

Transport for London finance report

Period II 2018/19

MAYOR OF LONDON



**TRANSPORT
FOR LONDON**
EVERY JOURNEY MATTERS

About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners'. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people's experience in everything we do.

We manage the city's 'red route' strategic roads and, through collaboration with the London boroughs, can help shape the character of all London's streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London's public transport services, including the London Underground, London Buses, the Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners' quality of life. By improving and expanding public transport, we can make people's lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London's most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to London's rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London's growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing TfL fares so everyone can afford to use public transport, using data and technology to make services intuitive and easy to use, and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people that use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor's Transport Strategy; by doing so we can create a better city as London grows.

Contents

4 Operating account

5 Passenger journeys

6 Capital account

7 Cash

The financial information included in the report is unaudited and does not constitute TfL's statutory accounts. TfL's last audited **Statement of Accounts** for the year ended 31 March 2018 was published in July 2018.

All figures within the financial tables have been rounded to the nearest million.

Management results

Operating account

Period II year to date – 01 April to 02 February 2019

(£m)	Year to date				Year on year		
	Actuals	Budget	Variance to budget	% variance to budget	2017/18 actuals	Variance	% variance
Passenger income	4,029	3,996	33	1%	3,956	73	2%
Other operating income	681	713	(32)	-4%	623	58	9%
Total operating income	4,710	4,709	1	0%	4,579	131	3%
General grant	-	-	-	-	193	(193)	-100%
Business Rates Retention	796	796	-	-	718	78	11%
Other revenue grants	46	55	(9)	-16%	65	(19)	-29%
Total income	5,552	5,560	(8)	0%	5,555	(3)	0%
Operating cost	(5,153)	(5,464)	311	-6%	(5,144)	(9)	0%
Net operating surplus	399	96	303	316%	411	(12)	-3%
Capital renewals	(321)	(411)	90	-22%	(437)	116	-27%
Net cost of operations before financing	78	(315)	393	-125%	(26)	104	-404%
Net financing costs	(379)	(402)	23	-6%	(355)	(24)	7%
Net cost of operations	(301)	(717)	416	-58%	(381)	80	-21%

Year-to-date net operating surplus £303m better than budget, and the net cost of operations is £416m better

- Total operating income is in line with budget and £131m above last year. The increase in passenger income (£33m) has been offset by the reduction in other income (£32m) which is mainly owing to Crossrail central operating section regulatory access income being delayed
- Operating costs are £311m below budget - £277m of this is from net cost reductions across the business and £34m from projects, the majority of which has been reprofiled to future years

Passenger journeys

Year to date

3,359m
total journeys

3,358m
budget

3,373m
prior year



London Underground

1,159m

1.9%▲
budget

1.1%▲
prior year



Buses

1,868m

0.7%▼
budget

1.8%▼
prior year



DLR

102m

0.7%▼
budget

0.5%▼
prior year



London Overground

159m

0.5%▼
budget

0.0%▼
prior year



London Trams

24m

2.8%▼
budget

1.6%▼
prior year



TfL Rail

47m

14.4%▲
budget

20.5%▲
prior year

Capital account

(£m)	Year to date				Year on year		
	Actuals	Budget	Variance to budget	% variance to budget	2017/18 actuals	Variance	% variance
New capital investment	(1,135)	(1,440)	305	-21%	(1,122)	(13)	1%
Crossrail	(1,186)	(516)	(670)	130%	(1,261)	75	-6%
Total capital expenditure	(2,321)	(1,956)	(365)	19%	(2,383)	62	-3%
Financed by:							
Investment grant	820	820	-	-	806	14	2%
Third-party contributions	35	77	(42)	-55%	69	(34)	-49%
Property and asset receipts	51	674	(623)	-92%	60	(9)	-15%
Borrowing	669	831	(162)	-20%	300	369	123%
Crossrail funding sources	420	220	200	91%	99	321	324%
Other capital grants	162	227	(65)	-29%	157	5	3%
Total	2,157	2,849	(692)	-24%	1,491	666	45%
Net capital account	(164)	893	(1,057)	-118%	(892)	728	-82%

Cash

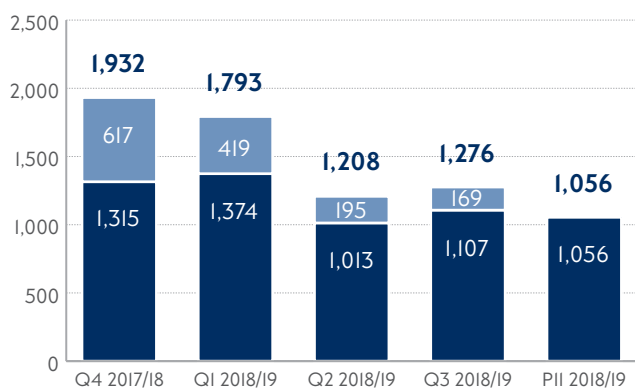
Cash flow summary

(£m)	Year to date			
	Actuals	Budget	Variance	% variance
Net cost of operations	(301)	(717)	416	-58%
Net capital account	(164)	893	(1,057)	-118%
Working capital movements	(411)	(374)	(37)	10%
Decrease in cash balances	(876)	(198)	(678)	343%

Cash balances

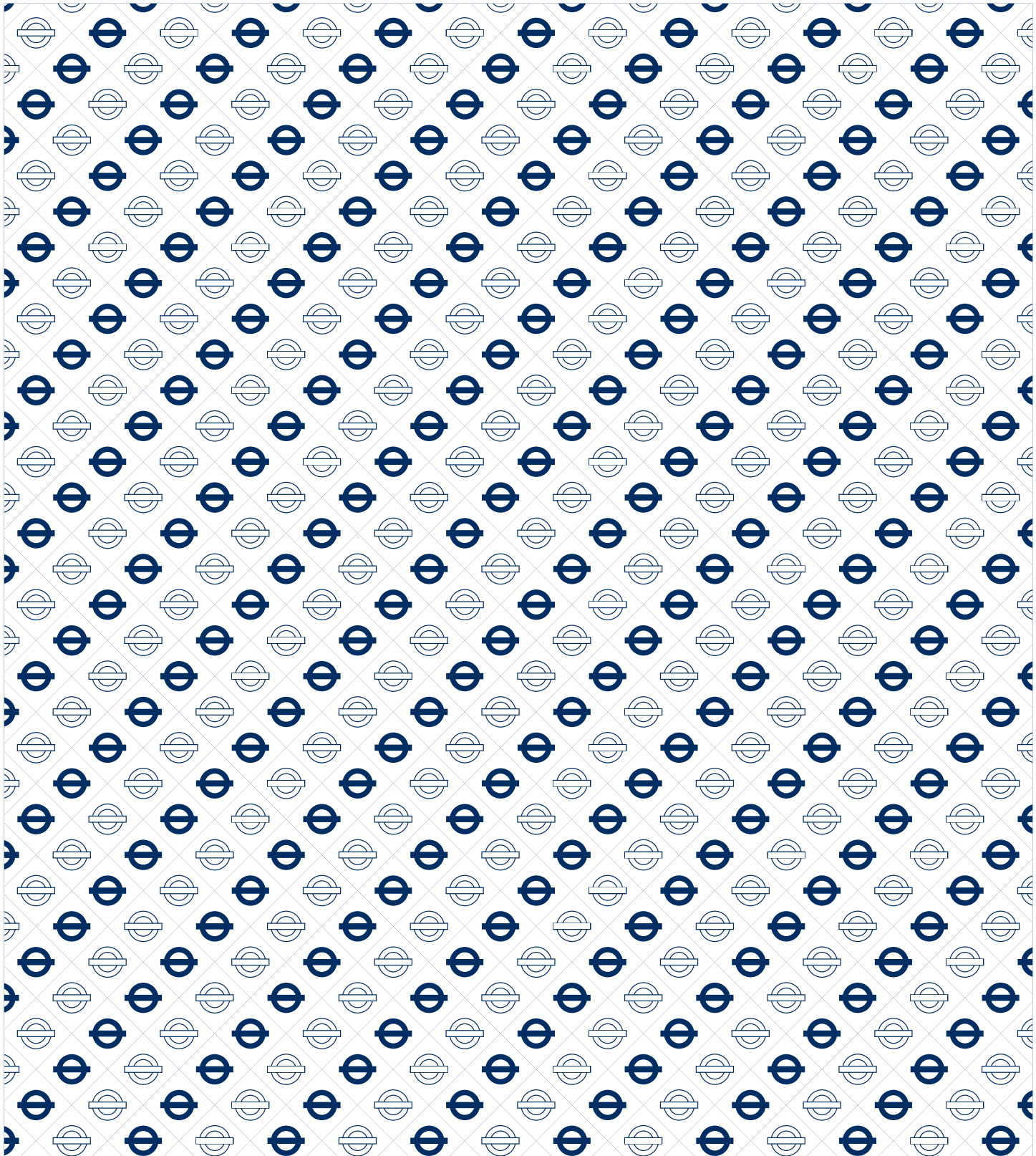
(£m)	2018/19 opening cash	YTD movement	Period II closing cash	Budget closing cash	Variance to budget
TfL cash balances	1,315	(259)	1,056	1,534	(478)
Crossrail cash balances	617	(617)	-	200	(200)
Total	1,932	(876)	1,056	1,734	(678)

Cash balances (£m)



■ TfL cash balances ■ Crossrail cash balances

- Cash balances are £1,056m - £876m lower than at the start of the year
- The sale and leaseback of the Elizabeth line rolling stock (£600m) is now planned to happen in March, contributing to the variance in cash balances



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