

**TRANSPORT FOR LONDON**

**FINANCE AND POLICY COMMITTEE**

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

**DATE: 23 NOVEMBER 2011**

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**1 PURPOSE AND DECISION REQUIRED**

- 1.1 To inform the Committee of TfL's Operational and Financial Performance during the second quarter of 2011/12.
- 1.2 The report will be considered by the Board at its meeting on 7 December 2011.

**2 BACKGROUND**

- 2.1 The report provides an update on TfL's performance during the second quarter, (26 June 2011 – 17 September 2011), comprising operating periods 4-6.
- 2.2 Since publication of the Budget, Surface Transport has been reviewing the target for the reduction in people killed or seriously injured on London's roads. This follows the publication of the Department for Transport's National Strategic Framework for Road Safety, in May 2011. In light of the current review, the 2011 target has changed from -4.7 per cent to -22.4 per cent using a revised baseline of 2005-09. The revised 2011 target has been incorporated in the report.

**3 RECOMMENDATION**

- 3.1 The Committee is asked to
  - (a) NOTE this report.
  - (b) APPROVE the updated 2011/12 budget target for the reduction in people killed or seriously injured on London's roads.

**4 CONTACT**

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## Operational and Financial Performance Report

### Second 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 2 (26 June 2011 – 17 September 2011) comprising operating Periods 4-6.

#### TfL performance summary

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**Service:** Overall, TfL passenger demand was higher than the same quarter last year and is in line with target. On London Underground, Docklands Light Railway, London Overground, Tram services and Dial-a-ride, there were more passenger journeys than expected in Quarter 2. There were fewer passenger journeys on London Buses, mainly due to the civil disturbances experienced in early August, and fewer cyclists on the TfL Road Network due to the early onset of cooler weather. Despite the civil disturbances, there were more scheduled services operated on London Underground, London Buses and Trams compared to target in the quarter. The Excess Wait Time on Buses and the Excess Journey Time on London Underground were both better than target and London Overground remains at the top of the National Passenger Performance Measure league table.

**Financial performance:** The year-to-date total operating income was £1,854 million, £30 million above budget. The full year forecast for fares income is £59 million above budget, reflecting the latest RPI forecast and other changes, including a revised apportionment of Travelcard income. The full year forecast for operating expenditure, at £5,563 million, is £131 million lower than budget, mainly due to timing differences including early achievement of one-off efficiency savings and a rephasing of non-capital project expenditure. The overall Margin is forecast to be £32 million above budget. Over the period of the Business Plan to 2014/15, TfL expects the Margin to be very close to that in the published Plan, once additional operating costs including the effect of higher inflation are taken into account. Details will be included in TfL's submission to the Mayor's Budget for 2012/13 – 2014/15.

Net capital expenditure (excluding Crossrail) over the year-to-date was £719 million, £206 million below budget, primarily due to the revised programme of the Northern line upgrade and in-year phasing of the Sub-Surface Railway (SSR) upgrade. The full year forecast is £186 million below budget. As a timing difference, this remains earmarked for investment in improving the transport network in future years.

Crossrail capital expenditure was £353 million (£81 million below budget) and is forecast to be £190 million lower than budget for the full year, mainly reflecting rephased expenditure on tunnelling and stations work. Crossrail funding is ringfenced for the Crossrail project.

**Savings:** £426 million of savings have been secured this year to date on a gross basis. £976 million of savings are forecast to be delivered for the full year, £138 million more than target. Forecasts are substantially higher than the position at the end of Quarter 1, reflecting a combination of early delivery of benefits, higher than planned savings resulting from past and current activity, and a less conservative view of risk to ongoing and future initiatives.

**Staff:** At the end of Quarter 2, TfL employed 24,841 full time equivalent (FTE) staff. This was 941 fewer than budget, partly due to limited recruitment pending the outcome of Project Horizon.

# London Underground

## Operational Performance

London Underground Performance	Units	Quarter Two 2011/12			Full Year 2011/12		
		Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
Passenger Journeys	m	259.7	3.5 ○	9.6	1,138.0	5.0 ○	30.7
% Scheduled Services Operated	%	96.9	0.2 ○	0.8	96.8	0.1 ○	1.2
Excess Journey Time (Weighted)	Mins	5.55	(0.65) ○	(0.63)	5.84	(0.36) ○	(0.66)
Overall CSS Q2 2012	Score	79	- ○	(1)	79	- ○	-
Recorded Crime - LU & DLR Q2 2012	#	10.8	(0.7) ○	(0.4)	11.0	(0.5) ○	(1.0)

○: 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

- 1.0 In the second quarter of 2011/12, London Underground (LU) passengers made 3.5 million more journeys than target. The acceleration of growth seen at the end of the first quarter has continued into the second quarter. Therefore, the full-year forecast has increased and there are predicted to be 5.0 million (0.4 per cent) more passenger journeys than target.
- 1.1 LU operated 0.2 per cent more of the scheduled services than target in Quarter 2 and more than the same quarter last year. The network percentage of schedule has been above target in every period so far this financial year.
- 1.2 Excess Journey Time (EJT) in Quarter 2 averaged 5.55 minutes. This was a 0.35 minute improvement from Quarter 1 and 0.65 minutes better than target.
- 1.3 The LU Customer Satisfaction Survey (CSS) scored 79 at Quarter 2. This was in line with budget and the same as the previous three quarterly results. The only difference of note between Quarter 1 and Quarter 2 was a one point improvement in 'wait for train'.
- 1.4 In Quarter 2, there were 10.8 recorded crimes per million journeys on the LU and Docklands Light Railway (DLR) networks. This measure remains better than target in the year to date and is also lower than the same quarter last year.
- 1.5 FTE Staff numbers in LU were 459 (2.5 per cent) lower than budget at the end of Quarter 2. This mainly reflected fewer staff in Operations, due to significant attrition towards the end of 2010/11, and Asset Performance, due to savings and delayed recruitment.

## Financial Performance

London Underground Financials £m	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast variance
Operating Income	(955)	(926)	(29)	○	(2,113)	(2,055)	(58)	○	(2,078)	(34)
Operating Expenditure (net of third party contributions)	788	856	(68)	○	1,862	1,909	(47)	○	1,879	(17)
<b>Net Operating Expenditure</b>	<b>(167)</b>	<b>(70)</b>	<b>(96)</b>	<b>○</b>	<b>(251)</b>	<b>(146)</b>	<b>(105)</b>	<b>○</b>	<b>(199)</b>	<b>(52)</b>
Net Capital Expenditure	469	541	(72)	○	1,030	1,087	(57)	○	1,032	(2)
<b>Net Service Expenditure</b>	<b>302</b>	<b>470</b>	<b>(168)</b>	<b>○</b>	<b>779</b>	<b>941</b>	<b>(162)</b>	<b>○</b>	<b>833</b>	<b>(54)</b>

(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.

- 1.6 Operating income in the year to date was higher than budget by three per cent, partly driven by favourable travelcard apportionment factors. This is reflected in the increased full-year forecast, along with the January 2012 fares increase and updated assumptions for GLA economic indicators. The forecast for property rental income has also increased.
- 1.7 Operating expenditure, net of third party contributions, was £68 million lower than budget in the year to date. This includes savings in operational staff costs due to lower than budgeted staff numbers and tight control of overtime, early delivery of Support Services Review benefits and other overhead savings. Additional compensation was received from Crossrail and Thameslink for disruption caused to LU by their activities, for example the closure of Blackfriars station. The underspend also reflects changes to non-capital elements of the Investment Programme, including re-phasing of Asset Stabilisation and Track Works projects and savings on the decommissioning of old Victoria line rolling stock.
- 1.8 The above factors are reflected in the full-year operating expenditure forecast which is £47 million lower than budget. The decrease in forecast between Quarter 1 and Quarter 2 is largely due to the identification of further savings.
- 1.9 Net capital expenditure in the year to date was £72 million lower than budget. The most significant variance was in the Sub-Surface Rail (SSR) Upgrade; this is due to delayed acceptance of trains into service while quality issues are addressed and phasing of signalling work now that the contract has been let. Further variances in Bakerloo, Central & Victoria (BCV) lines/Sub Surface Lines (SSL) track works were due to the budget having been based on an estimate of the final Balfour Beatty contract prior to agreement of the work programme.
- 1.10 Net capital expenditure in the full year is forecast to be £57 million lower than budget, including 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 re-phasing in station projects, savings in delivery risk for BCV/SSL track projects and deferral of payment to the developer for the Bank Walbrook Square project based on a revised developer plan. These are partly offset by property purchase costs for the Bond Street congestion relief project.

## Tube Lines

Tube Lines Financials £m	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast variance
Operating Income	(6)	(7)	-	○	(12)	(14)	2	●	(11)	(1)
Operating Expenditure (net of third party contributions)	157	180	(23)	○	353	376	(23)	○	421	(68)
<b>Net Operating</b>	<b>151</b>	<b>173</b>	<b>(22)</b>	<b>○</b>	<b>341</b>	<b>362</b>	<b>(21)</b>	<b>○</b>	<b>410</b>	<b>(68)</b>
Net Capital Expenditure	79	198	(119)	○	202	372	(170)	○	212	(9)
<b>Net Service Expenditure</b>	<b>230</b>	<b>371</b>	<b>(141)</b>	<b>○</b>	<b>544</b>	<b>734</b>	<b>(190)</b>	<b>○</b>	<b>621</b>	<b>(77)</b>

(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 Operating expenditure in the year to date and full-year forecast was £23 million lower than budget, mainly due to the delayed start of Jubilee line rolling stock overhaul works, deferred to Quarter 3, delays on the Piccadilly line rolling stock life extension works and reductions in specialist services costs from staff savings. This was partially offset by increased track and escalator works. There was also a reduction in the year-end forecast against budget due to the inclusion of central overprogramming and revised phasing of system upgrade costs to 2012/13.
- 2.1 At Quarter 2 the full-year forecast for net operating expenditure is £68 million lower than it was at Quarter 1. This is due to the standardisation of intercompany income which is now in line with the TfL Group and re-phasing of overprogramming to later years
- 2.2 Year-to-date net capital expenditure was £119 million lower than budget, mainly due to re-phasing on the Northern line upgrade, the track work programme, civils work profile and Lift & Escalator works.
- 2.3 In the full year, net capital expenditure is forecast to be £170 million lower than budget, mainly reflecting the re-phasing 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.
- 2.4 At the end of Quarter 2, Tube Lines had 101 (4.1 per cent) 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.

# London Rail

## Operational Performance

London Rail Performance	Units	Quarter Two 2011/12			Full Year 2011/12		
		Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
<b>DLR</b>							
Passenger Journeys	m	19.0	0.2 ○	1.7	83.5	1.4 ○	5.2
% Scheduled Services Operated	%	97.6	(0.4) ●	(0.1)	97.9	(0.1) ●	0.4
On-time performance	%	97.5	0.5 ○	(0.2)	97.3	0.3 ○	(0.1)
Overall CSS Q2 2012	Score	83	2 ○	1	81	1 ○	-
<b>London Overground</b>							
Passenger Journeys	m	22.5	N/A	N/A	103.5	- ○	N/A
PPM London Overground (MAA)	%	95.5	1.5 ○	1.4	95.1	1.1 ○	0.2
Overall CSS Q2 2012	Score	81	3 ○	-	79	1 ○	(1)
<b>Trams</b>							
Passenger Journeys	m	6.4	0.1 ○	0.2	28.7	0.6 ○	0.8
% Scheduled Services Operated	%	98.1	0.1 ○	(1.4)	98.7	0.7 ○	(0.5)
Overall CSS Q2 2012	Score	86	- ○	1	86	- ○	-

○: 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 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 '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 Docklands Light Railway (DLR) passengers made 0.9 per cent more journeys than target in Quarter 2, and 9.6 per cent more journeys than the same quarter last year. This is due to capacity enhancements such as three car services between Stratford and Lewisham and on the East route to Beckton. In addition, the DLR extension between Stratford International and Canning Town opened on 31 August 2011, as did Westfield Stratford City on 13 September 2011.
- 3.1 In Quarter 2, DLR delivered a lower percentage of scheduled services compared to both the target and the same quarter last year. This was due mainly to signalling issues and rolling stock failures. There is no change in the full-year forecast compared to Quarter 1.
- 3.2 DLR On-time performance remained higher than target but slightly lower than the same quarter last year.
- 3.3 The DLR CSS result for Quarter 2 was higher than target, the previous quarter and the same quarter last year. This was due to improvements in train presentation, particularly in relation to standards for cleanliness and graffiti. The above target results have led to a full-year forecast one point better than target.
- 3.4 Demand on London Overground (LO) increased compared to Quarter 1. This was due mainly to higher passenger numbers on the North London routes following the introduction of timetable improvements. In addition, the opening week of Westfield Stratford City was the busiest on the LO network since the monitoring of loading data began, with two million passengers carried over the whole week compared to a weekly average of 1.6 million at the end of 2010. The LO forecast is now 103.5 million passenger journeys for the full year.

- 3.5 The LO passenger performance measure (PPM) is the percentage of trains arriving at their destination within five minutes of the time stated in the timetable. In Quarter 2, the PPM moving annual average (MAA) continued to improve. For the second consecutive quarter, LO remains at the top of the national PPM MAA league table.
- 3.6 The LO CSS score for Quarter 2 was 3 points higher than target and in line with the same quarter last year, driven mainly by improvements in station condition and information provision.
- 3.7 Trams passenger journey numbers were slightly higher than target in Quarter 2 and the same quarter last year despite a dip in Period 5 because of the civil disturbances, the closure of the New Addington Line due to engineering work and the cancellation of the Croydon Mela festival. The civil disturbances severely disrupted travel on the tram network for four days, with the central Croydon loop closed by damage. Following repairs to the serious track damage caused by the fire at Reeves Corner, the effect on passenger journey numbers was offset on the weekend of 20/21 August 2011 as free travel was offered to passengers resulting in around 15 per cent more passenger numbers than a standard weekend.
- 3.8 Trams operated more scheduled services than target. More than 99 per cent of scheduled services operated in Periods 4 and 6, in line with the recent trend. However, the Period 5 result was affected by the riots, at 2.9 per cent lower than target.
- 3.9 Compared to budget, there were 7 (3.4 per cent) fewer staff (FTE) in LR at the end of Quarter 2.

## Financial Performance

London Rail Financials £m	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast variance
Operating Income	(97)	(89)	(8)	○	(220)	(205)	(14)	○	(214)	(5)
Operating Expenditure (net of third party contributions)	147	154	(7)	○	334	336	(2)	○	336	(2)
<b>Net Operating</b>	<b>50</b>	<b>65</b>	<b>(15)</b>	<b>○</b>	<b>114</b>	<b>131</b>	<b>(17)</b>	<b>○</b>	<b>121</b>	<b>(7)</b>
Net Capital Expenditure	81	76	5	●	265	186	79	●	231	34
<b>Net Service Expenditure</b>	<b>131</b>	<b>141</b>	<b>(9)</b>	<b>○</b>	<b>379</b>	<b>317</b>	<b>62</b>	<b>●</b>	<b>352</b>	<b>27</b>

(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.

- 3.10 Operating income in the year to date was £8 million higher than budget, driven by greater than anticipated passenger demand on the North London Railway and on the Docklands Light Railway (DLR) following capacity enhancement work. This is also reflected in the full-year forecast.
- 3.11 In the year to date, operating expenditure, net of third party contributions, was £7 million lower than budget. This mainly relates to lower than expected train service agreement costs associated with train cleaning, lower rolling stock lease costs on London Overground due to favourable interest rates and station upgrade re-phasing on the North London Railway. These variances were partially offset by the phasing of contributions from the European Regional Development Fund for the Emirates Air Line.
- 3.12 Net capital expenditure in the year to date was £5 million higher than budget, mainly due to the purchase of new trams (which were originally assumed to be leased). In the full year, net capital

expenditure is forecast to be £79 million higher than budget. This includes the purchase rather than lease of new trams, spend brought forward for the Emirates Air Line and additional infrastructure requirements on DLR such as West Route re-railing and signalling resilience works.

## Crossrail

Crossrail Financials £m	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast variance
Net Service Expenditure	353	434	(81)	○	899	1,089	(190)	○	982	(83)

(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 capital expenditure in the year to date was £81 million lower than budget, due to the delayed award of some station contracts, slower in-year spend on the tunnelling contracts and lower land and property expenditure. The Quarter 2 forecast is £190 million lower than budget due to re-phasing of expenditure to reflect later dates for letting some of the major station contracts, and slower in-year expenditure on the major tunnelling contracts, which were let at the start of 2011.



## Surface Transport

### Operational Performance

Surface Transport Performance	Units	Quarter Two 2011/12			Full Year 2011/12		
		Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
<b>London Buses</b>							
Passenger Journeys	m	522.5	(1.2) ●	2.8	2,337.0	33.0 ○	48.0
% Scheduled Services Operated	%	97.7	0.1 ○	(0.2)	97.4	0.1 ○	-
Excess Wait Time	Mins	0.9	(0.1) ○	-	1.1	- ○	0.1
Overall CSS Q2 2012	Score	80	1 ○	(1)	79	- ○	(1)
London Buses: recorded crime per million passenger journeys Q2 2012	#	9.4	(0.9) ○	(1.3)	9.9	(0.3) ○	(0.6)
<b>Performance - Other Areas</b>							
Passenger Journeys - Dial a Ride	m	0.3	- ○	-	1.4	- ○	0.1
Cycling levels on the TLRN	Index	294	(3) ●	13	276	14 ○	26
TLRN Journey Time Reliability (am peak)	%	90.4	0.5 ○	1.3	89.0	- ○	0.2
Overall CSS - Dial a Ride Q2 2012	Score	91	(2) ●	(2)	93	- ○	2
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 - % Reduction (from 05-09 baseline) Mar - May 2011	%	(24.9)	(6.5) ○	N/A	(33.4)	(11.0) ○	N/A

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

- 5.0 There were 1.2 million fewer bus passenger journeys than target, mainly due to the civil disturbances in Period 5, which reduced journeys by an estimated two million. Journeys in Quarter 2 were up 0.5 per cent on last year including the effects of the civil disturbances this year and a strike on the Underground last year that boosted bus usage.
- 5.1 In Quarter 2, the proportion of scheduled services operated by London Buses was better than target. This was despite significant disruption caused by roadworks in the Piccadilly Circus area, and the civil disturbances in early August. The impact of the civil disturbances on lost mileage was mitigated as many of the diverted buses were running in service and therefore not incurring lost mileage. Furthermore, the incidents occurred at the time of year when general traffic delays are at their lowest, thus maximising the chance of diverted buses being able to reach their scheduled destination.
- 5.2 Bus Excess Wait Time (EWT) was better than target in Quarter 2. The use of iBus service control facilities by operators, and the increased skill of staff in using the tools available to target poorly performing routes, has improved EWT.
- 5.3 In Quarter 2, the London Buses Customer Satisfaction Survey (CSS) score was one point higher than target, but one point lower than the second quarter last year. The result for Quarter 2 last year was exceptional, as it was one point higher than the overall CSS score for 2010/11 and two points above Quarter 2 in 2009/10.
- 5.4 Incidents of recorded crime on London Buses were 0.9 crimes per million journeys lower than target and 1.3 crimes per million journeys lower than Quarter 2 in the prior year. The reduction in overall bus crime has been largely down to the ongoing work done by the TfL-funded Safer Transport

Command (STC) and their Safer Transport Teams in each of the Capital's boroughs. The effectiveness of the STC was underpinned by TfL's support for intelligence-led policing, partnership, problem solving and prevention and the rigorous performance framework in place to ensure a high level of service delivery approach.

- 5.5 The number of Dial-a-Ride (DAR) passenger journeys was in line with 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.
- 5.6 In Quarter 2, the average index of cycle flows on the TfL Road Network (TLRN) was one per cent lower than target. This is due to a seasonal shift in cycling patterns with the downturn largely due to poor weather conditions in the late summer. The full-year forecast has been revised downwards to 276, but still represents a five per cent improvement compared to budget.
- 5.7 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 2, JTR on the TLRN of 90.4 per cent was 0.5 percentage points better than target. The continued year-on-year reductions in flow and lower counts of significant disruption incidents in the am peak have contributed to the improvement in JTR observed.
- 5.8 The overall customer satisfaction score for Dial-a-Ride, at 91 for Quarter 2, is equal to the 2010/11 full-year score. However, the challenge of improving last year's level by two points has not yet been achieved. The overall CSS has been impacted by rising demand for the Dial-a-Ride service, as some other door-to-door providers reduced services and demand was displaced to Dial-a-Ride. Dial-a-Ride is delivering more service than ever, so not all the additional demand can be met, especially at peak times, which is reflected in the CSS score.
- 5.9 There were 662 people killed or seriously injured on London's roads in March, April and May 2011, 17 per cent fewer than the total recorded for the same quarter last year. A year-on-year comparison of road safety casualties will be made once the full year of data collection has been completed and finalised and the results analysed in depth.
- 5.10 Staff numbers in Surface Transport were 299 (8.8 per cent) FTE lower than budget at the end of Quarter 2. The variance to budget is primarily due to ongoing departmental organisational change programmes and the recruitment approvals process, which challenges all headcount requests.

## Financial Performance

Surface Transport Financials £m	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast variance
Operating Income	(772)	(786)	14	▶	(1,708)	(1,715)	7	▶	(1,708)	1
Operating Expenditure (net of third party contributions)	1,148	1,178	(31)	○	2,633	2,637	(4)	○	2,649	(15)
<b>Net Operating</b>	<b>376</b>	<b>393</b>	<b>(17)</b>	<b>○</b>	<b>925</b>	<b>923</b>	<b>3</b>	<b>▶</b>	<b>940</b>	<b>(15)</b>
Net Capital Expenditure	93	106	(14)	○	214	220	(7)	○	215	(1)
<b>Net Service Expenditure</b>	<b>468</b>	<b>499</b>	<b>(31)</b>	<b>○</b>	<b>1,139</b>	<b>1,143</b>	<b>(4)</b>	<b>○</b>	<b>1,155</b>	<b>(16)</b>

(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.

- 5.11 Operating income in the year to date was £14 million below budget. This is mainly due to reduced bus network income (from passengers switching to cheaper ticket types and travelcard apportionment factors), timing differences on one-off receipts and lower Barclays Cycle Hire income. These shortfalls were partially offset by higher Congestion Charging and Traffic Enforcement income as a result of higher overall volumes. The full-year forecast at Quarter 2 reflects the full-year effect of the underlying in-year trends.
- 5.12 Operating expenditure in the year to date is £31 million lower than budget. Approximately half of the variance was due to a range of in-year timing differences, including re-phasing of planned expenditure on Barclays Cycle Superhighways, TfL Road Network (TLRN) Development and other Better Routes & Places schemes, with the delivery dates for these projects remaining unchanged. The remaining balance is due to savings, including Bus Performance (contract tendering, performance bonuses, bus ticket machine maintenance and ticket commission costs) and Traffic Real Time Operations.
- 5.13 The full-year forecast operating expenditure at Quarter 2 is £4 million lower than budget. New activities include additional Olympic Games expenditure, which will be funded by the ODA with the funding held at TfL Group level, and temporary bridge strengthening works on the Hammersmith Flyover, allowing the structure to remain open to the public while a more permanent option is developed. The impact of new activities and other cost increases, including the effect of higher inflation, are largely offset by operational cost savings. The favourable variance between the Quarter 2 and Quarter 1 forecasts is mainly due to the identification of further operational cost savings, which are partially offset by the Hammersmith Flyover and additional Games expenditure.
- 5.14 Net capital expenditure in the year to date was £14 million lower than budget. This was due to in-year timing changes, primarily on Barclays Cycle Hire, TLRN Capital Development, the upgrading of traffic signals with Split Cycle Offset Optimisation Technique (SCOOT) and signals modernisation. Slippages into future years, including TLRN Capital Development and Countdown II, have been offset by work brought forward on TLRN carriageway renewals to be completed before the Games.
- 5.15 The net capital expenditure full-year forecast at Quarter 2 is £7 million lower than budget. This is due to savings on a range of projects, including the Blackwell Tunnel northbound refurbishment and A406 Bounds Green safety and environmental improvements, and the net impact of slippages into future years offset by the acceleration on carriageway renewals. The full-year forecast at Quarter 2

is £1 million lower than at Quarter 1 due to savings on Barclays Cycle Superhighways and SCOOT and re-phasing of projects (including Countdown II), partially offset by acceleration on carriageway renewals.

## Corporate Directorates

Corporate Directorates Financials £m	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast variance
Operating Income	(25)	(17)	(8)	○	(51)	(43)	(8)	○	(46)	(5)
Operating Expenditure (net of third party contributions)	138	186	(48)	○	381	436	(55)	○	438	(57)
<b>Net Operating</b>	<b>114</b>	<b>169</b>	<b>(55)</b>	<b>○</b>	<b>330</b>	<b>393</b>	<b>(63)</b>	<b>○</b>	<b>392</b>	<b>(62)</b>
Net Capital Expenditure	(2)	5	(7)	○	(3)	29	(32)	○	(2)	(1)
<b>Net Service Expenditure</b>	<b>111</b>	<b>174</b>	<b>(63)</b>	<b>○</b>	<b>327</b>	<b>422</b>	<b>(95)</b>	<b>○</b>	<b>390</b>	<b>(63)</b>

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

- 6.0 Operating income in the year to date was £8 million higher than budget. This was driven by increased property income, an unbudgeted tax rebate, additional income from advertising and Oyster Card Schemes and higher than expected income in Borough Partnerships.
- 6.1 Year-to-date operating expenditure was £48 million lower than budget. This was due to phasing variances in core IM projects and the Accommodation Strategy, re-profiling of River Crossings work to future years, lower staff costs and lower spend on the Horizon project. These factors are also reflected in the full-year forecast and the variance to the full-year forecast at Quarter 1.
- 6.2 Net capital expenditure was £7 million lower than budget in the year to date. This was mainly due to higher income from unbudgeted property sales and the re-negotiation of other property transactions, lower expenditure due to the re-profiling of the Future Ticketing Programme (FTP), IM capital projects and the Payment Card Industry Data Security Standard (PCI DSS) project. These were partly offset by slippage of other property sales.
- 6.3 In the full year, net capital expenditure is forecast to be £32 million less than budget, largely due to re-profiling of expenditure on the FTP and re-profiling of IM capital projects.
- 6.4 Compared to budget, there were 215 (8.9 per cent) fewer FTE staff in the Corporate Directorates at the end of Quarter 2. This reflected fewer permanent staff in all areas, partly offset by higher than budgeted temporary workers, pending the outcome of Project Horizon.

## Group Items

Group Items £m	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast Variance
Interest Income	(6)	(7)	1	●	(12)	(15)	3	●	(12)	-
Debt Servicing	185	139	46	●	487	304	183	●	300	187
Contingency/Other Group Items	1	25	(23)	○	38	54	(16)	○	40	(3)
<b>Total Group Items</b>	<b>181</b>	<b>156</b>	<b>24</b>	<b>●</b>	<b>512</b>	<b>342</b>	<b>170</b>	<b>●</b>	<b>328</b>	<b>184</b>

(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.

- 6.5 Total Group Items, including debt servicing, in the year to date was £24 million higher than budget. The variance is mainly due to the effect of the acquisition of a portion of Tube Lines Finance loan notes. These high coupon loan notes will be replaced with cheaper TfL borrowing. The acquisition of the notes is shown as a financing cost in the current year, but the impact on reserves will be spread over the term of the replacement borrowing. This was partially offset by release of unused contingency and slightly lower debt servicing costs.
- 6.6 The full-year forecast at Quarter 2 is £170 million higher than budget mainly relating to the acquisition of the Tube Lines Finance loan notes, explained in 6.5, together with an additional tranche acquired after the end of Quarter 2.

## Savings

Savings £m	Actual YTD	Forecast at Q2	Target	Variance
Corporate and Group Wide	80	177	173	4
London Rail	5	13	14	(1)
London Underground	228	528	424	104
Surface Transport	113	259	226	32
<b>Gross</b>	<b>426</b>	<b>976</b>	<b>837</b>	<b>138</b>
Implementation Costs	(4)	(42)	(46)	4
<b>Net</b>	<b>422</b>	<b>926</b>	<b>792</b>	<b>134</b>

Tables may be subject to rounding errors.

- 7.0 On a gross basis, £976 million of savings are forecast for the full year, £138 million more than target. This increase is predominantly driven by early delivery of savings (as described below).
- 7.1 London Rail is forecasting full-year savings of £13 million, slightly below target. This shortfall is due to the delayed opening of the DLR Stratford International Extension. However, this has no ongoing impact on the savings programme beyond the current year, and the resulting underspend from delayed opening (as opposed to efficiency) means there is no adverse impact on overall expenditure.
- 7.2 London Underground's savings delivered in the year to date are £228 million, almost £65 million more than planned. This comprises both earlier delivery of benefits planned for later in the year (including £4 million relating to the Automatic Train Control contract for the Sub-Surface line upgrade, and across initiatives in the stations and track upgrade programmes) and very significant over delivery against target across the Operations Strategic Plan, the Support Services Review, the Capital Programme Portfolio, and against continuous savings exercise (CSE) initiatives.
- 7.3 Surface Transport is also forecasting an improved position against target since Quarter 1, with a projection of £259 million of savings for the full year against a target of £226 million. This is due to CSE initiatives of £10 million including CCTV maintenance savings with the transition from an analogue to digital network and in-year bus network contract savings. The remaining increase of £22 million derives from other small incremental savings generated in forecast reviews.
- 7.4 Implementation costs are forecast to be £4 million less than target. This is predominantly due to lower than planned implementation costs for the Accommodation Strategy and IM.

## Balance Sheet

Transport for London Group Balance Sheet at end of Quarter 2 £m	Actual	Variance to Budget
Fixed Assets – (higher) / lower than budget	24,551	295
Stocks, Debtors and Payments in Advance – (higher) / lower than budget	423	(95)
Cash – (higher) / lower than budget	2,154	(194)
Creditors and Receipts in Advance-higher / (lower) than budget	(3,217)	(52)
External Borrowings – higher / (lower) than budget	(6,359)	(28)
Provisions – higher / (lower) than budget	(1,944)	(58)
Total Net Assets – (higher) / lower than budget	15,608	(132)

- 8.0 Fixed assets are £295 million lower than budget due to lower activity expenditure of £81 million in Crossrail and £214 million in the rest of TfL (see Appendix 2). Non-activity variances including depreciation and disposals offset each other.
- 8.1 Stock, debtors, payments in advance and accrued income are £95 million above budgeted levels. Of this, some £41 million is due to changes in the milestones in respect of ODA funding receivable. A further £50 million is in respect of VAT, whereby the repayment from HMRC due in the last week of Period 6 was not received until Period 7.
- 8.2 Cash is £194 million above budget as a result of the lower net capital spend of £288 million and lower revenue activity of £182 million. This is offset by lower than budgeted grant of £33 million, mainly for the Crossrail project (to be received later in the year), net repayment of external debt of £28 million and working capital movements of £215 million.
- 8.3 Creditors are £52 million lower than budget, spread across all companies and reflecting lower than planned activity levels to date.
- 8.4 Borrowings are lower than budget as a result of refinancing some of external debt in Period 6. An element of the principal repaid has been temporarily met out of TfL's existing cash balances, but will be replaced with TfL borrowings by the end of the year.
- 8.5 Provisions are £58 million below budget, mainly due to accelerated payments for property purchases in respect of the Crossrail project (£48 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 Q2	Variance to Budget
Fixed Assets – (higher) / lower than budget	25,563	307
Stocks, Debtors and Payments in Advance – (higher) / lower than budget	380	(76)
Cash – (higher) / lower than budget	2,553	(345)
Creditors and Receipts in Advance-higher / (lower) than budget	(3,210)	(42)
External Borrowings – higher / (lower) than budget	(6,795)	45
Provisions – higher / (lower) than budget	(1,860)	(54)
Total Net Assets – (higher) / lower than budget	16,631	(165)

- 8.6 The forecast for fixed assets is £307 million below budget, mainly due to lower fixed asset additions of £350 million. The remaining variance arises from changes to depreciation and disposal forecasts, mainly in London Underground.
- 8.7 Stock, debtors and prepayments are forecast to be £76 million higher than budget. £38 million of this is in the Corporate Centre, primarily in respect of invoiced ODA Grant (£20 million) as a result of a new project agreement signed midyear, and so not budgeted for, and higher Joint Facility Ticketing debtors of £11 million, due to a change in the mix of sales outlets.
- 8.8 Cash is now forecast to be above budget by £345 million. This is due to lower net service expenditure (including Crossrail) of £408 million (See Appendix 2), and increased borrowings arising from the refinancing of external debt offset by working capital movements.
- 8.9 Creditors are £42 million lower than budget, spread across all companies and reflecting lower than planned activity levels.
- 8.10 The full-year forecast variance to budget for borrowings is caused by the refinancing of the external debt including the deferral of principal repayments and the re-borrowing in the Corporation.
- 8.11 Provisions are forecast to be £54 million below budget. £43 million is 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 with the remainder reflecting assumptions on earlier settlement of claims, mainly in London Underground.

## Reserves

- 8.12 Of the total forecast reserves of £16.6 billion, only earmarked reserves and the general fund balance, totalling £2.2 billion are usable and available to fund expenditure. The remainder is unusable technical accounting reserves and is not backed by cash. A general fund balance of around £150 million is maintained to cover risks that may arise, and is determined to be appropriate given the scale of the Group's operations. Earmarked reserves, which include unapplied capital grants, represent reserves set aside for specific policy purposes. Of these reserves, £1.1 billion relates to the Crossrail project where funding has been received ahead of need. The remaining earmarked reserves of £0.9 billion are set aside in respect of projects across the rest of the Group, and are expected to be fully utilised over the Business Plan to 2014/15.

## Appendix One: Operational Summary

2011/12		Quarter Two			Full Year		
Key Performance Indicator	Units	Actual	Vs target	Vs Last Year	Forecast	Vs target	Vs Last Year
<b>Service Demand</b>							
Passenger Journeys - London Underground	m	259.7	3.5 ○	9.6	1,138.0	5.0 ○	30.7
Passenger Journeys - DLR	m	19.0	0.2 ○	1.7	83.5	1.4 ○	5.2
Passenger Journeys - Trams	m	6.4	0.1 ○	0.2	28.7	0.6 ○	0.8
Passenger Journeys - London Overground	m	22.5	N/A	N/A	103.5	- ○	N/A
Passenger Journeys - Buses	m	522.5	(1.2) ●	2.8	2,337.0	33.0 ○	48.0
Passenger Journeys - Dial a Ride	m	0.3	- ○	-	1.4	- ○	0.1
Cycling levels on the TLRN	Index	294	(3) ●	13	276	14 ○	26
<b>Supporting Development and Growth</b>							
% Scheduled Services Operated - LU	%	96.9	0.2 ○	0.8	96.8	0.1 ○	1.2
% Scheduled Services Operated - DLR	%	97.6	(0.4) ●	(0.1)	97.9	(0.1) ●	0.4
% Scheduled Services Operated - Trams	%	98.1	0.1 ○	(1.4)	98.7	0.7 ○	(0.5)
% Scheduled Services Operated - Buses	%	97.7	0.1 ○	(0.2)	97.4	0.1 ○	-
Excess Journey Time (Weighted) - LU	Mins	5.55	(0.65) ○	(0.63)	5.84	(0.36) ○	(0.66)
On-time performance - DLR	%	97.5	0.5 ○	(0.2)	97.3	0.3 ○	(0.1)
PPM London Overground (MAA)	%	95.5	1.5 ○	1.4	95.1	1.1 ○	0.2
Excess Wait Time - Buses	Mins	0.9	(0.1) ○	-	1.1	- ○	0.1
TLRN Journey Time Reliability (am peak)	%	90.4	0.5 ○	1.3	89.0	- ○	0.2
<b>Quality of Life</b>							
Overall CSS - London Underground Q2 2012	Score	79	- ○	(1)	79	- ○	-
Overall CSS - DLR Q2 2012	Score	83	2 ○	1	81	1 ○	-
Overall CSS - Trams Q2 2012	Score	86	- ○	1	86	- ○	-
Overall CSS - London Overground Q2 2012	Score	81	3 ○	-	79	1 ○	(1)
Overall CSS - Buses Q2 2012	Score	80	1 ○	(1)	79	- ○	(1)
Overall CSS - Dial a Ride Q2 2012	Score	91	(2) ●	(2)	93	- ○	2
Overall CSS - TLRN road users Q4 2012	Score	N/A			72	- ○	-
Overall CSS - Congestion Charging Scheme Q2 2012	Score	N/A			84	- ○	7
<b>Ensuring Safety and Security</b>							
KSI Londonwide - % Reduction (from 05-09 baseline) Mar - May 2011	%	(24.9)	(6.5) ○	N/A	(33.4)	(11.0) ○	N/A
LU and DLR: recorded crime per million passenger journeys Q2 2012	#	10.8	(0.7) ○	(0.4)	11.0	(0.5) ○	(1.0)
London Buses: recorded crime per million passenger journeys Q2 2012	#	9.4	(0.9) ○	(1.3)	9.9	(0.3) ○	(0.6)

○: 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	Year to date 2011/2012				Full Year 2011/2012					
	Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Forecast variance
Fares income	(1,581)	(1,559)	(21)	○	(3,519)	(3,460)	(59)	○	(3,490)	(29)
Other income	(274)	(265)	(9)	○	(584)	(572)	(12)	○	(568)	(16)
<b>Total operating income</b>	<b>(1,854)</b>	<b>(1,824)</b>	<b>(30)</b>	○	<b>(4,103)</b>	<b>(4,032)</b>	<b>(71)</b>	○	<b>(4,058)</b>	<b>(45)</b>
Operating expenditure (net of third party contributions)	2,378	2,553	(176)	○	5,563	5,694	(131)	○	5,722	(159)
<b>Operating margin</b>	<b>523</b>	<b>729</b>	<b>(206)</b>	○	<b>1,460</b>	<b>1,662</b>	<b>(202)</b>	○	<b>1,664</b>	<b>(204)</b>
Interest income & debt payments	179	131	48	●	475	289	186	●	288	187
Contingency/Other Group items	1	25	(23)	○	38	54	(16)	○	40	(3)
<b>Total Group items</b>	<b>181</b>	<b>156</b>	<b>24</b>	●	<b>512</b>	<b>342</b>	<b>170</b>	●	<b>328</b>	<b>184</b>
<b>Margin</b>	<b>704</b>	<b>885</b>	<b>(182)</b>	○	<b>1,972</b>	<b>2,005</b>	<b>(32)</b>	○	<b>1,993</b>	<b>(20)</b>
Capital income (including property sales)	(17)	(22)	4	●	(57)	(44)	(13)	○	(62)	4
Capital expenditure	770	984	(214)	○	1,852	2,012	(160)	○	1,833	18
Third party contributions	(34)	(37)	3	●	(86)	(74)	(12)	○	(84)	(2)
<b>Net capital expenditure (excl Crossrail)</b>	<b>719</b>	<b>926</b>	<b>(206)</b>	○	<b>1,708</b>	<b>1,894</b>	<b>(186)</b>	○	<b>1,688</b>	<b>20</b>
<b>Net service expenditure (excl Crossrail)</b>	<b>1,423</b>	<b>1,811</b>	<b>(388)</b>	○	<b>3,680</b>	<b>3,899</b>	<b>(218)</b>	○	<b>3,680</b>	<b>-</b>
Capital expenditure: Crossrail	353	434	(81)	○	899	1,089	(190)	○	982	(83)
<b>Net service expenditure: TFL</b>	<b>1,776</b>	<b>2,245</b>	<b>(469)</b>	○	<b>4,580</b>	<b>4,988</b>	<b>(408)</b>	○	<b>4,663</b>	<b>(83)</b>

(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

Year to date 2010/2011	Operating Income £m	Year to date 2011/2012				Full Year 2011/2012					
		Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Variance
(860)	London Underground	(955)	(926)	(29)	○	(2,113)	(2,055)	(58)	○	(2,078)	(34)
(14)	Tube Lines	(6)	(7)	-	○	(12)	(14)	2	●	(11)	(1)
(772)	Surface Transport	(772)	(786)	14	▶	(1,708)	(1,715)	7	▶	(1,708)	1
(76)	London Rail	(97)	(89)	(8)	○	(220)	(205)	(14)	○	(214)	(5)
(36)	Corporate Directorates	(25)	(17)	(8)	○	(51)	(43)	(8)	○	(46)	(5)
<b>(1,758)</b>	<b>Total Operating Income</b>	<b>(1,854)</b>	<b>(1,824)</b>	<b>(30)</b>	<b>○</b>	<b>(4,103)</b>	<b>(4,032)</b>	<b>(71)</b>	<b>○</b>	<b>(4,058)</b>	<b>(45)</b>

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

Year to date 2010/2011	Operating Expenditure - Net of third Party £m	Year to date 2011/2012				Full Year 2011/2012					
		Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Variance
1,026	London Underground	788	856	(68)	○	1,862	1,909	(47)	○	1,879	(17)
81	Tube Lines	157	180	(23)	○	353	376	(23)	○	421	(68)
1,158	Surface Transport	1,148	1,178	(31)	○	2,633	2,637	(4)	○	2,649	(15)
144	London Rail	147	154	(7)	○	334	336	(2)	○	336	(2)
131	Corporate Directorates	138	186	(48)	○	381	436	(55)	○	438	(57)
<b>2,540</b>	<b>Total Operating Expenditure</b>	<b>2,378</b>	<b>2,553</b>	<b>(176)</b>	<b>○</b>	<b>5,563</b>	<b>5,694</b>	<b>(131)</b>	<b>○</b>	<b>5,722</b>	<b>(159)</b>

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

Year to date 2010/2011	Net Capital Expenditure £m	Year to date 2011/2012				Full Year 2011/2012					
		Actual	Budget	Variance	Status	Forecast at Q2	Budget	Variance	Status	Forecast at Q1	Variance
511	London Underground	469	541	(72)	○	1,030	1,087	(57)	○	1,032	(2)
47	Tube Lines	79	198	(119)	○	202	372	(170)	○	212	(9)
127	Surface Transport	93	106	(14)	○	214	220	(7)	○	215	(1)
89	London Rail	81	76	5	●	265	186	79	●	231	34
(4)	Corporate Directorates	(2)	5	(7)	○	(3)	29	(32)	○	(2)	(1)
<b>769</b>	<b>Net Capital Expenditure (excl Crossrail)</b>	<b>719</b>	<b>926</b>	<b>(206)</b>	<b>○</b>	<b>1,708</b>	<b>1,894</b>	<b>(186)</b>	<b>○</b>	<b>1,688</b>	<b>20</b>
213	Crossrail	353	434	(81)	○	899	1,089	(190)	○	982	(83)
<b>982</b>	<b>Net Capital (TfL)</b>	<b>1,072</b>	<b>1,360</b>	<b>(287)</b>	<b>○</b>	<b>2,607</b>	<b>2,983</b>	<b>(376)</b>	<b>○</b>	<b>2,670</b>	<b>(63)</b>

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 Q2	Budget	Variance
<b>Non Current Assets</b>	24,551	24,846	295	25,563	25,870	307
<b>Current Assets</b>						
Stocks	38	35	(3)	43	35	(8)
Revenue & Capital Debtors	207	158	(49)	191	161	(30)
Prepayments & Accrued income	178	135	(43)	146	108	(38)
Cash and Investments	2,154	1,960	(194)	2,553	2,208	(345)
<b>Current Liabilities</b>						
Trade Creditors & Accruals	(1,084)	(1,175)	(91)	(1,087)	(1,152)	(65)
Receipts in Advance	(298)	(295)	3	(320)	(327)	(7)
Capital	(374)	(340)	34	(374)	(344)	30
<b>Long Term Liabilities</b>						
Creditors	(58)	(56)	2	(57)	(57)	-
Finance Lease Creditors	(1,403)	(1,403)	-	(1,372)	(1,372)	-
External Borrowings	(6,359)	(6,387)	(28)	(6,795)	(6,750)	45
Other Provisions	(330)	(388)	(58)	(257)	(305)	(48)
Pension Provision	(1,614)	(1,614)	-	(1,603)	(1,609)	(6)
<b>Total Net Assets</b>	<b>15,608</b>	<b>15,476</b>	<b>(132)</b>	<b>16,631</b>	<b>16,466</b>	<b>(165)</b>
<b>Capital and Reserves</b>						
Earmarked Reserves	1,545	1,276	(269)	2,070	1,580	(490)
Pension Reserves	(1,547)	(1,547)	-	(1,547)	(1,547)	-
General Fund	154	154	-	154	154	-
Capital Adjustment Account	13,578	13,793	215	14,382	14,718	336
Other Reserves	1,878	1,800	(78)	1,572	1,561	(12)
<b>Total Capital Employed</b>	<b>15,608</b>	<b>15,476</b>	<b>(132)</b>	<b>16,631</b>	<b>16,466</b>	<b>(165)</b>

<b>Cash and Investments:</b>						
CRL Sponsor funding account	1,133	1,115	(18)	1,148	1,123	(25)
Other cash	1,021	845	(176)	1,405	1,085	(320)
<b>Total as above</b>	<b>2,154</b>	<b>1,960</b>	<b>(194)</b>	<b>2,553</b>	<b>2,208</b>	<b>(345)</b>

## Appendix Four: Cash summary

Cash Summary In / (Out) Flow £m	Year to Date			Full Year		
	Actual	Budget	Variance	Forecast at Q2	Budget	Variance
Margin (from Appendix 2)	(704)	(885)	(181)	(1,972)	(2,005)	(33)
Working Capital Movements	127	354	227	228	418	190
<b>Cash Spend on Operating Activities</b>	<b>(577)</b>	<b>(531)</b>	<b>46</b>	<b>(1,744)</b>	<b>(1,587)</b>	<b>157</b>
Net Capital Expenditure (from Appendix 2)	(719)	(926)	(207)	(1,708)	(1,894)	(186)
Crossrail (from Appendix 2)	(353)	(434)	(81)	(899)	(1,089)	(190)
Working Capital Movements	(192)	(205)	(13)	(349)	(342)	7
<b>Cash Spend on Capital Activities</b>	<b>(1,264)</b>	<b>(1,565)</b>	<b>(301)</b>	<b>(2,956)</b>	<b>(3,325)</b>	<b>(369)</b>
<b>Funded by:</b>						
Grants and Precept	1,956	1,989	33	4,727	4,690	(37)
Borrowings Raised	274	-	(274)	1,692	425	(1,267)
Borrowings Repaid	(302)	-	302	(1,233)	(62)	1,171
<b>Total Funding</b>	<b>1,928</b>	<b>1,989</b>	<b>61</b>	<b>5,186</b>	<b>5,053</b>	<b>(133)</b>
<b>Net Movement in Cash</b>	<b>87</b>	<b>(107)</b>	<b>(194)</b>	<b>486</b>	<b>141</b>	<b>(345)</b>

## Appendix Five: Fares avoidance and impact on revenue

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### 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 2 2011/12	Quarter 1 2011/12	Quarter 4 2010/11
London Underground Passenger Ticket Irregularity	N/A	2.6%	2.3%

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 May 2011 on the tickets of approximately 45,000 passengers, with 2.6 per cent indicating some ticket irregularity (on a weighted basis). The net revenue loss from ticket irregularity was calculated at 1.3 per cent (after subtracting fares collected, penalty fares receipts and Oyster revenue collected at the gates).

### 2. Bus Network

	Quarter 2 2011/12	Quarter 1 2011/12	Quarter 4 2010/11
Bus Fare Evasion	1.6%	1.7%	1.8%

Bus Enforcement carries 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 bendy bus routes and on 32 randomly selected one-person-operated routes.

The results for August 2011 show that, on a 12-month rolling average basis, the overall Bus Network fare evasion rate was 1.6 per cent. The reduction in fare evasion from Quarter 1 to Quarter 2 primarily reflects the reduced impact of fare evasion on bendy buses, given the reducing number of bendy bus routes in operation.

It is anticipated that the withdrawal of bendy bus routes will continue to reduce overall revenue loss, with an estimated full-year saving of £7.4 million being derived from the full withdrawal programme. Rates of evasion on converted routes will continue to be monitored closely for the next year.

### 3. London Overground

	Quarter 2 2011/12	Quarter 1 2011/12	Quarter 4 2010/11
London Overground Ticketless Travel	1.7%	2.3%	1.6%

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 September 2011 show an overall evasion rate of 1.7 per cent. The decrease in the latest quarter is due to a significant drop in the level of ticketless travel on the Euston to Watford and Clapham Junction to Willesden Junction routes. Calculated using the average result from the last four surveys, the evasion rate for the last 12 months was 2.0 per cent.

### 4. DLR

	Quarter 2 2011/12	Quarter 1 2011/12	Quarter 4 2010/11
DLR Ticketless Travel	0.8%	0.9%	1.7%

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 Quarter 2, when ticketless travel was measured as 0.8 per cent of total ridership, a slight improvement on Quarter 1. The decrease this year in the level of ticketless travel has been driven by an increased focus on this area by the franchise operator, Serco.

### 5. Tramlink

	Quarter 2 2011/12	Quarter 1 2011/12	Quarter 4 2010/11
Tramlink Ticketless Travel	1.4%	1.3%	1.3%

Ticketless travel is measured each period using data collected by revenue protection inspectors boarding a sample of services. In Quarter 2, the number of passengers detected without a ticket was measured as 1.4 per cent of total ridership, a slight increase on Quarter 1.