of the track work programme and a re-phased civils work profile. In the full year, net capital expenditure is forecast to be £160 million lower than budget, mainly reflecting the deferral of the Northern line upgrade, as well as infrastructure cost savings and deferrals - such as the joint approach to the Piccadilly and Bakerloo line upgrades as part of the Deep Tube Tunnel programme.
- 2.2 At the end of Quarter One, Tube Lines had 32 more FTE staff than budget. This was mainly due to post-budget negotiations with Alstom in relation to maintenance, which resulted in the transfer of staff from Alstom to Tube Lines; these were partially offset by a reduction in permanent staff due to a reorganisation within Operations.

London Rail

Operational Performance

London Rail Performance	Units	Quarter One			Full Year		
		Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
DLR							
Passenger Journeys	m	18.8	0.8 ○	1.0	83.9	1.8 ○	5.6
% Scheduled Services Operated	%	97.7	(0.3) ▶	(0.2)	97.9	(0.1) ▶	0.4
On-time performance	%	97.5	0.5 ○	(0.2)	97.1	0.1 ○	(0.3)
Overall CSS Q1 2012	Score	82.0	1.0 ○	(0.6)	81.3	0.3 ○	0.3
London Overground							
Passenger Journeys	m	18.9	N/A		83.6	N/A	
PPM London Overground (MAA)	%	95.2	1.2 ○	1.6	94.2	0.2 ○	(0.7)
Overall CSS Q1 2012	Score	82.0	4.0 ○	4.0	79.0	1.0 ○	(1.0)
Trams							
Passenger Journeys	m	6.6	0.1 ○	-	28.6	0.5 ○	0.7
% Scheduled Services Operated	%	99.4	1.4 ○	(0.1)	98.3	0.3 ○	(0.9)
Overall CSS Q1 2012	Score	86.0	- ○	(2.0)	86.0	- ○	-

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

Tables may be subject to rounding errors. CSS: Customer Satisfaction Survey PPM (MAA): Passenger Performance Measure (Moving Annual Average)

Note: There are no targets shown for London Overground passenger journeys because, until recently, journey data was derived from the revenue settlement process and proved to be inaccurate. The new train fleet has been equipped with 'loadweigh', which measures the weight of the train when loaded and from which the number of passengers can be directly derived. This has been used to estimate journeys from period one and will be used to set targets going forward.

- 3.0 DLR passengers made 4.6 per cent more journeys than target in Quarter One, 5.4 per cent more than the same quarter last year. The growth in passenger demand was largely due to the conclusion of most of the major upgrade works, with three-car trains now in operation on the route from Tower Gateway to Beckton. This marks the completion of the three-car upgrade project, enabling the operation of three-car services on all DLR routes.
- 3.1 Overall, DLR delivered a lower percentage of scheduled services in the quarter compared to both target and the previous year. There were several reasons for this, including issues with rolling stock reliability, signal and points failures, a lightning strike at Crossharbour station, conductor rail damage and a lorry striking a bridge. These factors also contributed to the slight decline in on-time departures compared to last year. However, compared to target, more DLR services operated on time in the quarter. The DLR improvement plan, in place with Serco, is on track to address the infrastructure and performance issues that have been identified.
- 3.2 The DLR customer satisfaction score for Quarter One was better than target, but slightly worse than the same quarter last year. DLR focussed efforts on cleanliness this quarter, which was reflected in significantly improved scores for cleanliness measures.
- 3.3 Passenger journey data for London Overground is now shown based on loadweigh data collected by the new train fleet. Demand has been increasing on all routes and in Period 3, on the North London routes, was the highest since the data began being collected in October 2010. On 22 May 2011, a new timetable was introduced on London Overground, made possible by the recently completed North London Line infrastructure improvement works. The timetable has delivered increased capacity on a key Olympic rail route, providing eight trains per hour at peak times between Stratford and Willesden, with four trains per hour to Richmond and four trains per hour to Clapham Junction. Recent passenger counts undertaken on the Overground route between Gospel Oak and Barking

show a demand increase of 19 per cent compared to Autumn 2010 (loadweigh data not being available for this route), following frequency improvements and the introduction of new trains.

- 3.4 The London Overground 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 PPM moving annual average continued to improve, being 1.2 percentage points better than target and 1.6 percentage points better than the same period last year. In each period of the quarter, London Overground stood at the top of the national railway PPM league.
- 3.5 The London Overground customer satisfaction survey was 4.0 points higher than both target and the same period last year. This can be attributed to the opening of the East London Line extension to Highbury & Islington, an increase in train frequency on the Gospel Oak to Barking route, new class 378 trains, and the continuing good operational performance.
- 3.6 The percentage of Tram services operated remained higher than target, due to improved rolling stock performance. At the end of May the frequency of weekday evening services on the Wimbledon line was doubled from four to eight trams per hour in each direction; while passenger journeys in the quarter are in line with those last year, demand is expected to exceed target by the year end.
- 3.7 Trams achieved target in the Quarter One customer satisfaction survey, which was two points lower than the same quarter last year. The condition of tram interiors and exteriors were scored lower than last year. There have been issues with the performance of the tram wash and litter collection, and action has since been taken to address these.
- 3.8 FTE staff numbers in London Rail were 11 lower than budget at the end of Quarter One. There were fewer permanent staff than budget due to unfilled vacancies, but the number of temporary contractors was in line with the budget.

Financial Performance

London Rail Financials £m	Quarter One 2011/2012				Full Year 2011/2012			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(49)	(43)	(6)	○	(214)	(205)	(9)	○
Operating Expenditure (net of third party contributions)	74	82	(9)	○	336	336	-	○
Net Operating Expenditure	25	39	(14)	○	121	131	(9)	○
Net Capital Expenditure	41	43	(3)	○	231	186	45	●
Net Service Expenditure	66	83	(17)	○	352	317	36	●

(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 quarter was £6 million higher than budget, driven by greater passenger demand on the North London Railway and on the DLR, following capacity enhancement work. This is also reflected in the full year forecast. In the first quarter, operating expenditure, net of third party contributions, was £9 million lower than budget. This mainly relates to lower rolling stock lease costs on London Overground, due to favourable interest rates, and station upgrade delays on the North London Railway, partly offset by additional DLR maintenance requirements.

- 3.10 Net capital expenditure in the first quarter was £3 million lower than budget, mainly due to phasing variances on the DLR Three-Car East Route and delays to the Stratford International extension, partly offset by overall cost and phasing adjustments for the Cable Car scheme. In the full year, net capital expenditure is forecast to be £45 million higher than budget. This reflects the inclusion of revised costs and phasing for the Cable Car scheme, the purchase rather than lease of new trams and funding changes to Phase 2b of the East London Line, whereby the expenditure is to be initially funded by TfL and received from Network Rail at a later date.

Crossrail

Crossrail Financials £m	Quarter One 2011/2012				Full Year 2011/2012			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Net Capital Expenditure	158	190	(33)	○	982	1,089	(107)	○

(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 Crossrail expenditure in the first quarter was £33 million lower than budget. This was mainly due to re-phasing of works in the Western Tunnels area and lower land and property settlement valuations. In the full year, net capital expenditure is forecast to be £107 million lower than budget, mainly reflecting deferral of project expenditure in tunnelling and stations to future years, due to the project end date being put back by one year.
- 4.1 In Quarter One, Crossrail announced the shortlist for the remaining central London stations and launched its first joint procurement process with TfL. This covered one of the UK's biggest ever orders for the provision of escalators for both the Tube network and the new Crossrail stations in central London.

Surface Transport

Operational Performance

Surface Transport Performance	Units	Quarter One			Full Year		
		Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
London Buses							
Passenger Journeys	m	549.3	6.8 ○	3.6	2,310.9	6.9 ○	21.9
% Scheduled Services Operated	%	97.7	- ○	(0.2)	97.4	- ○	-
Excess Wait Time	Mins	1.0	- ○	-	1.1	- ○	0.1
Overall CSS Q1 2012	Score	80.0	1.0 ○	(2.0)	79.0	- ○	(1.0)
Recorded Crime London Buses Q1 2012	#	9.9	(0.4) ○	(0.5)	10.2	- ○	(0.3)
Performance - Other Areas							
Passenger Journeys - Dial a Ride	m	0.32	- ○	-	1.40	- ○	0.05
Cycling levels on the TLRN	Index	298	11 ○	35	287	25 ○	37
TLRN Journey Time Reliability (am peak)	%	88.7	0.1 ○	(0.8)	89.0	- ○	0.2
Overall CSS - Dial a Ride Q1 2012	Score	91.0	(2.0) ●	(2.0)	93.0	- ○	2.0
Overall CSS - TLRN road users Q4 2012	Score	N/A			72.0	- ○	-
Overall CSS - Congestion Charging Q2 2012	Score	N/A			84.0	- ○	7.0
KSI Londonwide - Jan/Feb 2011	#	355	- ○	(30)	2,311	- ○	(575)

○: better than or equal to target; ●: within 5% of target; ●: 5% or more worse than target
 Tables may be subject to rounding errors. CSS: Customer Satisfaction Survey KSI: Killed and seriously injured

Note: Londonwide KSI targets are being reviewed for Quarter Two. Targets are being updated in line with the National Strategic Framework for Road Safety which was published in May 2011.

- 5.0 Bus passengers made more journeys than target and last year. Since the January 2011 fares revision, passengers have switched from cash fares to cheaper ticket types, reducing the assumed impact of the fares increase on demand.
- 5.1 In Quarter One, the proportion of scheduled services operated by London Buses was on target. This was despite significant disruption caused by roadworks in the Piccadilly Circus area and at the junction of Kings Road and Beaufort Street. London Buses continues to work with the Bus Operators to improve control of services during periods of disruption due to roadworks, including more resilient schedules where necessary.
- 5.2 Bus excess wait time (EWT) was on target in Quarter One.
- 5.3 In Quarter One, the London Buses Customer Satisfaction Survey (CSS) score was 80, which was one point higher than target, but two points lower than Quarter One last year. Due to sample size, variances are only statistically significant for differences of two points quarter on quarter or one point year on year. The result for Quarter One last year appears above trend, as it was two points higher than the overall CSS score for 2010/11 and three points above Quarter One in 2009/10.
- 5.4 Incidents of recorded crime on London buses per million journeys were 0.4 lower than target and 0.5 lower than Quarter One in the prior year. The reduction in overall bus crime has been largely down to the work done by the TfL funded Safer Transport Teams in each of the Capital's boroughs working closely with TfL. This was achieved through working with community groups and schools, conducting intelligence-led operations and having a more visible presence on the network.
- 5.5 The number of Dial-a-Ride passenger journeys is on target for the quarter and on track to deliver 1.4 million trips for the year, as the service continues to achieve further improvements in driver productivity per duty. Comparisons with Quarter One last year are not meaningful due to the

additional public holiday and the instances of social clubs closing for the intervening days between Easter and the Royal Wedding.

- 5.6 Whilst the overall customer satisfaction score for Dial-a-Ride is high at 91 out of 100, the challenge of improving last year's level by two points has not yet been achieved. The service is committed to continuous improvement in CSS and is forecast to achieve the target of 93 by the year end.
- 5.7 In Quarter One, the average index of cycle flows on the TfL Road Network (TLRN) exceeded target and continued to show steady year-on-year growth, partly due to the good weather conditions at the start of the quarter. The full year forecast of 286.7 has been reassessed and a 9.4 per cent increase compared to budget has been reflected in the revised forecast outturn.
- 5.8 Journey time reliability on the TLRN is defined as the percentage of journeys completed within an allowable excess of five minutes for a standard 30 minute journey during the a.m. peak. In Quarter One journey time reliability on the TLRN of 88.7 per cent was better than target.
- 5.9 Customer Satisfaction with the Transport for London Road Network (TLRN) is measured annually and will be reported at the year end.
- 5.10 355 people were killed or seriously injured on London's roads in January and February 2011, 7.8 per cent fewer than the total recorded for the same period last year. While this appears to be an encouraging trend, the data is highly variable and subject to upward revision because the current data is still provisional. A year-on-year comparison of road safety casualties with respect to causal factors can only be made once the full year of data collection has been completed and finalised and the results analysed in depth.
- 5.11 Customer satisfaction with the Congestion Charge is measured twice a year and will be reported at Quarter Two.
- 5.12 Staff numbers in Surface Transport were 349 lower than budget at the end of Quarter One. The variance to budget is primarily due to Olympic posts which are in the process of being filled, departmental organisational change programmes and the recruitment approvals process, which challenges all headcount requests and approves only essential recruitment.

Financial Performance

Surface Transport Financials £m	Quarter One 2011/2012				Full Year 2011/2012			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(388)	(390)	2	▶	(1,708)	(1,715)	6	▶
Operating Expenditure (net of third party contributions)	560	581	(21)	○	2,649	2,644	5	▶
Net Operating Expenditure	172	190	(18)	○	940	929	11	▶
Net Capital Expenditure	42	58	(16)	○	215	220	(6)	○
Net Service Expenditure	213	248	(35)	○	1,155	1,150	5	▶

(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.

- 5.13 Operating income in both the quarter and full year was slightly below budget. This is mainly due to reduced bus network income, from passengers switching to cheaper ticket types. This shortfall is partially offset by higher Congestion Charge income due to higher overall volumes than assumed.
- 5.14 Operating expenditure in the first quarter was lower than budget. This is mainly explained by re-phasing of planned expenditure on Cycle Superhighways, Better Routes and Places schemes and the expansion of the Low Emission Zone to a wider range of vehicle types, with the delivery dates for these schemes remaining unchanged. Savings have also been made by reducing the cost of Traffic Enforcement.
- 5.15 The increase in the full year forecast compared to budget is due to £16.5 million additional costs relating to the Games, to be funded by the ODA with the funding held at a TfL Group level, partially offset by the continuation of the savings mentioned above for the quarter.
- 5.16 Net capital expenditure in the quarter was lower than budget. This is due to re-phasing of expenditure on Cycle Hire, Countdown II, Cycle Superhighways and Better Routes and Places schemes. The full-year forecast is below budget, mainly due to savings made on the Blackwall Tunnel northbound refurbishment and A406 Bounds Green safety and environmental improvements.

Corporate Directorates

Corporate Directorates Financials £m	Quarter One 2011/2012				Full Year 2011/2012			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Operating Income	(11)	(8)	(3)	○	(46)	(43)	(3)	○
Operating Expenditure (net of third party contributions)	72	85	(14)	○	438	405	33	●
Net Operating Expenditure	61	78	(17)	○	392	362	30	●
Net Capital Expenditure	(10)	(2)	(8)	○	(2)	29	(31)	○
Net Service Expenditure	51	76	(25)	○	390	391	(1)	○

(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

- 6.0 In the first quarter, net operating expenditure was £17 million lower than budget. This was due to budget phasing in the Future Ticketing Project, phasing variances in core IM projects, re-profiling of River Crossings work to future years and the delayed start of London-wide modelling procurement work. These were partly offset by lower IM management fee recoveries. In the full year, net operating expenditure is forecast to be £30 million higher than budget, mainly due to a reduction in IM management fees re-charged. This follows a decision to simplify internal recharging processes in TfL and is balanced by reduced expenditure in the operating businesses.
- 6.1 In the quarter, net capital expenditure was £8 million lower than budget, mainly due to reprofiling of the Future Ticketing Project and the Group IM Capital Programme. In the full year, net capital expenditure of £31 million less than budget is largely due to property income brought forward from 2012/13 and reprofiling of expenditure on the Future Ticketing Project.
- 6.2 There were 194 less FTE staff in the Corporate Directorates than budget at the end of Quarter One. This reflected fewer permanent staff in all areas, partly offset by more temporary contractor FTEs than budget, pending the outcome of Project Horizon.

Group Items

Group Items £m	Quarter One 2011/2012				Full Year 2011/2012			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Interest Income	(3)	(4)	1	●	(12)	(15)	3	●
Debt Servicing	67	70	(3)	○	300	304	(4)	○
Contingency/Other Group Items	1	12	(11)	○	40	54	(13)	○
Total Group Items	66	79	(13)	○	328	342	(14)	○

(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.

- 6.3 Total Group Items were £13 million lower than budget in the first quarter. This was mainly due to the release of unused contingency, but also reflects slightly lower debt servicing costs. Unused contingency is reflected in the full year forecast too.

Savings

Savings £m	Actual YTD	Forecast at Q1	Target	Variance
Corporate and Group Wide	38	173	173	(1)
London Rail	3	13	14	(1)
London Underground	97	423	423	-
Surface Transport	14	231	226	5
Gross	152	840	837	3
Implementation Costs	(1)	(40)	(46)	6
Net	151	800	792	9

Numbers may not sum due to rounding

Highlights

- 7.0 On a gross basis £840 million of savings are forecast for the full year, £3 million more than target. This increase in forecast is mainly due to Surface Transport reducing the cost of traffic enforcement.
- 7.1 London Rail is forecasting full year savings of £13 million, some £1 million below target. This shortfall is due to operating savings from the DLR Stratford International service starting later than planned due to a delay in the opening of the new service.
- 7.2 LU's savings delivered in the quarter of £97 million are £17 million more than planned, with the additional savings reflecting earlier delivery of benefits planned for later in the year. £4 million of the early savings in the quarter relate to the Automatic Train Control contract for the Sub-Surface line upgrade. The remaining £13 million is made up of earlier delivery across many areas, including Station Upgrade projects and the Track programme. LU's full year forecast remains in line with the Business Plan.
- 7.3 Implementation costs are forecast to be £6 million less than target, mainly due to lower than planned implementation costs for the Accommodation Strategy.
- 7.4 Net savings are currently forecast to be £800 million for the year, £9 million above target. By the end of Quarter One, net savings of £151 million had been delivered.

Balance Sheet

Transport for London Group Balance Sheet at end of Quarter 1 £m	Actual	Variance to Budget
Fixed Assets – (higher) / lower than budget	24,165	155
Stocks, Debtors and Payments in Advance – (higher) / lower than budget	610	9
Cash – (higher) / lower than budget	2,012	(150)
Creditors and Receipts in Advance-higher / (lower) than budget	(3,245)	(56)
External Borrowings – higher / (lower) than budget	(6,387)	-
Provisions – higher / (lower) than budget	(1,957)	(48)
Total Net Assets – (higher) / lower than budget	15,198	(90)

- 8.0 Fixed assets are £155 million lower than budget mainly due to lower activity expenditure of £136 million, higher depreciation of £24 million (due to IFRS changes not yet being included in the budget), offset by net book value of disposals being £5 million lower than budget.
- 8.1 Stock, debtors, payments in advance and accrued income are £9 million below budgeted levels which is within normal expected trading tolerances.
- 8.2 Cash is £150 million above budget as a result of the lower capital spend of £136 million and lower revenue activity of £93 million, offset by working capital and other changes of £79 million.
- 8.3 Creditors are £56 million lower than budget, spread across all companies and reflecting the lower than planned activity levels to date.
- 8.4 Provisions are £48 million below budget, mainly due to accelerated payments for property purchases in respect of the Crossrail project (£34 million) and the release of severance and other provisions in London Underground (£10 million).

Forecast

Transport for London Group Balance Sheet Forecast for the Year End £m	Forecast at Q1	Variance to Budget
Fixed Assets – (higher) / lower than budget	25,589	301
Stocks, Debtors and Payments in Advance – (higher) / lower than budget	374	-
Cash – (higher) / lower than budget	2,428	(218)
Creditors and Receipts in Advance-higher / (lower) than budget	(3,262)	(73)
External Borrowings – higher / (lower) than budget	(6,750)	-
Provisions – higher / (lower) than budget	(1,802)	(107)
Total Net Assets – (higher) / lower than budget	16,577	(97)

- 8.5 The forecast for fixed assets is £301 million below budget, mainly due to lower fixed asset additions of £286 million (see Appendix 2). The remaining £15 million variance arises from minor changes to depreciation and disposal forecasts across the Group.
- 8.6 At the Group level, stock, debtors and pre-payments are forecast to be on budget at the year end.
- 8.7 Cash is forecast to be above budget by £218 million. This is due to lower net service expenditure (including Crossrail) of £355 million and higher grant receipts from the ODA of £23 million, offset by working capital and reserve movements of £160 million.
- 8.8 Creditors and receipts in advance are expected to be £73 million lower than budgeted at year end, reflecting the reduced levels of activity in the forecast.
- 8.9 TfL's forecast borrowing activity remains on budget, with assumed additional borrowings of £425 million and repayment of existing Tube Lines debt of £62 million.
- 8.10 Provisions are forecast to be £107 million below budget due to revised assumptions on Crossrail related property purchases, whereby payments are now expected to be accelerated in the year compared to the budgeted position.

Appendix One: Operational Summary

2011/12		Quarter One			Full Year		
Key Performance Indicator	Units	Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
Service Demand							
Passenger Journeys - London Underground	m	262.3	(3.6) ●	2.4	1,133.0	- ○	25.7
Passenger Journeys - DLR	m	18.8	0.8 ○	1.0	83.9	1.8 ○	5.6
Passenger Journeys - Trams	m	6.6	0.1 ○	-	28.6	0.5 ○	0.7
Passenger Journeys - London Overground	m	18.9	N/A		83.6	N/A	
Passenger Journeys - Buses	m	549.3	6.8 ○	3.6	2,310.9	6.9 ○	21.9
Passenger Journeys - Dial a Ride	m	0.32	- ○	-	1.40	- ○	0.05
Cycling levels on the TLRN	Index	298	11 ○	35	287	25 ○	37
Supporting Development and Growth							
% Scheduled Services Operated - LU	%	97.3	0.6 ○	-	96.7	- ○	1.1
% Scheduled Services Operated - DLR	%	97.7	(0.3) ●	(0.2)	97.9	(0.1) ●	0.4
% Scheduled Services Operated - Trams	%	99.4	1.4 ○	(0.1)	98.3	0.3 ○	(0.9)
% Scheduled Services Operated - Buses	%	97.7	- ○	(0.2)	97.4	- ○	-
Excess Journey Time (Weighted) - LU	Mins	5.90	(0.30) ○	0.08	6.11	(0.09) ○	(0.39)
On-time performance - DLR	%	97.5	0.5 ○	(0.2)	97.1	0.1 ○	(0.3)
PPM London Overground (MAA)	%	95.2	1.2 ○	1.6	94.2	0.2 ○	(0.7)
Excess Wait Time - Buses	Mins	1.0	- ○	-	1.1	- ○	0.1
TLRN Journey Time Reliability (am peak)	%	88.7	0.1 ○	(0.8)	89.0	- ○	0.2
Quality of Life							
Overall CSS - London Underground Q1 2012	Score	79.0	- ○	(1.0)	80.0	1.0 ○	1.0
Overall CSS - DLR Q1 2012	Score	82.0	1.0 ○	(0.6)	81.3	0.3 ○	0.3
Overall CSS - Trams Q1 2012	Score	86.0	- ○	(2.0)	86.0	- ○	-
Overall CSS - London Overground Q1 2012	Score	82.0	4.0 ○	4.0	79.0	1.0 ○	(1.0)
Overall CSS - Buses Q1 2012	Score	80.0	1.0 ○	(2.0)	79.0	- ○	(1.0)
Overall CSS - Dial a Ride Q1 2012	Score	91.0	(2.0) ●	(2.0)	93.0	- ○	2.0
Overall CSS - TLRN road users Q4 2012	Score	N/A			72.0	- ○	-
Overall CSS - Congestion Charging Scheme Q2 2012	Score	N/A			84.0	- ○	7.0
Ensuring Safety and Security							
KSI Londonwide - Jan/Feb 2011	#	355	- ○	(30)	2,311	- ○	(575)
LU and DLR: recorded crime per million passenger journeys Q1 2012	#	10.9	(0.6) ○	(1.1)	11.3	(0.2) ○	(0.3)
London Buses: recorded crime per million passenger journeys Q1 2012	#	9.9	(0.4) ○	(0.5)	10.2	- ○	(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.

CSS: Customer Satisfaction Survey

PPM (MAA): Passenger Performance Measure (Moving Annual Average)

KSI: Killed and seriously injured

Appendix Two: Financial Summary

£m	Quarter One				Full Year			
	Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
Fares income	(793)	(788)	(5)	○	(3,490)	(3,460)	(30)	○
Other income	(133)	(127)	(6)	○	(568)	(572)	4	●
Total operating income	(926)	(915)	(11)	○	(4,058)	(4,032)	(26)	○
Operating expenditure (net of third party contributions)	1,194	1,263	(69)	○	5,660	5,662	(2)	○
Operating margin	269	349	(80)	○	1,602	1,630	(28)	○
Interest income and debt payments	64	66	(2)	○	288	289	(1)	○
Contingency/Other Group items	1	12	(11)	○	40	54	(13)	○
Total Group items	66	79	(13)	○	328	342	(14)	○
Margin	334	427	(93)	○	1,931	1,973	(42)	○
Capital income (including property sales)	(16)	(15)	(1)	○	(62)	(44)	(18)	○
Capital expenditure	389	492	(103)	○	1,833	2,012	(179)	○
Third party contributions	(16)	(18)	2	●	(84)	(74)	(10)	○
Net capital expenditure (excl Crossrail)	357	460	(102)	○	1,688	1,894	(206)	○
Net service expenditure (excl Crossrail)	692	887	(195)	○	3,618	3,867	(248)	○
Capital expenditure: Crossrail	158	190	(33)	○	982	1,089	(107)	○
Net service expenditure: TfL	849	1,077	(228)	○	4,600	4,956	(355)	○

(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

Operating income

Q1 2010/2011	Operating income £m	Quarter One 2011/2012				Full Year 2011/2012			
		Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
(434)	London Underground	(476)	(471)	(5)	○	(2,078)	(2,055)	(23)	○
-	Tube Lines	(3)	(3)	1	●	(11)	(14)	3	●
(391)	Surface Transport	(388)	(390)	2	▶	(1,708)	(1,715)	6	▶
(36)	London Rail	(49)	(43)	(6)	○	(214)	(205)	(9)	○
(24)	Group Directorates	(11)	(8)	(3)	○	(46)	(43)	(3)	○
(885)	Total operating income	(926)	(915)	(11)	○	(4,058)	(4,032)	(26)	○

(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

Operating expenditure

Q1 2010/2011	Operating expenditure - Net of third Party £m	Quarter One 2011/2012				Full Year 2011/2012			
		Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
575	London Underground	402	415	(13)	○	1,818	1,867	(49)	○
-	Tube Lines	87	100	(12)	○	421	411	10	▶
569	Surface Transport	560	581	(21)	○	2,649	2,644	5	▶
71	London Rail	74	82	(9)	○	336	336	-	○
68	Group Directorates	72	85	(14)	○	438	405	33	●
1,284	Total operating expenditure	1,194	1,263	(69)	○	5,660	5,662	(2)	○

(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

Capital expenditure

Q1 2010/2011	Net capital expenditure £m	Quarter One 2011/2012				Full Year 2011/2012			
		Actual	Budget	Variance	Status	Forecast at Q1	Budget	Variance	Status
264	London Underground	245	262	(18)	○	1,032	1,087	(55)	○
-	Tube Lines	40	98	(58)	○	212	372	(160)	○
50	Surface Transport	42	58	(16)	○	215	220	(6)	○
43	London Rail	41	43	(3)	○	231	186	45	●
6	Group Directorates	(10)	(2)	(8)	○	(2)	29	(31)	○
363	Net capital expenditure (Exc Crossrail)	357	460	(102)	○	1,688	1,894	(206)	○
104	Crossrail	158	190	(33)	○	982	1,089	(107)	○
468	Net capital expenditure (TfL)	515	650	(135)	○	2,670	2,983	(313)	○

(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

Appendix Three: Balance Sheet

Balance Sheet £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast at Q1	Budget	Variance
Non Current Assets	24,165	24,320	155	25,589	25,890	301
Current Assets						
Stocks	39	37	(2)	37	37	-
Revenue and Capital Debtors	218	237	19	241	215	(26)
Prepayments and Accrued income	353	345	(8)	96	122	26
Cash and Investments	2,012	1,862	(150)	2,428	2,210	(218)
Current Liabilities						
Trade Creditors and Accruals	(1,115)	(1,219)	(104)	(1,162)	(1,273)	(111)
Receipts in Advance	(302)	(290)	12	(339)	(327)	12
Capital	(387)	(351)	36	(370)	(344)	26
Finance Lease Creditors	(35)	(35)	-	-	-	-
Long Term Liabilities						
Creditors	(56)	(56)	-	(56)	(56)	-
Finance Lease Creditors	(1,350)	(1,350)	-	(1,335)	(1,335)	-
External Borrowings	(6,387)	(6,387)	-	(6,750)	(6,750)	-
Other Provisions	(340)	(388)	(48)	(198)	(300)	(102)
Pension Provision	(1,617)	(1,617)	-	(1,604)	(1,609)	(5)
Total Net Assets	15,198	15,108	(90)	16,577	16,480	(97)
Capital and Reserves						
Earmarked Reserves	1,581	1,459	(122)	1,787	1,620	(167)
Pension Reserves	(1,547)	(1,547)	-	(1,547)	(1,547)	-
General Fund	154	154	-	154	154	-
Capital Adjustment Account	13,061	13,160	99	14,526	14,709	183
Other Reserves	1,949	1,882	(67)	1,657	1,544	(113)
Total Capital Employed	15,198	15,108	(90)	16,577	16,480	(97)
Cash and Investments:						
CRL Sponsor funding account	1,099	1,046	(53)	1,077	1,123	46
Other cash	913	816	(97)	1,351	1,087	(264)
Total as above	2,012	1,862	(150)	2,428	2,210	(218)

Appendix Four: Cash summary

Cash Summary In / (Out) Flow £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast at Q1	Budget	Variance
Margin (from Appendix 2)	(334)	(427)	(93)	(1,931)	(1,973)	(42)
Working Capital Movements	(2)	77	79	77	246	169
Cash Spend on Operating Activities	(336)	(350)	(14)	(1,854)	(1,727)	114
Net Capital Expenditure (from Appendix 2)	(357)	(460)	(103)	(1,688)	(1,894)	(206)
Crossrail (from Appendix 2)	(158)	(190)	(32)	(982)	(1,089)	(107)
Working Capital Movements	(173)	(195)	(22)	(191)	(200)	(9)
Cash Spend on Capital Activities	(688)	(845)	(157)	(2,861)	(3,183)	(322)
Funded by:						
Grants and Precept	969	990	21	4,713	4,690	(23)
Borrowings Raised	-	-	-	425	425	-
Borrowings Repaid	-	-	-	(62)	(62)	-
Total Funding	969	990	21	5,076	5,053	(23)
Net Movement in Cash	(55)	(205)	(150)	361	143	(218)

Appendix five: Fares avoidance and impact on revenue

Background

The calculation of fare evasion figures is based on a large number of factors, including estimates of potential lost revenue based on the types of tickets and journeys undertaken by passengers, the records of revenue enforcement officers, the number of penalty charges issued, patronage figures and levels of detected evasion.

Differences in definition, data collection methodology and transport-system characteristics mean that the figures in the tables below do not provide a like-for-like comparison between the transport modes.

1. London Underground

	Quarter One 2011/12	Quarter Four 2010/11	Variance
London Underground Passenger Ticket Irregularity	2.58	2.25	0.33

Surveys of Passenger Ticket Irregularity are conducted three times a year (February, May and November). The survey is carried out by revenue control staff and is designed to provide a representative sample of all lines, locations and times.

The last survey was conducted in May 2011 on the tickets of approximately 45,000 passengers, with 2.58 per cent indicating some ticket irregularity (on a weighted basis). This was 0.33 per cent higher than in February 2011 (and 0.24 per cent higher than in November 2010). The net revenue loss from ticket irregularity was calculated at 1.30 per cent (after subtracting fares collected, penalty fares receipts and Oyster revenue collected at the gates). The average percentage of revenue loss, between November 2010 and May 2011, was 1.10 per cent.

2. Bus Network

	Quarter One 2011/12	Quarter Four 2010/11	Variance
Bus Fare Evasion	1.7	1.8	(0.1)

Bus Enforcement carry out regular independent fare evasion surveys on the London bus network. These surveys are conducted by a third-party contractor quarterly – in February, May, August and November – on all articulated routes, and on 32 randomly selected one-person operated routes. The results for May 2011 show that, on a 12-month rolling average basis, the overall Bus Network fare evasion rate was 1.7 per cent. This level is amongst the lowest experienced in recent years on London Buses and demonstrates a significant reduction from peak levels of 3.5 per cent in 2007. After a small increase in fare evasion during the 2010 calendar year, the initial surveys for 2011 appear to show levels returning towards 2009 levels.

3. London Overground

	Quarter One 2011/12	Quarter Four 2010/11	Variance
London Overground Ticketless Travel	2.30	1.64	0.66

A ticketless travel survey is carried out on a quarterly basis - in March, June, September and November, by a market research company. The latest results for June 2011 show an overall evasion rate of 2.30 per cent. The evasion rate for the previous quarter was 1.64 per cent. The increase in the latest quarter is due to a rise in the proportion of invalid tickets and a small rise in the number of passengers without tickets. To help address this issue, contractual agreement has now been reached to extend gateline operational hours at many stations from 21:00 to 23:30. Calculated using the average result from the last four surveys, the evasion rate for the last 12 months was 2.01 per cent.

4. DLR

	Quarter One 2011/12	Quarter Four 2010/11	Variance
DLR Ticketless Travel	0.7	1.8	(1.1)

Ticketless travel is measured each period using data collected by revenue protection inspectors during station blocks at a representative sample of locations. The most recent data available is for period 3 (May 29 - June 25 2011), when ticketless travel was measured as 0.7 per cent of total ridership. Ticketless travel in the previous period was measured as 0.9 per cent. The recent decrease in the level of ticketless travel has been driven by an increased focus on this area by the franchise operator Serco.

5. Tramlink

	Quarter One 2011/12	Quarter Four 2010/11	Variance
Tramlink Ticketless Travel	1.18	1.16	0.02

Ticketless travel is measured each period using data collected by revenue protection inspectors boarding a sample of services. In period 3 the number of passengers detected without a ticket was measured as 1.18 per cent of total ridership, an improvement from the 1.34 per cent measured in period 2.