Finance and Policy Committee

Date: **31 May 2012**

Item 5: **Operational and Financial Performance Report – Fourth Quarter 2011/12**

This paper will be considered in public

1 Summary

1.1 This paper informs the Committee of TfL's Operational and Financial Performance during the fourth quarter of 2011/12 (11 December 2011 – 31 March 2012).

1.2 The report will be considered by the Board at its meeting on 27 June 2012.

2 Recommendation

2.1 **The Committee is asked to note the report.**

List of appendices to this report:

Appendix 1 – Operational and Financial Performance Report – Fourth Quarter 2011/12

List of Background Papers:

None

Contact Officer: Steve Allen, Managing Director, Finance
Number: 020 7126 4918
Email: SteveAllen@tfl.gov.uk

Transport for London

Operational and Financial Performance Report
Fourth 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 4 (11 December 2011 – 31 March 2012) comprising operating Periods 10-13.

TfL performance summary

Service: In the full year, TfL passenger demand was both higher than target and improved from the previous financial year. London Underground (LU) passenger journey growth continued, and passenger journeys increased by 5.7 per cent compared to last year. Growth on the Docklands Light Railway (DLR) and London Overground (LO) was especially buoyant, DLR passenger journeys increasing by 10 per cent compared to 2010/11, largely a result of the opening of the Stratford International Extension and the Westfield Stratford City. The upward trend in cycling continued, rising by 9.2 per cent over the full year.

Reliability performance on LU in terms of lost customer hours was the best year ever. Reliability on LO, Trams and London Buses was better than target in the full year, although the Trams per cent of scheduled services operated declined from the previous year. The per cent of scheduled services operated on the DLR was below target in Quarter 4 and in the full year, although up from 2010/11. Journey time reliability (JTR) on the TfL Road Network (TLRN) was below target in Quarter 4, primarily a result of problems associated with the Hammersmith Flyover. Over the full year TLRN JTR was slightly below target, but showed improvement from the previous year.

Financial performance: In the full year, fares income was in line with the Quarter 3 forecast, at £73m above budget. Demand was above budget across all modes, but bus revenues were below budget due to passengers switching to cheaper ticket types and Travelcard adjustments. Other income was above budget due to better than anticipated advertising and property income.

Operating expenditure was £373m below budget driven by earlier than anticipated delivery of efficiencies of £154m, some rephasing of non-capital project expenditure and release of provisions for contractual claims and contingencies.

Variances against budget that were anticipated at Quarter 3 were fully reflected in TfL's 2012/13 Budget and funding was rolled forward accordingly. There has been an improvement in the Operating Margin of £130m since Quarter 3. This reflects some costs deferred into 2012/13, one off savings and the release of some provisions. This amount is not recurring and will be reflected in TfL's revised Business Plan which is due to be published later this year.

The acquisition of Tube Lines loan notes and the two DLR concession companies incurred unbudgeted exceptional costs of £277m, partially offset by contingency provision and lower than budgeted debt service. These acquisitions will reduce ongoing financing costs over the life of the debt.

Capital expenditure in the full year was £287m lower than budget, mainly due to re-phasing of project expenditure into future years, principally on the Northern Line upgrade, track and major power works and the Future Ticketing Project. These costs will be incurred in future years. In addition, there was earlier than anticipated delivery of efficiencies of £59m. Crossrail capital expenditure was £145m below budget due to later than anticipated award of some station contracts and slower spend on tunnelling. The overall ring-fenced budget for Crossrail is unchanged and completion of the project remains on schedule.

Staff: At the end of Quarter 4, TfL (including Tube Lines) employed 24,667 full time equivalent (FTE) staff (excluding those on maternity leave). This was 1,057 fewer than budget, largely due to limited recruitment during the year in anticipation of the outcome of Project Horizon and the realisation of Horizon staff reductions.

Notes

The Quarter 3 forecast financials have been updated to reflect the organisational changes from embedding the Project Horizon structure.

London Underground

Operational Performance

London Underground	Units	Quarter 4 2011/12				Full Year 2011/12			
		Actual	Vs target		Vs last year	Actual	Vs target		Vs last year
Passenger Journeys	m	353.2	19.1	○	25.9	1,170.5	37.5	○	63.2
% Scheduled Services Operated	%	96.7	-	○	1.1	97.0	0.3	○	1.4
Excess Journey Time (Weighted)	Mins	5.81	(0.39)	○	(0.53)	5.82	(0.38)	○	(0.68)
Overall CSS	Score	81	2	○	2	80	1	○	1
LU and DLR: recorded crime per million passenger journeys	#	9.4	(2.1)	○	(1.6)	9.9	(1.6)	○	(0.7)

Better than or equal to target: ○ Within 5% of target: ◗ 5% or more worse than target: ●
Tables may be subject to rounding CSS: Customer Satisfaction Survey

1.0 In Quarter 4, LU passengers made 19.1million more journeys than target, continuing the growth seen earlier in the year. Quarter 4 passenger journeys were up 7.9 per cent on the comparable quarter in 2010/11. Full year passenger journeys reached a record of almost 1.2 billion, an increase of over 5.7 per cent compared to 2010/11.

1.1 The per cent of scheduled services operated was in line with target over Quarter 4 and more than the same quarter last year (which was affected by several days of industrial action). In the full year, the target was exceeded by 0.3 per cent.

1.2 Excess Journey Time (EJT) in Quarter 4 averaged 5.81 minutes. This was 0.39 minutes better than target and also showed significant improvement from the same quarter last year (which was affected by several days of industrial action). Quarter 4 performance was in line with full year EJT performance.

1.3 Reliability performance in terms of lost customer hours on LU was the best year ever with an improvement of 28 per cent compared to last year.

1.4 The LU Overall Customer Satisfaction Survey (CSS) scored 81 at Quarter 4. This was 2 points above target and the same quarter last year and exceeded the satisfaction rate in Quarter 3.

1.5 In Quarter 4, there were 9.4 recorded crimes per million journeys on the LU and Docklands Light Railway (DLR) networks. This outcome was better than target and was also lower than the same quarter last year. The full year outcome was also better than target and last year.

1.6 At the end of Quarter 4, LU employed 17,839 FTE staff, 1,012 (4.3 per cent) fewer than budget. This is mainly due to delayed recruitment in operational areas and the outcomes of Project Horizon.

Financial Performance

London Underground £m	Full Year 2011/12 Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Operating Income	(2,146)	(2,055)	(91)	○	(2,130)	(16)	○
Operating Expenditure (net of third party contributions)	1,712	1,909	(197)	○	1,782	(70)	○
Net Operating	**(434)**	**(146)**	**(288)**	○	**(348)**	**(86)**	○
Net Capital Expenditure	1,012	1,087	(75)	○	1,039	(27)	○
Net Service Expenditure	**578**	**941**	**(363)**	○	**691**	**(113)**	○

(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.

1.7 Operating income in the full year was £91m higher than budget, primarily driven by increased fares income from record passenger demand and favourable movements in Travelcard apportionment factors. Advertising income was also above budget as fewer advertising sites were lost to capital works during the year than anticipated. Property income was above budget as a result of advantageous lease renewals and rent reviews. These benefits were also reflected in the variance to the Quarter 3 forecast.

1.8 In the full year, operating expenditure (net of third party contributions) was £197m lower than budget. The variance is a result of savings in Operations mainly due to staff numbers remaining below budget, lower consultancy and legal costs in Strategy, and fewer staff and other costs across the Support Directorates. In addition, some costs were transferred to other parts of TfL as a result of the project Horizon re-organisation. One-off savings in central overheads were made against budget in relation to claims and provisions. The operating expenditure variance also includes timing variances in the non-capital elements of the investment programme, in particular Asset Stabilisation and Information Management projects, which will now be completed next year.

1.9 Operating expenditure was £70m less than forecast at Quarter 3. Variances included one-off savings in central expenses relating to released provisions for contractual disputes and voluntary severance, which have turned out better than expected, along with re-phasing of the Asset Stabilisation works until after the 2012 Games.

1.10 Net capital expenditure in the full year is £75m below budget, primarily as a result of additional savings identified in BCV upgrades and lift and escalator projects, the successful resolution of claims, and re-phasing of SSR works and associated power works. An increased rate of construction progress at Tottenham Court Road station was offset by re-phasing of works at Paddington and civils works relating to bridges and structures into 2012/13.

Tube Lines

Financial Performance

Tube Lines £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Operating Income	(13)	(14)	1	●	(12)	(1)	○
Operating Expenditure (net of internal income)	353	376	(24)	○	350	2	◗
Net Operating	**340**	**362**	**(23)**	○	**338**	**2**	◗
Net Capital Expenditure	187	372	(185)	●	193	(6)	○
Net Service Expenditure	**527**	**734**	**(208)**	○	**531**	**(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.

2.0 In the full year, operating income is £1m less than budget. This is the result of a reclassification of income as internal income and is offset from operating expenditure.

2.1 Operating expenditure (net of internal income) in the full year was £24m lower than budget. This was mainly due to improved performance across all lines (£12m), delays to Station Services works (£6.3m) and delayed vehicle overhaul programmes (£5m). Operating expenditure is £2m greater than that forecast at Quarter 3, due to overprogramming of £6m, partially offset by delays to Station Services work (£2m) and various other delays and savings of less than £1m.

2.2 Net capital expenditure over the full year is £185m lower than budget. This underspend is largely driven by re-phasing of the Northern Line Upgrade (£135m). In addition, civils work totalling £22m and lift and escalator works totalling £14m have been deferred.

2.3 Full-year net capital expenditure is £6m lower than that forecast at Quarter 3. This largely relates to the delayed Transmission-Based Train Control (TBTC) rolling stock installation, project rescheduling, delayed civils and drainage works, and deferred IT network upgrades.

2.4 At the end of Quarter 4, Tube Lines employed 2,546 FTE staff, 306 (10.7 per cent) more than budget. This was mainly due to the transfer of staff from Alstom, in relation to maintenance.

London Rail

Operational Performance

London Rail	Units	Quarter 4 2011/12				Full Year 2011/12			
		Actual	Vs target		Vs last year	Actual	Vs target		Vs last year
DLR									
Passenger Journeys	m	26.4	1.3	○	2.8	86.1	4.0	○	7.8
% Scheduled Services Operated	%	97.6	(0.4)	◗	0.2	97.6	(0.4)	◗	0.1
On-time performance	%	97.8	0.8	○	0.4	97.5	0.5	○	0.1
Overall CSS	Score	84	3	○	3	83	2	○	-
London Overground									
Passenger Journeys	m	33.5	N/A		N/A	102.6	24.9	○	N/A
PPM London Overground (MAA)	%	96.6	2.6	○	1.7	96.6	2.6	○	1.7
Overall CSS	Score	81	3	○	(2)	82	4	○	2
Trams									
Passenger Journeys	m	8.6	0.0	○	0.2	28.5	0.5	○	0.6
% Scheduled Services Operated	%	99.2	1.2	○	0.1	99.0	1.0	○	(0.2)
Overall CSS	Score	87	1	○	3	86	-	○	-

Better than or equal to target: ○ Within 5% of target: ◗ 5% or more worse than target: ●
Tables may be subject to rounding. CSS: Customer Satisfaction Survey PPM (MAA): Passenger Performance Measure (Moving Annual Average)

Note: There are no quarterly 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 'loadweight', 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 1 and will be used to set targets going forward.

3.0 In the full year, Docklands Light Railway (DLR) passengers made 86.1 million journeys, 4 million (or 4.8 per cent) higher than target. This was due to greater than expected demand across the whole network, including the impact of the opening of the Stratford International Extension and the Westfield Stratford City shopping centre. In Quarter 4, DLR passenger journeys were 5.1 per cent over target and 11.8 per cent up on the same quarter last year.

3.1 DLR delivered a slightly lower percentage of scheduled services compared to target both in the full year and in Quarter 4. This was partly the result of continued signalling software issues. Work is underway with Serco to improve performance. However, performance in the quarter and the full year was better than last year.

3.2 DLR on-time performance was higher than target over the full year and in Quarter 4. On time performance has also improved from the same quarter last year.

3.3 The DLR overall CSS result for Quarter 4 was higher than target and also represents an improvement from the same quarter last year. Satisfaction scores were three points higher than target in Quarter 4 and two in the full year.

3.4 LO passenger journeys have continued to grow, reaching 102.6 million over the full year, 24.9 million higher than target.

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 4, the PPM moving annual average (MAA) continued to improve, reaching 96.6 per cent, 2.6 per cent greater than target. LO ended the year in second position in the national PPM league table.

3.6 The LO CSS score for Quarter 4 was 3 points higher than target. However, this represents a decline both from Quarter 3 and from the comparable period last year. Full-year performance, however, exceeded the outturn for last year.

3.7 In Quarter 4, Tram passenger journeys reached 8.6 million and in the full year were 0.5 million higher than target. Over 99.2 per cent of scheduled services operated in Quarter 4, 1.2 per cent higher than target, but reduced by 0.2 per cent from the previous quarter. In the full year, 99 per cent of scheduled services operated, 1 per cent over target, but reduced by 0.2 per cent from that achieved last year, mainly because of the civil disturbances in Period 5.

3.8 The Trams CSS score was 87 for Quarter 4, improving from both Quarter 3 and the same quarter last year. In the full year, the CSS score was the same as last year.

3.9 At the end of Quarter 4, London Rail employed 117 FTE staff, which was 27.5 per cent fewer staff (FTE) than budget.

Financial Performance

London Rail £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Operating Income	(225)	(205)	(20)	○	(224)	(1)	○
Operating Expenditure (net of third party contributions)	316	336	(20)	○	319	(3)	○
Net Operating	**91**	**131**	**(39)**	○	**95**	(3)	○
Net Capital Expenditure	197	186	11	●	197	(1)	○
Net Service Expenditure	**288**	**317**	**(28)**	○	**292**	**(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.

3.10 Operating income over the full year was £20m higher than budget, primarily driven by greater than anticipated passenger demand on both the London Overground and on the Docklands Light Railway (DLR), following capacity enhancement work and the opening of the Stratford International Extension and the Westfield Stratford City shopping centre.

3.11 Operating expenditure (net of third party contributions) in the full year was £20m lower than budget. This mainly relates to lower than expected train service agreement costs associated with train cleaning, lower London Overground rolling stock lease costs due to favourable interest rates and reduced costs following the (unbudgeted) acquisition of two DLR Private Finance Initiatives (PFIs), City Airport Rail Enterprises (CARE) and Woolwich Arsenal Rail Enterprises (WARE).

3.12 Operating expenditure in the full year was broadly in line with that forecast at Quarter 3.

3.13 Net capital expenditure in the full year was £11m higher than budget. This overspend was due mainly to the purchase rather than lease of new trams, a revised phasing of Emirates Air Line spend and additional DLR infrastructure requirements, offset by the re-phasing of London Overground infrastructure expenditure into 2012/13.

3.14 Net capital expenditure in the full year was broadly in line with that forecast at Quarter 3.

Crossrail

Financial Performance

Crossrail £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Net capital expenditure	944	1,089	(145)	○	909	35	◗

(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.

4.0 Crossrail capital expenditure in the full year was £145m lower than budget. This underspend was due to a change in the timing of the award of some station contracts and a slower acceleration in expenditure on the tunnelling contracts. Full-year expenditure is £35m greater than that forecast at Quarter 3, a result of accelerated expenditure and an increase in design contracts' expenditure, partly offset by savings on overheads and a release of historic accruals.

4.1 At the end of Quarter 4, Crossrail employed 480 FTE staff, 104 (21.7 per cent) more FTE staff than budget. Programme reviews demonstrated that additional staff, compared to the number stated in the budget, would facilitate a more effective delivery.

Surface Transport

Operational Performance

Surface Transport	Units	Quarter 4 2011/12 Actual	Vs target		Vs last year	Full Year 2011/12 Actual	Vs target		Vs last year
London Buses									
Passenger Journeys	m	703.2	19.9	○	31.1	2,344.5	40.5	○	55.5
% Scheduled Services Operated	%	97.8	0.3	○	0.4	97.6	0.2	○	0.2
Excess Wait Time	Mins	1.0	(0.2)	○	(0.1)	1.0	(0.1)	○	-
Overall CSS	Score	81	2	○	1	80	1	○	-
London Buses: recorded crime per million passenger journeys	#	9.1	(1.1)	○	(1.4)	9.3	(0.9)	○	(1.2)
Performance - Other Areas									
Number of trips - Dial a Ride	m	0.4	-	○	-	1.4	-	○	-
Cycling levels on the TLRN*	Index	227	18	○	14	273	11	○	23
TLRN Journey Time Reliability (am peak)	%	88.6	(1.0)	◗	(0.8)	88.9	(0.1)	◗	0.1
Overall CSS - Dial a Ride	Score	91	(2)	◗	1	91	(2)	◗	-
Overall CSS - TLRN road users	Score	75	3	○	3	75	3	○	3
Overall CSS - Congestion Charging	Score	82	(2)	◗	7	82	(2)	◗	5**
KSI Londonwide - % reduction (from 05-09 baseline) Sept - Nov 2011	%	(20.8)	(3.7)	◗	2.9	(27.6)	5.2	○	10.0

Better than or equal to target: ○ Within 5% of target: ◗ 5% or more worse than target: ●
Tables may be subject to rounding. CSS: Customer Satisfaction Survey KSI: Killed and seriously injured TLRN: TfL Road Network
*Cycling levels on the TLRN - Indexed (March 2000 = 100)
**The last year score of 77 is the result from the March 2011 survey.

5.0 In Quarter 4, bus passenger journeys were 2.9 per cent up on target and 4.6 per cent up on last year. This continues the trend seen in previous quarters of strong growth in patronage compared to 2010/11. Quarter 4 in particular saw a large year-on-year growth in the numbers of free journeys (6 per cent). The strong patronage results are not reflected in revenue, largely due to the impact of passengers switching to cheaper ticket types.

5.1 In Quarter 4, the percentage of scheduled services operated was 0.3 per cent higher than target. In the full year, performance was 0.2 per cent higher than target. This was partly a result of the proportion of services not operated due to traffic delays being better than forecast. Initiatives to protect routes from anticipated delays arising from planned major roadworks, together with improved control of services and lower levels of traffic congestion, helped drive the improvement. The proportion of services not operated for mechanical reasons was better than forecast.

5.2 Bus excess wait time performance in both Quarter 4 and over the year as a whole was better than target at 1.0 minutes. The use of Quality Incentive Contracts, combined with various initiatives to improve control of routes, has helped maintain the high levels of reliability currently being achieved.

5.3 In Quarter 4, the London Buses Customer Satisfaction Survey (CSS) score was two points higher than target and in the full year, one point higher, primarily a result of improved scores for on-bus information, and exterior bus cleanliness and condition.

5.4 Incidents of recorded crime on London Buses were 1.1 crimes per million journeys lower than target and 1.4 lower than in Quarter 4 last year. The full year result of 9.3 crimes per million passenger journeys exceeds the target of 10.2.

5.5 In Quarter 4 there were 406,000 trips on Dial-a-Ride, exceeding the target by 0.9 percentage points and 2.1 per cent higher than the same quarter last year. Passengers cancelled 75,000 scheduled trips over the quarter, including approximately 5,000 due to the adverse weather in Period 12. Dial-a-Ride cancelled only 378 trips over the quarter, 0.2 percentage points better than target. Over the full year, Dial-a-Ride built on the historically high level of service performance in the previous year by delivering 1.4 million trips, 2.3 per cent more trips than in 2010/11 and 1.2 per cent better than target. This was achieved through a further increase in driver shift productivity of 3.5 per cent over the full year. Driver shift productivity measures the number of passenger journeys a driver completes per shift. Improvement has been driven from improved scheduling and better coordination from Dial-a-Ride staff.

5.6 Overall Customer Satisfaction for Dial-a-Ride in Quarter 4 was 91, the same as last quarter and improved from the same quarter last year. However, the challenge of improving on the 2010/11 full year level by 2 points has not been achieved and the level is two points below the target of 93. Customer satisfaction was adversely affected by the continued increase in service demand, largely a result of changes to Taxicard and reductions in, and withdrawal from, non-statutory door to door transport services by other organisations. The increases in demand have resulted in an increase in refusals and consequent reduced satisfaction with the booking process.

5.7 In Quarter 4 the average index of cycle flows on the TfL Road Network (TLRN) was 227 (equal to an average sample weekly cycle count of 135,429 journeys), 8.6 per cent higher than target and 6.7 per cent higher than the same quarter last year. The full year cycle index was 273, which represents a 4.2 per cent improvement compared to the budget of 262 and a 9.2 per cent increase compared to last year. Investment in cycling facilities, Cycle Superhighways and the Cycle Hire Scheme, alongside higher than average temperatures in Quarter 4, contributed to the increase in cycling.

5.8 The index of cycle flows on the TLRN measures the growth in cycle flows recorded by automatic cycle counters at a sample of 60 locations on the TLRN. The index was set to 100 in March 2000, when the average sample weekly cycle count was 59,552. (NB: the sample count figures are not equal to the total amount of cycling taking place on the TLRN).

5.9 Journey time reliability (JTR) 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 am peak. In Quarter 4, JTR of 88.6 per cent was 1.0 percentage points worse than target and 0.75 percentage points worse than the same quarter last year, primarily a result of the partial closure of the Hammersmith flyover from 29 December onwards. Full year JTR was 88.89 per cent, a year-on-year improvement of 0.11 percentage points, although below target by the same amount. The partial closure on the Hammersmith Flyover was the main contributory factor to not meeting the full year target.

5.10 In Quarter 4, the full year TLRN CSS score was 3 points higher than target, primarily a result of improved scores in road drainage, condition of road surfaces and street lighting.

5.11 Results from the Congestion Charging CSS, which took place during October and November 2011, show an improvement against previous waves. Overall satisfaction was 82 for general customers (up 5 points from wave 3, which took place in March 2011) and 75 for fleet managers (up 12 points from the last wave). Satisfaction with the overall quality of the Congestion Charge Auto Pay service remained high with a mean score of 87.

5.12 The number of killed and seriously injured London wide showed a reduction of 20.8 per cent in Quarter 4 compared to the 2005-09 baseline and was an improvement on the 17.9 per cent reduction in the same quarter last year.

The reduction in casualties across all modes on London roads in 2011-2012, when compared to the 2005-09 baseline, was reduced by 27.6 per cent compared to 17.4 per cent in the previous year.

5.13 At the end of Quarter 4 Surface Transport employed 3,295 FTE, 365 lower than budget. The variance is primarily due to the implementation of Project Horizon, which occurred in Period 11 and resulted in FTE savings and a re-organisation resulting in transfers to Corporate. In addition, driver vacancies in Dial-a-Ride and vacancies arising as a result of organisational change programmes in Taxi and Private Hire also contributed to this variance.

Financial Performance

Surface Transport £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Operating Income	(1,697)	(1,715)	18	◗	(1,700)	3	◗
Operating Expenditure (net of third party contributions)	2,586	2,637	(52)	○	2,609	(23)	○
Net Operating	**888**	**923**	**(34)**	○	**909**	**(21)**	○
Net Capital Expenditure	203	220	(17)	○	198	5	◗
Net Service Expenditure	**1,091**	**1,143**	**(51)**	○	**1,107**	**(16)**	○

(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.

5.14 Operating income for the full year was £18m below budget. This is mainly due to reduced bus fares income, from passengers switching to cheaper ticket types and Travelcard apportionment factors. Income was also lower from Barclays Cycle Hire and highways advertising on TLRN sites. Further unfavourable variances were due to timing differences on one-off receipts (e.g. Green Bus funding) and the reclassification of East London Transit (ELT) income to third party contributions. These shortfalls were partially offset by increased Congestion Charging and Traffic Enforcement (CC&TE) income as a result of higher overall volumes.

5.15 Operating income was slightly below the full year forecast, mainly due to lower than expected fare-paying passenger journeys, Travelcard apportionment factors and ticket switching to other cheaper ticket types. The lower bus income was partially offset by higher Low Emission Zone (LEZ) and Community Safety, Enforcement and Policing (CSEP) income.

5.16 Operating expenditure for the full year was £52m lower than budget, primarily due to re-phasing £21m expenditure between years and achieving savings of £17m. Re-phasing included Barclays Cycle Superhighways, hybrid buses, Local Implementation Programme, iBus refresh and New Bus for London. Savings were achieved in Bus Network and Performance (on contract tendering, ticket machine maintenance and ticket commission costs), Traffic Real Time Operations, marketing and research, Taxicard activity and support costs across Surface Transport. Savings were partly offset by higher expenditure on 2012 Games operations, funded by the Olympic Delivery Authority (ODA). The remaining balance was largely due to the reclassification of ELT income to third party (Section 5.14 above).

5.17 Compared to the Quarter 3 full year forecast, operating expenditure was £23m lower, largely due to re-phasing of £17m of expenditure into future years. Net savings of £7m were generated, the most significant being reduced bad debt expenditure, due to more Traffic Enforcement PCNs being paid earlier and various savings across Congestion Charging operations. In addition, Hammersmith Flyover expenditure of £4m was transferred to capital as the works being undertaken are now permanent rather than the anticipated temporary measures, which had been originally forecast.

5.18 Net capital expenditure for the full year was £17m lower than budget. Net savings of £8m were achieved, primarily on the upgrading of traffic signals to 'self regulate' with SCOOT (Split Cycle Offset Optimisation Technique). An unbudgeted contribution from Westfield was received for Barclays Cycle Hire Phase 2 implementation costs. Slippages into future years included TLRN Capital Development, Countdown II, Signals Modernisation and the Woolwich Ferry Extension. These have been partially offset by work brought forward on TLRN carriageway renewals to be completed before the 2012 Games and Hammersmith Flyover works.

5.19 Compared to the Quarter 3 full year forecast, net capital expenditure was £5m higher, primarily due to Hammersmith Flyover works expenditure brought forward from future years and its reclassification from operational expenditure.

Corporate Directorates

Corporate Directorates £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Operating Income	(60)	(43)	(17)	○	(54)	(7)	○
Operating Expenditure (net of third party contributions)	356	437	(81)	○	372	(15)	○
Net Operating	**296**	**394**	**(98)**	○	**318**	**(22)**	○
Net Capital Expenditure	7	28	(21)	○	6	-	○
Net Service Expenditure	**303**	**422**	**(119)**	○	**324**	**(22)**	○

(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 Operating income in the full year was £17m higher than budget. This was mainly driven by additional income from advertising and Oyster Card Schemes, increased property rental income and an unbudgeted tax rebate.

6.1 Operating income was £7m higher than that forecast at Quarter 3. This was primarily a result of a phased payment from the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) for Games ticketing, totalling £4m in Quarter 4. This additional income was fully offset by increased operating expenditure.

6.2 Full year operating expenditure was £81m lower than budget. Lower operating expenditure was due to project re-phasings totalling £29m, revised disposal assumptions for TfL sites saving £8m and re-phasing of river crossings programme resulting in reduced costs of £6m. There were lower staff costs across all corporate areas, largely due to recruitment being on hold during the Horizon project.

6.3 Operating expenditure in the full year was £15m lower than forecast at Quarter 3. This was largely due to re-phasing of IM expenditure, savings from favourable contract negotiations, reduced demand for training as a result of reduced staff levels and re-phased spend on consultancy and development. Increased operating costs in Marketing and Communications for Games ticketing were fully offset by income received from LOCOG.

6.4 Full year net capital expenditure was £21m lower than budget. This was mainly driven by higher income from unbudgeted property sales and better than expected proceeds from some budgeted sales. Due to delays and re-phasing, there was lower expenditure on the Future Ticketing Project (FTP), IM capital projects and the Payment Card Industry Data Security Standard (PCI DSS) project. These were partly offset by slippage in property sales.

6.5 At year end, there were 2,875 FTE staff in the Corporate Directorates. This was 266 FTE higher than budget and 501 FTE higher than at the end of Quarter 3. This mainly reflects the net outcome of the Horizon re-structure, whereby some functions previously performed by the operating businesses were transferred to Corporate. This was more than offset by staff reductions across LU, Surface Transport and London Rail.

Group Items

Group Items £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Interest Income	(13)	(15)	3	●	(12)	(1)	○
Debt servicing	267	304	(37)	○	270	(3)	○
Exceptional Items	277	-	277	●	277	-	○
Contingency/ Other Group Items	(3)	54	(57)	○	45	(48)	○
Total Group Items	**528**	**342**	**185**	●	**580**	**(53)**	○

(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.

6.6 The Interest Income full-year variance was caused by lower than expected rates being received on TfL cash balances, arising from falling UK Government Gilt rates.

6.7 Lower debt service expenditure in the full year was due to the acquisition of high coupon Tube Lines Finance loan notes (see exceptional items in paragraph 6.8), which have been replaced with TfL debt at lower rates.

6.8 Unbudgeted Exceptional Items of £277m were incurred. These costs relate to the acquisition of the Tube Lines loan notes and the City Airport Rail Enterprises and Woolwich Arsenal Rail Enterprises (CARE and WARE) concessions. Despite this upfront cost these acquisitions create significant cash flow benefits out to 2021 due to TfL's ability to issue replacement debt at a lower rate using its AA+ credit rating.

6.9 Contingency/Other Group Items variances are primarily due to the release of unused contingency at year end.

Savings

Savings £m	Actual 2011/12	Target	Variance	Forecast at Q3	Forecast Variance	Status
Corporate and Group Wide	186	173	12	176	10	○
Rail and Underground	585	439	147	557	28	○
Surface Transport	281	226	54	275	6	○
Gross	**1,051**	**838**	**213**	**1,008**	**43**	○
Implementation Costs	(42)	(46)	4	(44)	2	○
Net	**1,009**	**792**	**216**	**964**	**45**	○

Tables may be subject to rounding
The status indicates that the in year delivery is ahead of target representing early delivery of some savings with the overall programme currently on track to deliver the promised savings by 2017/8.

7.0 On a gross basis, over £1bn of savings were delivered during 2011/12, £213m more than target. This is an improvement of £43m since the Quarter 3 forecast. TfL remains on target to deliver the savings over the life of the Business Plan.

7.1 Rail and Underground have delivered additional savings against target of £147m, which is £28m more than the Quarter 3 forecast. This consists of a mixture of early and over delivery of one off and recurring savings initiatives. These include accelerated savings against the Operations Strategic Plan and the Support Services Review, incremental savings associated with the Capital Programme Portfolio, Continuous Savings programme and general expenditure and vacancy controls.

7.2 Surface Transport delivered savings of £281m in the full year, £6m more than forecast at Quarter 3. This was partially due to the early delivery of the 2012/13 Continuous Savings programme, which included CCTV maintenance savings. In addition, there were project delivery savings on programmes such as the refurbishment of the Blackwall Tunnel northbound and the upgrade of traffic signals to 'self-regulate' with SCOOT, with further savings in payroll costs derived from ongoing vacancy controls.

7.3 Corporate Directorate delivered gross savings of £186m, £12m above target. These additional savings have been delivered mainly due to increased controls on expenditure and recruitment.

Balance Sheet

Actual compared to Budget

TfL Group Balance Sheet at end of Quarter 4 £m	Actual	Variance to Budget
Long Term Assets – (higher) / lower than budget	25,597	273
Stocks, Debtors and Payments in Advance – (higher) / lower than budget	612	(306)
Cash – (higher) / lower than budget	2,662	(454)
Creditors, Derivatives and Receipts in Advance-higher / (lower) than budget	(2,989)	(265)
External Borrowings – higher / (lower) than budget	(7,123)	373
Provisions – higher / (lower) than budget	(1,890)	(24)
Total Net Assets – (higher) / lower than budget	**16,869**	**(403)**

Tables may be subject to rounding

8.0 Long term assets were £273m lower than budget mainly due to lower capital expenditure of £145m in Crossrail and £287m in the rest of TfL, offset by a £181m variance from lower disposals in respect of signalling equipment in London Underground, which had been included in the budget for 2011/12, but were disposed of at the end of 2010/11. The remaining variance is for depreciation, arising from the value and timing of purchases and disposals.

8.1 Stock, debtors, payments in advance and accrued income are £306m above budgeted levels. Included in this is £206m in respect of the Crossrail, of which £160m represents advanced funding of works undertaken by Network Rail on the Crossrail project (which was not anticipated in the budget), allied to £46m of higher debtors and higher prepayments to contractors and insurers. The remaining variance of £100m includes £27m of grant receivable from the ODA mainly due to an increase in scope of works above that included in the budget, a VAT debtor of £58m, budgeted to be received before year end but received immediately after and higher Joint Facility Ticketing debtors of £22m due to a change in the mix of sales outlets. The remaining variance represents normal trading fluctuations across all other entities.

8.2 Cash is £454m above budget. This is due to lower net capital spend of £432m, lower revenue activity of £297m, higher net cash borrowings of £339m and increased grant of £38m. Offsetting this are the unbudgeted payments relating to the purchases of CARE and WARE, totalling £376m, and working capital movements of £279m.

8.3 Creditors are £265m lower than budget. This includes the impact of the settlement of the finance lease creditors (£326m) in the books of DLR, following the acquisition of CARE and WARE, offset by a derivative liability of £87m, based on market values at the year end. TfL is obliged to record the fair value of its derivatives on the balance sheet. However as TfL only enters into such contracts to fix interest rates on its future borrowings, hedge accounting applies and any movement in the fair value of the derivative liability is recognised directly in reserves. The fair value liability is expected to reverse out by maturity with no impact on the income statement. The remaining variance is spread across all companies and reflects lower than planned activity levels for the year.

8.4 Borrowings are £373m higher than budget. As a result of the refinancing of the Tube Lines (Finance) Plc debt, scheduled debt repayments on the old borrowings have not been made, resulting in an increase in borrowing. The borrowing also includes £326m used to repay the lease creditors in DLR in respect of CARE and WARE. This is in accordance with the guidance of Annex C of the 2010 funding agreement letter, which permits TfL to swap finance leases in the subsidiaries with direct borrowings in the Corporation.

8.5 Provisions are £24m below budget, mainly due to the earlier than expected settlement of contractual claims in London Underground.

Actual compared to forecast

Transport for London Group Balance Sheet at end of Quarter 4 **£m**	**Actual**	**Variance to Q3 forecast**
Long Term Assets – (higher) / lower than budget	25,597	(24)
Stocks, Debtors and Payments in Advance – (higher) / lower than budget	612	(173)
Cash – (higher) / lower than budget	2,662	(197)
Creditors, Derivatives and Receipts in Advance-higher / (lower) than budget	(2,989)	157
External Borrowings – higher / (lower) than budget	(7,123)	(2)
Provisions – higher / (lower) than budget	(1,890)	6
Total Net Assets – (higher) / lower than budget	**16,869**	**(233)**

8.6 Long term assets were £24m higher than the forecast at Quarter 3. Although capital spend was £28m lower, there were offsetting variances of £22m for lower depreciation across the group and £48m for lower than expected disposals, again mainly in London Underground, on signalling and other assets.

8.7 Stock, debtors and pre-payments were £173m over the forecast level. Included here is the £160m representing advanced funding of works undertaken by Network Rail on the Crossrail project. The remaining variance reflects timing and other trading changes across the Group.

8.8 Cash was £197m higher than forecast at Quarter 3. This is mainly due to lower net service expenditure (including Crossrail) of £176m (see Appendix Two).

8.9 Creditors, accruals and receipts in advance were £157m higher than the Quarter 3 forecast, £87m of which was for the market value of derivative financial instruments held at the year end. TfL is obliged to record the fair value of its derivatives on the balance sheet. However, as TfL only enters into such contracts to fix interest rates on its future borrowings, hedge accounting applies and any movement in the fair value of the derivative liability is recognised directly in reserves. The fair value liability is expected to reverse out by maturity with no impact on the income statement.

8.10 In addition, there was an £80m accrual in the Corporate Centre for interest payments due on 31 March 2012, which were paid on 2 April 2012, being the first available bank working day. The remaining variance reflects changes to activity from the forecast position.

8.11 TfL's balance sheet borrowings were £2m below the forecast position, being the net of £10m higher net cash borrowings, again due to a repayment due on 31 March actually being paid on 2 April, offset by £12m of fair value changes.

8.12 Provisions were £6m higher than the Quarter 3 forecast. The provision for Crossrail property claims was £32m higher due to lower than expected payments. This was offset by the earlier than expected settlement of contractual claims in London Underground.

Appendix One: Operational Summary

2011/12 Key Performance Indicator	Units	Quarter 4 Actual	Quarter 4 Vs target	Quarter 4 Vs last year	Full Year Actual	Full Year Vs target	Full Year Vs last year
Service Demand							
Passenger Journeys - London Underground	m	353.2	19.1 ○	25.9	1,170.5	37.5 ○	63.2
Passenger Journeys - DLR	m	26.4	1.3 ○	2.8	86.1	4.0 ○	7.8
Passenger Journeys - Trams	m	8.6	0.0 ○	0.2	28.5	0.5 ○	0.6
Passenger Journeys - London Overground	m	33.5	N/A	N/A	102.6	24.9 ○	N/A
Passenger Journeys - Buses	m	703.2	19.9 ○	31.1	2,344.5	40.5 ○	55.5
Number of Trips - Dial a Ride	m	0.4	- ○	-	1.4	- ○	-
Cycling levels on the TLRN*	Index	227	18 ○	14	273	11 ○	23
Supporting Development and Growth							
% Scheduled Services Operated - LU	%	96.7	- ○	1.1	97.0	0.3 ○	1.4
% Scheduled Services Operated - DLR	%	97.6	(0.4) ◗	0.2	97.6	(0.4) ◗	0.1
% Scheduled Services Operated - Trams	%	99.2	1.2 ○	0.1	99.0	1.0 ○	(0.2)
% Scheduled Services Operated - Buses	%	97.8	0.3 ○	0.4	97.6	0.3 ○	0.2
Excess Journey Time (Weighted) - LU	Mins	5.81	(0.39) ○	(0.53)	5.82	(0.38) ○	(0.68)
On-time performance - DLR	%	97.8	0.8 ○	0.4	97.5	0.5 ○	0.1
PPM London Overground (MAA)	%	96.6	2.6 ○	1.7	96.6	2.6 ○	1.7
Excess Wait Time - Buses	Mins	1.0	(0.2) ○	(0.1)	1.0	(0.1) ○	-
TLRN Journey Time Reliability (am peak)	%	88.6	(1.0) ◗	(0.8)	88.9	(0.1) ◗	0.1
Quality of Life							
Overall CSS - London Underground	Score	81	2 ○	2	80	1 ○	1
Overall CSS - DLR	Score	84	3 ○	3	83	2 ○	-
Overall CSS - Trams	Score	87	1 ○	3	86	- ○	-
Overall CSS - London Overground	Score	81	3 ○	(2)	82	4 ○	2
Overall CSS – Buses	Score	81	2 ○	1	80	1 ○	-
Overall CSS - Dial a Ride	Score	91	(2) ◗	-	91	(2) ◗	(1)
Overall CSS - Congestion Charging Scheme	Score	82	(2) ◗	7	82	(2) ◗	5**
Ensuring Safety and Security							
KSI Londonwide - % reduction (from 05-09 baseline) Sept - Nov 2011	%	(20.8)	(3.7) ◗	2.9)	(27.6)	5.2 ○	10.0
LU and DLR: recorded crime per million passenger journeys	#	9.4	(2.1) ○	(1.6)	9.9	(1.6) ○	(0.7)
London Buses: recorded crime per million passenger journeys	#	9.1	(1.1) ○	(1.4)	9.3	(0.9) ○	(1.2)

Better than or equal to target: ○ Within 5% of target: ◗ 5% or more worse than target: ●

Tables may be subject to rounding.

CSS: Customer Satisfaction Survey

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

KSI: Killed and seriously injured

*Cycling levels on the TLRN - Indexed (March 2000 = 100)

**The last year score of 77 is the result from the March 2011 survey

Appendix Two: Financial Summary

TfL Group £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
Fares income - LU, Buses and LR	(3,533)	(3,460)	(73)	○	(3,533)	-	○
Other income	(608)	(572)	(37)	○	(587)	(21)	○
Total operating income	**(4,141)**	**(4,032)**	**(110)**	○	**(4,120)**	**(21)**	○
Operating expenditure (net of third party contributions)	5,323	5,696	(373)	○	5,432	(109)	○
Operating margin	**1,182**	**1,664**	**(482)**	○	**1,312**	**(130)**	○
Interest income and debt servicing	254	289	(34)	○	258	(4)	○
Exceptional items	277	-	277	●	277	-	○
Contingency/ Other Group Items	(3)	54	(57)	○	45	(48)	○
Total Group items	**528**	**342**	**185**	●	**580**	**(53)**	○
Margin	**1,710**	**2,006**	**(297)**	○	**1,892**	**(182)**	○
Capital income (including property sales)	(35)	(44)	9	●	(40)	4	●
Capital expenditure	1,721	2,011	(290)	○	1,756	(36)	○
Third party contributions	(80)	(74)	(6)	○	(83)	3	◗
Net capital expenditure (excl. Crossrail)	1,605	1,893	(287)	○	1,634	(28)	○
Net service expenditure (excl. Crossrail)	**3,315**	**3,899**	**(584)**	○	**3,525**	**(211)**	○
Capital expenditure - Crossrail	944	1,089	(145)	○	909	35	◗
Net service expenditure (TfL)	**4,259**	**4,988**	**(730)**	○	**4,435**	**(176)**	○

(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

Operating income £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
London Underground	(2,146)	(2,055)	(91)	○	(2,130)	(16)	○
Tube Lines	(13)	(14)	1	●	(12)	(1)	○
Surface Transport	(1,697)	(1,715)	18	◗	(1,700)	3	◗
London Rail	(225)	(205)	(20)	○	(224)	(1)	○
Corporate Directorates	(60)	(43)	(17)	○	(54)	(7)	○
Total Operating Income	**(4,141)**	**(4,032)**	**(110)**	○	**(4,120)**	**(21)**	○

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

Operating expenditure (net of third party contributions) £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
London Underground	1,712	1,909	(197)	○	1,782	(70)	○
Tube Lines	353	376	(24)	○	350	2	◗
Surface Transport	2,586	2,637	(52)	○	2,609	(23)	○
London Rail	316	336	(20)	○	319	(3)	○
Corporate Directorates	356	437	(81)	○	372	(15)	○
Total Operating Expenditure	**5,323**	**5,696**	**(373)**	○	**5,432**	**(109)**	○

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

Capital expenditure £m	Full Year 2011/12						
	Actual	Budget	Variance	Status	Forecast at Q3	Variance	Status
London Underground	1,012	1,087	(75)	○	1,039	(27)	○
Tube Lines	187	372	(185)	○	193	(6)	○
Surface Transport	203	220	(17)	○	198	5	◗
London Rail	197	186	11	●	197	(1)	○
Corporate Directorates	7	28	(21)	○	6	-	●
Net Capital Expenditure (excl. Crossrail)	**1,605**	**1,893**	**(287)**	○	**1,634**	**(28)**	○
Crossrail	944	1,089	(145)	○	909	35	◗
Net Capital Expenditure (incl. Crossrail)	**2,549**	**2,982**	**(433)**	○	**2,543**	**6**	◗

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

£m	Full Year 2011/12 Actual	Budget	Variance	Forecast at Q3	Variance
Non Current Assets	25,597	25,870	273	25,573	(24)
Current Assets					
Stocks	36	35	(1)	43	7
Revenue and Capital Debtors	491	163	(328)	304	(187)
Prepayments and Accrued income	85	108	23	92	7
Cash and Investments	2,662	2,208	(454)	2,465	(197)
Current Liabilities					
Trade Creditors and Accruals	(1,170)	(1,155)	15	(1,161)	9
Receipts in Advance	(273)	(327)	(54)	(270)	3
Capital	(357)	(344)	13	(321)	36
Long Term Liabilities					
Creditors	(51)	(56)	(5)	(56)	(5)
Derivative Financial Instruments	(87)	-	87	-	87
Finance Lease Creditors	(1,051)	(1,372)	(321)	(1,024)	27
External Borrowings	(7,123)	(6,750)	373	(7,125)	(2)
Other Provisions	(277)	(305)	(28)	(271)	6
Pension Provision	(1,613)	(1,609)	4	(1,613)	-
Total Net Assets	**16,869**	**16,466**	**(403)**	**16,636**	**(233)**
Capital and Reserves					
Earmarked Reserves	2,398	1,580	(818)	2,207	(191)
Pension Reserves	(1,547)	(1,547)	-	(1,547)	-
General Fund	154	154	-	154	-
Capital Adjustment Account	14,277	14,718	441	14,205	(72)
Other Reserves	1,587	1,561	(26)	1,617	30
Total Capital Employed	**16,869**	**16,466**	**(403)**	**16,636**	**(233)**

Cash and Investments:					
CRL Sponsor funding account	1,218	1,123	(95)	1,043	(175)
Other cash	1,444	1,085	(359)	1,422	(22)
Total as above	**2,662**	**2,208**	**(454)**	**2,465**	**(197)**

Appendix Four: Cash summary

£m	Full Year 2011/12				
	Actual	Budget	Variance	Forecast at Q3	Variance
Margin (from Appendix 2)	(1,710)	(2,006)	(297)	(1,893)	(182)
Working Capital Movements	7	276	269	10	3
Cash Spend on Operating Activities	**(1,701)**	**(1,729)**	**(28)**	**(1,882)**	**(181)**
Net Capital Expenditure (from Appendix 2)	(1,605)	(1,893)	(287)	(1,634)	(28)
Crossrail (from Appendix 2)	(944)	(1,089)	(145)	(909)	35
Impact of WARE and CARE acquisition	(376)	-	376	(376)	-
Working Capital Movements	(210)	(200)	10	(240)	(30)
Cash Spend on Capital Activities	**(3,134)**	**(3,183)**	**(49)**	**(3,159)**	**(25)**
Funded by:					
Grants and Precept	4,728	4,690	(38)	4,747	19
Borrowings Raised	1,925	425	(1,500)	2,218	293
Borrowings Repaid	(1,223)	(62)	1,161	(1,526)	(303)
Total Funding	**5,430**	**5,053**	**(377)**	**5,439**	**9**
Net Movement in Cash	**595**	**141**	**(454)**	**398**	**(197)**

Tables may be subject to rounding

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 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.

Passenger ticket irregularity is defined as the percentage of passengers that had an invalid ticket for part or the whole of their journey, or where they did not have a ticket at all.

London Underground

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
London Underground Passenger Ticket Irregularity	2.8%	2.2%	N/A	2.6%

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. There was therefore no survey covering Quarter 2.

The last survey was conducted in February 2012 on the tickets of approximately 45,000 passengers, with 2.8 per cent indicating some ticket irregularity (on a weighted basis). The net revenue loss from ticket irregularity was calculated at 1.6 per cent (after subtracting fares collected, penalty fares receipts and Oyster revenue collected at the gates).

Bus Network

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
Bus Passenger Ticket Irregularity	1.3%	1.5%	1.6%	1.7%

Bus Enforcement carries out regular independent Passenger Ticket Irregularity surveys on the London bus network. These surveys are conducted by a third-party contractor quarterly – in February, May, August and November - on all former bendy bus routes and on 32 randomly selected one-person-operated routes. By February 2012, all bendy routes have been withdrawn from operation therefore bendy routes are no longer surveyed.

The results for February 2012 show that, on a 12-month rolling average basis, the overall Bus Network ticket irregularity rate was 1.3 per cent. The reduction from Quarter 3 to Quarter 4 reflects withdrawal of bendy bus routes in operation and the increasing use of intelligence-led deployment of revenue officers.

London Overground

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
London Overground Passenger Ticket Irregularity	2.1%	2.2%	1.7%	2.3%

A survey is carried out on a quarterly basis - in March, June, September and November, by a market research company. The survey results for March 2012 show a decrease in the ticket irregularity rate to 2.1 per cent.

DLR

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
DLR Passenger Ticket Irregularity	0.7%	0.9%	0.8%	0.9%

Ticket irregularity 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 Quarter 4, which was 0.7 per cent of total ridership, an improvement on Quarter 3. The decrease over the year has been driven by an increased focus on this area by the franchise operator, Serco.

Tramlink

	Quarter 4 2011/12	Quarter 3 2011/12	Quarter 2 2011/12	Quarter 1 2011/12
Tramlink Passenger Ticket Irregularity	1.2%	1.4%	1.4%	1.3%

Ticket irregularity is measured each period using data collected by revenue protection inspectors boarding a sample of services. In Quarter 4, this was 1.2 per cent of total ridership, a decrease on the previous quarter. The number of passengers checked rose above the franchise operator's contractual target of 5 per cent during the quarter.